

MONEY AND MARKET

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*MONEY AND MARKET IN INDIA FROM THE PRECOLONIAL TO THE COLONIAL TIMES
by Anirban Biswas, Aakar Books, Delhi 110091, 2007, 187 pages (hard bound), price Rs 395.

Cultivation of economic history has at present acquired a definite respectability in the scholarly world. The gradual realization by economic theorists of the value of economic history is also an established fact. Mention may be made of Milton Friedman's history of the American monetary system and the part played in the testing of his models. The small but profoundly insightful work *The Theory of Economic History* written by the great British economist J R Hicks serves as a lesson about how to understand economic history. What is important to remember for an economic historian is to try to understand the structure and structural phenomena that provided the genesis of economic phenomena. The *book under review is a successful endeavour in this respect.

The subject the author has tried to deal with is a specialized one and in so doing, he has provided a coalescence of history and economics. He has shown a praiseworthy command over both subjects. Reviewing such a book is pretty difficult for one who may have some idea of history but little knowledge of economics. The thrust of the book, i.e. money and market, has not been given due importance in historiography, while it is a matter of considerable concern for economists. In the first volume of the celebrated Cambridge Economic History of India, neither Simon Digby in his *The Currency System*, nor Irfan Habib in his *Monetary System and Prices* has tried to relate their observations on the monetary system with the market economy. This author's chief credit lies in explaining the evolution of the currency system in the context of the changes in the market economy from precolonial to colonial India. The chapter-wise division of the book is a clear pointer to the purpose of the author.

In the first chapter, the author seeks to explain the rationale of the study and correctly states the role of the state structure in every economic transition, and goes on to emphasize the historical character of the phenomena like money and market. The justification of writing such a monograph, according to the author, lies in linking the nature of monetary forms as exchange media with the market forces in the Indian context, which in its turn manifested the specificities in the character of the transition. As a case study, Bengal has been given preference as it was in this region that besides, gold, silver and copper coins, a fourth type of currency, *cowrie*, was in wide circulation, the disappearance of which in the colonial period, the author argues, in itself "forms an important aspect of monetary transition in this region in the colonial period" (p. 27). He is correct in his observation when he states, "But this aspect has not possibly received the attention it deserves." (p.27) The present reviewer, while agreeing with him, only thinks that the word possibly should have been dropped.

Sri Biswas has tried his best to fill up the gaps in the study of rural markets in Mughal India. The understanding of the mechanism of surplus extraction remains incomplete without this study. In this respect, his analysis of *hats*, *mandis* and *bazaars* is delightful. He argues that the culture of money use in Mughal India was crucially dependent on non-imperial currencies like *mahmudi*, *cowrie* and *badam*. This was very much true of the major commercialized regions like Gujarat and Bengal.

In the second chapter of this methodologically well thoughtout monograph, the author has made a detailed discussion of the monetary system in Mughal India. While giving due importance to the Mughal state, the author has not failed to observe the regional variations. In his analysis, non-Mughal elements converge with the Mughal

ones. He has drawn extensively on the works of esteemed historians like Irfan Habib, Shireen Moosvi, Frank Perlin and others; but he has shown the courage and scholastic audacity to challenge some of the related observations of the Aligarh School. After pointing out the theoretical difficulties of accepting the conclusions of the latter, he has drawn attention to a serious empirical problem. He admits that the data on rural prices are difficult to obtain, but argues that still the discussion on prices can never be comprehensive only by referring to urban prices, only which have been used by Aligarh historians.

The third chapter deals with the pre-colonial monetary system prevailing in the south and the Deccan, where the variation from the north is clearly noticeable. In the south, the existence of a sizeable and flourishing coastal economy played an important role. The prevalence of different types of currencies produced under the Dutch and the French gave birth to a different type of monetisation and market economy. The author regrets that while the impact of the massive influx of silver into India has received a lot of attention, the south Indian scenario has been rather neglected, pointing out the apparent mutual contradictions in the findings of Sanjay Subrahman-yam and S Arasaratnam. On the impact of the inflow of precious metals on the economy in general, he has analyzed the views of K N Chaudhuri, Mihir Rakhshit and Om Prakash while placing his own. He argues somewhat convincingly that commercial activities in pre-colonial India might have created a situation that is suggestive of a probable development of proto-capitalism.

The fourth chapter provides an overview of the pre-colonial economy of Bengal, where both internal and external trade had flourished in large measure with precious metals imported by European Companies as well as Asian merchants. Needless to say that this happened in consequence of large demands for Bengal's goods. The *sicca* and other silver rupees of Bengal had different varieties, and there was no copper mint. Consequently the *cowrie* currency became a popular medium of exchange. The perplexing issue is that in spite of imports of large amounts of copper, the copper currency could not enter into circulation. This issue, however, remains unanswered.

The fifth chapter, i.e. that dealing with the *sarrafs* and bankers in the transitional period is, however, already a much trodden path. J H Little's *The House of Jagat Seth* (edited by N K Sinha) and N K Sinha's *Economic History of Bengal* have dealt extensively with the indigenous banking system of Bengal. What is novel in the attempt of the present author is his emphasis on the role of the less wealthy *sarrafs* and bankers in the monetary history of the province. He has been able to demonstrate that the 'collaborationist theory' is not applicable to the money markets in Bengal and Bihar in which less wealthy bankers confronted the East India Company.

In the sixth chapter, the author has characterized the *cowrie* currency as one kind of commodity money par excellence and excellently links the history of its decline with the coming of the colonial rule. One of the hegemonistic features of the colonial rule was the constant bid to introduce a uniform monetary system. The multiplicity of rupee currencies ended after a long struggle, Copper pice and half-pice became the new low-priced currency medium. The introduction of the Permanent Settlement and other measures, made maximization of revenue, the ultimate objective and in this process the logic of history made a radical change in the monetary system a historical necessity. The change in the state structure was followed by a change in the currency system. 'Modernity' appeared, and European style banks were set up. *Cowrie* went into oblivion and the Company's coins with King's heads inaugurated a new chapter in Indian history, which totally paralyzed the indigenous effort for any capitalist development.

A special feature of the book is its extensive use made of the observations of the scholars of concerned disciplines with critical appreciation and relating those with standard economic theories. The value of the book lies in that it is very provocative and raises

many intriguing questions on a subject trodden by relatively few scholars. All scholars of history and economics will welcome the book. The author's command of the language is admirable, but it is unfortunate that the complexities and technicalities may make the general reader's access to it a limited one. □□□