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FINANCERS AND CASH NEXUS POLICY IN 17TH CENTURY IN EASTERN RAJPUTANA

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Abstract: - The article is an attempt to examine the nature of the banking and the role of the states in promoting the commercial facilities in the Kachhawah state of Amber. The study of the documents reveals that the state paid off its debt through assigning the right of land revenue to the financier. This implies that the financier advanced the money for atleast six months or a year which ran along with harvesting seasons. The similar situation was applicable also to peasants who could pay the debt only after the collection of crops. Thus, in such cases the amount of interest was higher than of the amount given on credit for a month. However, the references to the involvement of the local mahajan in making taqavi to the agriculturists and their interests to get loan back directly or indirectly does give evidences of the effect of this system on the agriculture production. However, the investment made by the financiers in purchasing right to collect revenue (land on ijara) engaged at their capital in an unproductive sector.
Key words: Banking, economy, finance

Introduction

It has been observed that as a result of land revenue policy, growing popularization of cash crops and increase in the external and internal trade, the cash nexus was well established in this part of the country. The article is an attempt to examine the nature of the banking and the role of the states in promoting the commercial facilities in the Kachhawah state of Amber.[1]

The practice of banking and other methods of credit were in pervasion in the territory of Amber on a large scale. Those, who carried on these professions were known as sarraf, shah, vhora and mahajan. There is no contemporary annal on the basis of which a definition and annotation of these terms could be given, although the documents dealing with their activities left enough information to categorize their profession. Scholars working on the various aspects of money banking have discussed at length through their activities. Sarrafs, were deeply engaged in writing and discounting hundis, money changing, insurance of goods, and to some extent accepting Sarrafs, although they were engaged also in transmission of funds issuing hundis, as well as doing money lending and trade. However, their activities were centered mainly in towns while the mahajans, in rural sector.[2] It seems that because of the nature of their monetary and financial transactions, each one of them was involved in trade directly or indirectly. As it would be seen, the state used to pay off its debt or make payment of the amount given in hundi by the bankers by assigning them the right of land revenue. They (the bankers) combined money lending and banking with trade.[3] The mahajans who did this at village or pargana town level, also worked as representatives of sarraf or shah. The distinction between the bankers and money lenders, in fact, could only be marked in the form of their operation at two different levels i.e. urban and rural sectors.[4]

The trade transaction and transmission of funds, advance of loans and collection of arrears marked a significant contribution towards the development of money economy in the area under study. These activities were carried out through hundis by the indigenous bankers. The state and the hoblis played a vital role in the organisation and functions of the banking system, in Rajasthan. Although, the zebt, a method of assessment was introduced in the territory of Amber. The Latai (a form of crop shaving) remained a dominant practice as a method of realizing land revenue. The land revenue which formed the largest part of the state finance was usually collected in cash a practice which was prevalent in other parts of the country.[5] The process of acquiring land revenue in cash necessitated the presence of a middle man who could make this requirement fulfilled through purchasing state share and thus enable the local revenue officer to commute land revenue into cash.[6]

The presence of the mahajan or the representatives of the Vohra or Shah at the time of the collection or land revenue testified their importance at the smallest operation of money transaction. In the absence of the mahajan or gumasta (representative) of the shah, the encashment of the land revenue was delayed. The revenue officers took the initiatives in inviting the banias (trader-cum-money lenders) to purchase the grain though they could hardly be forced to do so,[7] it was at this stage that the process of investment and profit started. The merchants purchased the state share of land revenue at the end of each harvest. However, the merchants were not free to determine the grain rates on their own. The rates of different crops were determined in the light of the demand and supplied in the internal and external market.[8] The office of the divan was in the possession of the crop rates (nirakh) of all the parganas and the state finalized the rate of crops on the basis of which it was sold to the merchants. The grain was sold by the state official (karkum) at the rates prescribed by the office of the diwan. The mahajan kept in mind the market rates at the time of purchasing.[9]

The sale of state share was made in the presence of the chandhari who was to testify the sale and the rates on which grain was sold. Obviously, the practices of fixing the crop rates and sale of grain in the presence of chandhari was followed with a view to reducing the possibilities of misappropriation of the state revenue by the state officers on the one hand and appropriating more profit by the merchants through reducing the prices on another. The sale of the grain on the sanctioned prices would have, possibly, benefited the peasants also in case they were left with surplus produced for the market.[10]

The role of trader was not limited to the purchase of state share, but they were the part of broad frame work which canalized the money transaction. The pargana officers collected the land revenue in cash by selling its share of grain to the traders. The revenue collected in cash was subject to transfer from the pargana headquarters to the state treasury. The amil of the pargana got it done with the help of the trader or merchant. The pargana officer deposited the state revenue with the local trader or banker who after receiving the money issued the hundi in favour of the diwan.[11]

These records make it clear that a large amount from the treasury was transferred from the pargana head quarters to Amber through the hundis. In almost all the parganas of Amber, these were persons of financial creditability who operated the transfer of funds through hundis. These were the agencies marking at the pargana town who connected the rural finance with the capital town or towards outside the state through pargana head quarters.[12]

The Shahs and Mahajans also worked for bankers. As per practices, an urban financier used to ask his rural counterpart to collect money for the bills he had drawn on the traders in the village for goods sent for urban centres to rural parts. It seems, the amount collected by rural financer remained with him. Against this deposit, the urban financier later an issued hundi for making payment to the rural traders for goods sent from the rural tracts to urban centres.[13]

The existence of a large number of bankers in the territory of Amber state is indicative of its trade and commercial activities carried on a high level. During this period of political instability of course, the state bear heavy financial burden. Huge loan had to be raised to pay tributes to Marathas, East India Company and Amir Khan.

In this situation, the states availed the services of bankers for getting hundings issued to pay the tributes due by the state. This practice had its existence in the past, although the situation was different from the time of Maharaja Mansingh the bankers were appointed ration suppliers and pay master to the state army. They were known as Patdar, Khajanchi and rokarias and were working in nearly all the state treasure of the pargana head quarters.[14]

The payment of dues through land revenue to the bankers does not imply that the diwan's office had made itself completely free. In fact, the diwan's office maintained the separate records of financial dealings with the bankers and merchants.[15] The importance of this work shows the fact that the appointments in the revenue department were made from the families belonging to banking class. It was for this reason that the 'Amber state' was popularly known to be running by the banias and it was the "bania raj".[16]

The study of the documents reveals that the state paid off its debt through assigning the right of land revenue to the financier. This implies that the financier advanced the money for atleast six months or a year which ran along with harvesting seasons. The similar situation was applicable also to peasants who could pay the debt only after the collection of crops. Thus, in such cases the amount of interest was higher than of the amount given on credit for a month. However, the references to the involvement of the local mahajan in making taqavi to the agriculturists and their interests to get loan back directly or indirectly does give evidences of the effect of this system on the agriculture production. However, the investment made by the financiers in purchasing right to collect revenue (land on ijara) engaged at their capital in an unproductive sector.

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