

BANKING IN THE 18TH CENTURY : A CASE STUDY OF A POONA BANKER

G. T. KULKARNI

I

IN this paper an attempt is made to understand the banking system as it existed in the 18th century in Western Maharashtra. A large number of account books of a banking firm styled Dixit-Patwardhan are available with the Bharat Itihas Samshodhak Mandala, Poona. The documents give very valuable information about the growth of that banking house and the functions of bankers in the 18th-century Maharashtra, a subject about which our knowledge is extremely limited. In the past V. G. Kale, N. G. Chapekar and C. B. Joshi have made some attempts in throwing light on this subject.¹

The documents available for study cover a period of nearly a century starting from 1740 to 1836. Rich in the variety of details, minuteness of information and statistical accounts, the records are almost continuous. However, notice has been taken only of one year's accounts viz. 1777-78 (Saka 1699) in this paper, for the sake of an intensive study. The unit of time so selected is not based on any particular consideration.

The Patwardhan family had settled down at Nasik some time in the first decade of the 18th century. The Patwardhans started their business of money lending on a small scale at Nasik. Later they came in contact with the Peshwas through one Vishwanath Pethe, a prominent General of the Peshwas. In 1729 Bajirao I brought them to Poona. In subsequent years they had matrimonial relations with the Peshwas. All these years their business flourished a good deal. Their main office was at Poona and branch offices at Nasik, Bombay, Aurangabad and Bijapur. Banking became the main business of the Patwardhans, and several generations of the family engaged in it.

In 18th-century Maharashtra, bankers were chiefly responsible for money transactions like lending and borrowing etc., but not with the creation of credit money as such, in the modern sense of the term.

¹ Kale, V. G., *Bharat Itihas Samshodhak Mandala Quarterly (BISM)* March 1930, pp. 25-32, March 1936, pp. 103-4, June 1936, pp. 41-43, September 1936, pp. 65-66.

Chapekar, N. G., *Peshawaichya Savaleet*, 1937, pp. 120-160. Joshi, C. B., *BISM Quarterly*, Sept. 1934, pp. 65-79. Chapekar has also used the records of the Dixit-Patwardhan.

BANKING IN THE 18TH CENTURY: A CASE STUDY OF A POONA BANKER

The Patwardhans were private bankers, but due to their close relations with the Peshwas, also functioned as bankers to the Government. A perusal of the relevant documents reveals that the banking business of the Patwardhans could neither be fitted into the traditional concept of *sāhukāri* or indigenous banking. Their organisation seems to have some semblance of a modern banking organisation. It is possible that banking firms set up by European private traders in Bombay during the same period had an impact on the Patwardhans.

Account Books: The annual turnover of Dixit-Patwardhan's firm for the year 1777-78 was Rs. 12,61,623. All the transactions pertaining to this turnover are recorded in two large leather bound books called Roznamah (Day book) and Khate Vahi (Ledger book). The third book is merely an alphabetical index to the ledger book. Each of these two books has a size of 1' × 2½', and total pages of about 65, numbered length-wise and neatly written in Marathi (Modi script) giving cross references to all the entries from Day book to Ledger book and *vice versa*. The Day book is divided into two parts, on the left hand side are the credit entries and on the right hand side the debit entries.

In 1777-78, there were with the bank about 400 accounts of individual customers. Besides, there were also about 75 accounts pertaining to the *māmlat* of various villages, branch offices, cloth shops, profit, loss and discount, charity, personal expenses, gold *muhars*, *hons*, purchases and sale, interest account, rental income, and other minor accounts, due to which the banker either incurred certain expenses, or earned some money. From a perusal of accounts of earlier 30 years, it appears that in 1747 there were 900 accounts, but they fell down to 475 by 1777-78, or in other words the fall was by about 50%. Similarly their annual turnover in 1747 was to the extent of Rs. 65 lakhs. Whereas in 1777-78 it fell down to about Rs. 13 lakhs. The accounting year was from Chaitra to Phalgun of Saka year (i.e. from March to the following February). The accounts were kept meticulously and in clear handwriting. At the end of the year most of the account holders were called in and shown the balances to their credit or debit account and at the end of the account page an endorsement about the confirmation of the same was obtained.

Most of the entries in the Day book seem to have been audited as there is a dot mark underneath every figure. Wherever the mistakes were detected, the entries to adjust the mispostings have been made. For example on p. 9, it was noticed that Rs. 86 As. 7½ were credited to Ranoji Panchavatkar's account. Immediately, there is an entry on the debit side of the said account holder stating that the entry is made to adjust misposting of similar amount on the credit side. The recording of the entries is done faithfully and the day and date is

mentioned without fail. Account holder's instructions are also followed strictly. For example, Sadashiv Jagannath instructed them to pay to the government treasury only *Sulakhi* rupees. From an endorsement in his account it is noticed that this was executed.

As a rule, after every 15 days or one month, the account books were tallied for cash, and the break-down of the cash was indicated on the books. This might have been done with a view to ascertaining their own position and probably to have an idea about the turnover also. Relevant details for the period from Jesth (s) 1 to Shravan (s) 15. (45 days) are reproduced below in our Table 1 for an illustration. At the end of Shravan (s) 15, following entries are shown, calculating the total amounts on credit and debit side.

Table 1

Credit				Debit	
Rs.	As.			Rs.	As.
74,980	9½	Details		58,193	8½
		Rs.	As.		
		60,532	9½	43,745	8½
		14,448	00	14,448	00
		74,980	9½	58,193	8½
				16,787	1½
74,980	9½	Grand Total		Grand Total	74,980
		Rs.	As.	Details of Cash at hand	
		988	—	Poons sika	
		7,000	—	(Tied in 7 bags each 1,000)	
		430	—	Loose	
		2,450	—	Loose	
		9,880	—		
		1,000	—	Itawa (tied in bag 1,000)	
		2,000	—	Daulatabad	
		2,750	—	Photechal	
		180	—	Of standard weight	
		406	—	Daulatabad (Loose)	
		201	—	Arcot Ganjikot (broken)	
		8	—	Broken	
		68	8	8-Anna coins	
		10	3	Loose change	
		368	12	Cash due to be received	
Total	16832				
Less	45	9½		Personal amount of Dada D. P.	
	16,787	1½		Grand Total	

BANKING IN THE 18TH CENTURY: A CASE STUDY OF A POONA BANKER

This cash balance of Rs. 16,787 As. 1½ is carried forward to the credit side of the next month's account.

II

Broadly speaking, the functions performed by the banker in 18th century were as follows: (1) He extended loans and advances to the State, the army commanders, the businessmen and to ordinary citizens. The purpose of such loans used to be indicated against the appropriate entry. (2) The banker used to draw *hundis* (bills of exchange) without any territorial restrictions. (3) He collected the government dues and made payments to the State exchequer on behalf of its clients. (4) He also received deposits from the customers, and made collection of money from other parties on their behalf. (5) He exchanged currency of one type for another in accordance with the needs of customers at all times. (6) He carried on buying and selling of currency and bullion; and (7) undertook the transfer of money from one place to another. In the following pages we are attempting to study these various functions as they appear on the books of our banker. It is hoped that this would give us some understanding about the nature and scope of the activities of an indigenous banking house in eighteenth-century Maharashtra.

I *Loans and Advances*

This was a most common feature of the banking business. A large number of entries recorded in the Day book and Ledger book sufficiently speak about it. The quantum of loan amounts made in a year is about 60%. General observation reveals that there were four categories of loans and advances: (i) to the State, (ii) to army commanders, (iii) to individual businessmen and traders and (iv) to other members of the society.

(i) *Loans to the State*: It was a common feature of the Maratha rule to raise temporary loans from the bankers for the state expenditure. The bankers charged a regular interest at the rate of one per cent per month. The old accounts were carried forward and new loans given in the current year were added to it. There seems to have been two accounts of loans taken by the Peshwas. The first one was called the loan to the Peshwas, while the other one was called *Māmlat account* or loan account against government collection. Relevant details on page 5 of the Ledger book for 1777-78 are presented in our Table 2.

From the above entries it is quite evident that the State raised new loans from the banker in order to meet its own commitments. Secondly, it also received cloth supplies from the banker in lieu of the cash loan. The government furnished only bonds bearing a twelve

Table 2

<i>Loan account of the Peshwa</i>		<i>Debit Entries</i>	
<i>Rs.</i>	<i>As.</i>	<i>Dues o/s of the previous year.</i>	
1,89,335	2	<i>Rs.</i>	<i>As.</i>
		34,911	11
			Excess amounts after the verification of the Nasik accounts. Saka 1685 Int. at 1% per month.
			67,782 <i>As.</i> 14 <i>Capital</i>
			7,378 <i>As.</i> 13 <i>Int.</i>
		Total <i>Rs.</i>	75,161 <i>As.</i> 11
			Out of this, amounts received from Balaji Mahadev Subahdar
			<i>Rs.</i> 10,000 <i>Saka</i> 1678
			5,000 " 1689
			11,000 " 1690
			9,500 " 1690
			4,750 " 1692
		Total	<i>Rs.</i> 40,250
			Balance due as above.
12,688	10		We undertook the collection of sarkar Handa for the Year 1690 and paid excess to the treasury as per the balance sheet prepared in Jesth Saka 1691
1,16,734	12		New bonds were executed
			Interest 1% per month.
			98,000 <i>Capital.</i> Marg. 3 <i>Saka</i> 1697
			18,734 <i>Int.</i> from Chaitra. 13, 1698
			1,16,734 <i>As.</i> 12
			25,000 New bonds saka 1678
			rate of int. 1% per month.
			39,354 <i>As.</i> 5 <i>Cloth</i> supplied to the
			State (details on
			2,28,686 <i>As.</i> 7. D. B. P. 7)

per cent rate of interest per annum, and no other surety. Thus the State raised from one banker alone, — i.e. Dixit-Patwardhan — Rs. 2.25 lakhs in this year.

The other account of the Peshwas namely the *māmlat* or loans against government collection appears to be a comparatively smaller one. However, it is interesting in details, and therefore presented in the form of our Table 3.

BANKING IN THE 18TH CENTURY: A CASE STUDY OF A POONA BANKER

Table 3 : MAMLAT ACCOUNT OF THE PESHWAS

Rs.	As.	Debit Entries	
7,346	11	o/s dues of the previous year:	
		Details:	
		Rs.	As.
		3,796	7
		50	—
		2,456	8
		1,330	—
		Paid in the treasury saka 1693	
		Paid in excess—saka 1690	
		Demand draft. Paid to Trimbakrao Vishvanath in respect of Karnatak campaign.	
		Paid in the treasury, saka 1693	
		Details:	
		87—8 demand draft for payment of Shaikh Qutb Siledar.	
		100	—
		Demand draft 18 Rajab. paid to Ganoji and Bhagvant Sakhare.	
		584	—
		Demand Draft, 8 Zihija, paid wages of the Govt.'s stable yard—2 months	
		269	8
		Demand draft 12 Muhram. paid to Sivaba Naik Thorat against this loan bond.	
		98	8
		Demand draft, 4 Safar, paid to Bhikaji Sinde of the Stable yard.	
		190	8
		Demand draft, 10 Safar, paid to Sardar Nilkanth.	
		3,550	—
		Paid in the Govt. treasury in Chaitra Saka 1694.	
7,346	11		

It appears clearly from the above, that the government issued demand drafts on the banker and instructions were passed with regard to its payment. In other words this banker carried out part of the financial transactions on behalf of the government. He was compensated by the State by allowing him to collect certain revenue collections on behalf of the State.

(ii) *Loans to the Army Commanders*: Unsecured loans were advanced to the prominent military commanders. In most of the cases the debtors executed only the loan bonds and furnished on other security.

(iii) *Loans to traders and businessmen*: These loans were quite common and made to the members of the business community, depending upon the necessity against personal surety. These loans appear to be mostly short-term loans and a certain rate of interest was charged on it. There is a long list of such a/c holders.

G. T. KULKARNI

Table 4

	Rs.	As.	Debit Entries
Tukoji Holkar	1,39,300	—	Loan bonds given in saka 1698 Int. at 1% per month. Details: 1,23,244 Capital 16,055 Int.
			Total 1,39,300 (L. B. P. 24)
Parshuram Patwardhan	25,000	—	Loan Bonds sravan saka 1696 Int. rate 10 As. per 100 per month (L. B. P. 13)
Damaji Gaikwad Samsherbahadur	30,679	8	Loan bonds Bhadrapad saka 1671 Int. 2% per month. Balaji Dadaji Vaidya stood surety paid Rs. 50,000/-. Received from the ten yearly instalment fixed by the government from the collection of Dabhade; from Saka 78 to 82 Rs. 19,320 As. 8 Balance o/s (L. B. P. 46).
Amritrao	6,608	3	o/s from previous year.
Vishvanath Pethe	2,000	—	Paid to Shivaji Pant Ashad (B) 4.
	6,444	5	2,991—5 Int. at 8 As. per 100 per month till the end of Jeshta saka 1699 1,000—0 Paid Sravan (B) 5 3,253—0 Paid Bhadrapad (B) 5 6,444—5
Total Rs.	15,052	8	O/S amount due (DBP. 29)

(iv) *Loans to other members of the Society*: These were mostly personal loans given to individuals against certain securities, like gold, ornaments, land, buildings, agriculture produce etc. The rate of interest varied from 1/2 to 2 per cent per month. A general reading of these accounts shows that clients under this category represented all classes and castes of the society. The bank's account-holders included amongst others untouchables, stone cutters, potters, sweepers, cooks, oilmen, dancing girls, runners, camelmen, painters, cobblers, tilemakers, carpenters, goldsmiths, tailors, bullock cart drivers, coolies, gardeners, etc. There were also a few women account holders, besides the dancing girls.

At this place it would be worth while to enquire into the procedure of giving loans. The loans were given mostly against written bonds to all their customers irrespective of their status in the society. There were three types of bonds.

- (1) Loan bond (*Karj rokhā*)
- (2) Forward loan bond (*Wādā rokhā*)
- (3) Partnership loan bond (*Sharikat rokhā*)

BANKING IN THE 18TH CENTURY: A CASE STUDY OF A POONA BANKER

(1) *Loan bond* was the most common form of advancing money to the needy. The borrower gave an undertaking about the repayment of the amount, and rate of interest was also settled. In case of default certain penalties were imposed. There does not appear to be any restriction on the amount to be advanced. The State did not levy any stamp duty on execution of such bonds. The bond required to be countersigned by an independent witness. In the account books of the current year, there were several entries pertaining to this type of loan.

(2) *Forward loan bond*: It meant a loan taken by the borrower on the condition that he would return the same in certain instalments in future. The following entry on LBP. 32 would make the point clear.

Rs. 20,900 o/s dues old LBP. 38.

Bond dt. Sravan (s) 1 saka 1696, Rs. 21,900 paid cash.
Int. Rate As. 12 per 100 per month. He has given a forward bond that by the end of Jestha Saka 1697 Rs. 5000 would be returned, only Rs. 1000 received.

Balance o/s.

There are very few references to this type of transaction.

(3) The third category is *Partnership loan bond*: These were advanced mostly to the farmers for cultivating the land. The money was provided by the banker but the actual inputs required for the cultivation were provided by the farmer. The share of each partner in the produce was 50%. There are several references to the loans of this type but it is difficult to establish any ratio between the number of farmers and the amount they received, within a year's span.

II *Hundis* (Bills of exchange)

It is perhaps the oldest surviving form of credit instrument. Hundi as defined by L. C. Jain, is 'a written order — usually unconditional — made by one person on another for the payment, on demand or after a specified time, of a certain sum of money to a person named therein.' The use of Hundis was most common and effective in creating credit in the money market. One of its main functions is to enable the trader to get advances. Money can be conveniently remitted from one place to another through this instrument.²

There was no territorial restriction on despatch and receipt of hundis. The Dixit-Patwardhans received Hundis from Varanasi in the North, Siv Pattan and Narayan Peth in the South and many other places like Jālnāpur, Aurangabad, Thāiner, Bombay, Nasik, Paithan, Burhanpur, etc. The bankers always charged a certain com-

² For the description, type and contents of a hundi refer to — *Indigenous Banking in India* by L. C. Jain (1928), pp. 72-73.

G. T. KULKARNI

mission for undertaking these transactions on behalf of their customers. It varied from 2% to 2½% on the amount. There does not seem to be any restriction on the amounts transferred. While making the payment the type of currency to be delivered was always specifically mentioned. Sometimes no commission was levied on such transactions. For example Rs. 1100 were paid to Nana Phadnis from the receipts of village Vijkhede by Vamnaji Hari on Sravan (B) 13 (DBP 17). The amount was transferred to Poona by a Hundi, but in the account of the said Vamnaji, it is mentioned that no commission was charged.

The commission mentioned under Profit account shows clearly that the rate of commission varied from Rs. 2 to Rs. 2½ per 100 rupees. Here is a relevant extract from the same in Table 5.

Table 5

<i>Debit Commission a/c.</i>	
Rs. 445	Account of Nasik branch. Credited to their Account.
	Rs. 100 Hundi. Bhadrapad (S) 3 for Rs. 5000 commission rate Rs. 2 per 100.
	300 Hundi. Bhadrapad (B) 1 for Rs. 15000 received. Commission rate Rs. 2 per 100.
	45 Hundi. Aswin, for Rs. 2000 received. Commission rate Rs. 2 As. 4 per 100.
	Rs. 445 Total (DBP 56)
<i>Credit to Commission a/c.</i>	
Rs. 50	Hundi despatched to Nasik through Sivram Atmaram. Commission Rs. 2 As. 8 per 100. Amount Rs. 2000 debited to Nasik a/c. Chaitra (S) 6 (DBP. 4)

The following Hundi was despatched from Poona to Bombay, which gives some idea about the remittance and the brokerage given to the businessman called Gulab Das Pakal. A Hundi on Pitambar Jivandas, Bombay, was sent on (reply paid) Phalgun (B) 12. Period 14 days. A bond was undertaken that the money would be delivered in Bombay and receipt brought back.

Rs. 3,000	Actual Hundi.
	Rs. 1000 Sent cash.
	Rs. 2000 Taken out from the a/c of Jagannath Dixit.
	Re. 1 Brokerage paid cash to Gulabdas Pakal.
	Rs. 3001 Total.

BANKING IN THE 18TH CENTURY: A CASE STUDY OF A POONA BANKER

Here are more details about the transactions of Hundis, their contents and remittance of money etc.

Debit Nasik Shop a/c.

Rs. 2000 Hundi sent to Nasik along with Nimbaji courier. Addressed to Atmaram Navale and sent by Moro Vinayak and Trimbak Dixit Patwardhan. Period 13 days from Chaitra (s) 6 to Chaitra (B) 4.

Bearer Rs. Arcot Ganjikot Nasik type.

Paid Poona type currency.

Rs. 1950 Apa Bhat Sharangpani paid cash.

Sent with Moro Ganesh Bhure.

Rs. 50 Commission. Credited to Commission a/c.

Rs. 2000 Total (DBP. 2.)

Hundis were received from distant places in considerably short time. For example, a Hundi from Varanasi was received at Poona in 84 days. Similar was the case in respect of places from Karnatak and Southern India.

Debit Entries

Bhawani Shankar Rs. 575 Received Hundi (Marketable) *Pethchal* from Kasi. Paid cash to Krishnaji Naik Wakade.
Raghunath
Date of Despatch Marg. (B) 2.
Date of payment Paush (B) 6.
(LBP. 36).

In case a Hundi was lost in transit, the money was paid on an endorsement. Here, in this case, cash was delivered at the residence of the said person and the payment was witnessed by an independent man.

Rs. 500 Hundi to be paid. It was sent *Pethchal* from Kasi addressed to Vinayak and Govind Naik Wakade. They have reported that the Hundi was lost. In view of this an endorsement was sent that if Krishnaji Naik Wakade had already received the money then well and good. Otherwise on production of this endorsement an amount of Rs. 500 *Halisika* be given. Hundi is not received. *Poonasika* cash sent to the house of Krishnaji Naik Wakade witnessed by ...

(DBP. 49)

The business of the firm with regard to the Hundis was quite large. On one particular day the Poona Office sent Hundis worth about

G. T. KULKARNI

Rs. 17,909 (Rs. 242; 10057; 200; 1000; 410 and 6000) on the Bombay branch. It appears that the Hundi business earned them large profits.

Sometimes the money transactions and transfers were carried out even by letters. Here is an example of it on DBP. 7. But then it was necessary for the man demanding money against letter to be identified by a known party.

Debit to Sadashiv Venkatesh Guhad a/c Rs. 49: Jesth (s) 7. Letter was sent by Yamaji Mandhre. The letter was produced by Narayan Komti and identified by Ranoji Laxman Rasinkar. Paid cash in Poona currency.

(DBP. 7)

III *Government collection and payment of Government Dues in the Treasury:*

A certain type of revenue receipts were collected by the banker like the revenues assigned to various Kamavisdars and also Sardeshmukhi collection of Pargana Mahur, Umarkhed, and Nanded. Similarly payment was made to Subahdars, Kamavisdars, and others whenever demand drafts were received from the state, or whenever an instalment of Governmental dues was there. Payments also were made for equipping a soldier for a campaign (*nālbandi*). In addition to this wages of certain government employees were also paid by the banker. A few examples of it would illustrate the point:

Gopal Keshav was Subahdar of *Sarkar* Mahur. He was to be paid Rs. 5000/. The same was paid by the banker on behalf of Krishnaji Chimnaji *Kamavisdar* of that territory; the banker was promised his payment in Jestha of the following year. (DBP. 33).

On another occasion Rs. 12,500 was paid to the same officer and at the end of the entry it was recorded that the amount would be accepted as and when received from the government.

In the month of Bhadrapad Rs. 4,000 were paid in the State treasury. Similarly Rs. 3750 were paid in respect of Pargana Umarmhed, against the demand drafts from the government. The money was advanced at 1% per month. This was to be returned to the banker by Phalgun end of current year (DBP. 3).

There are several instances when the bankers had paid money in order to pay the monthly wages of the government employees. In one instance, Rs. 14,383 were paid for wages of the garrison at Purandhar fort. (DBP. 9). Rs. 2,800 were given to Ranoji Parande, for equipping his platoon. Rs. 2,000 were given to Miya Khan Indapurkar for equipping his men. It was expected that the bankers would get the money back from the treasury with the usual rate of interest, added to the amount.

BANKING IN THE 18TH CENTURY: A CASE STUDY OF A POONA BANKER

IV *Deposits from the customers*

Modern bankers generally depend upon deposits as the main part of their working capital. A study of the account books of the Dixit-Patwardhans reveals that the 18th-century banker did receive deposits from his customers. In other words, a part of the bank's capital was borrowed capital and a certain rate of interest on it was paid to the depositors. Some of the entries in the Ledger book make the point quite clear.

Credit Entries

- (1) Rs. 100 Deposited on Kartik (s) 5 Saka 1695 in the account of Venkama Telang.
- (2) Rs. 1066 As. 11 Credit balance Chaitra Saka 1699 in the a/c of Dhundiraj Moreshwar and Dadaji Hari.
- (3) Rs. 6000 As. — Deposit amount. Int. paid at 6 As. per 100 per month to Sri. Ram Narayan Thatte, the a/c holder.
- (4) Rs. 1200 As. — Paid from credit balance of Dadaji Hari Nakotkar to Ramaji Naik Domba (DBP. 36).

Thus, in one case out of four as recorded above, we know about the rate of interest paid to the depositors. Another feature of the deposit account is quite interesting. Here, the depositor keeps his money with the banker. And only when his own cash is used in the transaction that he is allowed a certain commission on it. For example, Amritrao Vishwanath Pethe had Rs. 7000 to his credit in his account. That amount was given to another party (probably with the consent of Pethe), and his account was credited with Rs. 52 As. 8. The rate of commission was $1\frac{1}{3}\%$. Further Rs. 52 As. 8 were debited to commission account. In another instance Rs. 30-4- were credited to Keshav Bahirav Vaidya's account, as Rs. 2200 from his account were given to someone else. The rate of commission was one rupee and six annas per Rs. 100. In other words, in every case the depositor got the benefit of keeping amounts with the banker. It is not possible to say about the quantum or ratio of deposits in proportion to either the turnover or the original capital.

One of the functions of the banker was to collect money on behalf of his customers. Rs. 30 were collected in respect of Naro Bhagwant Patankar. The money was due from an individual at Chāndvad. The banker's representative Sadashiv Narayan received the amount. The customer was duly informed about it. (DBP. 17). But we do not come across many such transactions.

We also come across entries which indicate that money was paid in the State treasury on behalf of the customers. The payments were made mostly for meeting the government dues in respect of *sardesh-mukhi*, or *mamlat* of a particular village or the instalments of a Kamavisdar. The bankers charged a regular commission on it. Here is an example: An instalment of Rs. 2370/- on behalf of a kamavisdar was paid in the treasury on Chaitra (s) 10 saka 1699. A commission was charged at 14 As. per Rs. 100 and an amount of Rs. 20 As. 12 was recovered from the customer. In another case, an instalment of Rs. 4000 against the collection of *Sarkar* Mahur was paid in the treasury on Bhadrapad (s) 3 saka 1699. A Commission at Re. 1 As. 5 was charged and a total amount of Rs. 42-8- was recovered from the customer's account.

This would sufficiently make the point clear about the banker's dealings with the individual customers.

V Exchange of Currency

"... Toward the end of Mughal period, there was a bewildering collection of coins some of them of the same denomination, bearing different dates and circulating at various values in different parts of the country. To change one kind of currency for another, the services of an indigenous banker were always in request."⁸ From this it is quite evident that the function of a banker in exchanging the currency was quite useful and important to the society. The banker always provided right type of currency to every customer at all times. On such money exchanges, bankers used to charge their commissions (See appendix 'C' for an analysis of rate of commission on different types of currencies). The account books give a large variety of the types of currency in use. We may mention here a few types of rupees which were in common use in the 18th century. *Photechal* (currency acceptable in the treasury), Poona Sika, Itawa, Daulatabad, Hali Sika, Jamkhandi, Chāpi Sulakhi (rupees with holes), Arcot Ganjikot, Arcot Pondicherry, *Pethchal* (acceptable in the market), *Athiche rokade* (rupees fit for melting and recasting), Panchmel (assorted) and Surat.

Rupees were mostly silver coins and weighed approximately one tola or 11 grams. Various mints had their own specifications of weight. Therefore, the coins were identified in the market from their weight and purity against a standard rupee. The banker had standard set of Rs. 130, kept exclusively for weighing purposes, whenever the occasion demanded. The exchange commission was charged accordingly. We do not get the exact weight of a rupee struck by each mint; however, from various exchange transactions

⁸ Jain, L. C., *Indigenous Banking in India*, pp. 23-24.

BANKING IN THE 18TH CENTURY: A CASE STUDY OF A POONA BANKER

we can know about its value in current use against a standard rupee. It is interesting to note that throughout the Ledger book or Day book wherever rupees have been mentioned, their types have also been mentioned invariably.

VI *Buying and Selling of Currency and Bullion*

There are a number of transactions with regard to buying and selling of currency and bullion, in the Day book for the year 1777-78. The gold coins which were in vogue were gold Muhars and Hons. Following were the types of both the coins.

Hons: Pratāpi, Halaki, Sāvanuri, Hyderi, Ikeri, Durgi and Nāgpatani.

Muhars: Delhi, Farukhsiyari, Tofkhāni, Sulākhi, Najib Shāhi, Muhammad Shāhi, and Panchmel (assorted).

It was a common practice with the bankers to buy and sell these gold coins. The weight of these coins is not indicated in the account books. In Appendix 'B' 'buying and selling' chart for various coins is attached. A close look at it would suggest that Muhammadshahi and Delhi Muhars fetched the best price i.e. Rs. 15 As. 8 and Rs. 14 As. 8 respectively. Najibshahi were the inferior types and fetched only Rs. 13 As. 13. Similarly, Ikeri and Hyderi Hons were sold at Rs. 3 As. 15½ in the market and sometimes even at Rs. 4. The most inferior type of Hon appears to be Pratapi. It was worth only one rupee and 8 annas. The average rate of gold per tola was Rs. 15. It sometimes varied between Rs. 15 and Rs. 15½. A gold bar of 18 tolas was purchased for Rs. 271 As. 2. The rate given was Rs. 15 An. 1 per tola. There are no entries at all with regard to buying and selling of silver in the books of accounts under study. The above information would be quite helpful in knowing the ratio of rupee with the precious yellow metal, and its purchasing power in terms of money in the 1770s.

VII *Remittance Business*

In the 18th century, travelling with money from one place to another was not considered safe. Therefore, the needy ones approached the bankers, and bankers in turn charged them a certain commission and made the deposited amount available at the destination. This sort of transfer was done mostly through the issue of *Hundis*. The rate of commission varied in accordance with the amount and distance involved. The customers were also given the facility of receiving the currency other than that was paid to the banker at the originating end. There are several entries in the books of accounts pertaining to such transactions.

III

After having gone through the various functions of 18th century banker, it would be worth while also to examine some other aspects of banking like: (A) The rate of interest and its correlation with other factors; (B) Various types of commissions charged by the banker to the customers; (C) The method of keeping accounts and drawing up of cash balances.

(A) *Interest charges*

All the amounts advanced by the banker were charged with a certain rate of interest. About 450 accounts have been examined in order to find out if there was any explicit homogeneous principle behind these transactions. There does not appear to be anything like it. The rates seem to be ever changing from one customer to another. Large amounts do not seem to weigh any consideration in deciding the rate of interest. The prevailing rates of interest on cash loans ranged from 6% to 12% per annum. Amounts of unsecured loans appear to have been quite larger than the amounts of secured loans. The range of interest on unsecured loans varied from 12% to 36% per annum. The State loans were invariably charged at 12% per annum. But the loans given to army commanders were charged at 24% to 36%. There is no instance where this rate was exceeded. Fifty per cent of the total customers paid 6% per annum and twenty per cent paid the higher rate i.e. 12% to 36% per annum. The remaining thirty per cent customers paid different rates, the lowest of it being 5 As. per month per Rs. 100.

Interest rates on agricultural loans are mostly not available. The reason apparently seems to be that the lender himself was a party to it, as these loans were partnership loans, and the amounts were received back not in cash but in kind.

The rate of interest on loans made against ornaments, gold, and valuables ranged from 12% to 18%. We have not come across, somehow, any instance where money was advanced against silver or silver ornaments. In the case of mortgage, such as houses, landed property etc., the rate did not differ much from the rates mentioned above.

If the amount was not returned on due date as per agreement, then the borrower was charged at an enhanced rate of interest. Similarly at the time of final settlement of the dues, certain discount was given to the borrower after negotiations. For example, on DBP. 40. Raghunath Hari's account showed an amount of Rs. 142 As. 2 in respect of the interest for the year ending and Rs. 89 As. 15 were given as discount. In another case Rs. 20 As. 4 were given as discount against a total amount of Rs. 99. (LBP. 21). Interest was calculated up to the end of the month of Phalgun (the last month of the Saka

BANKING IN THE 18TH CENTURY: A CASE STUDY OF A POONA BANKER

year) of every year and was carried forward to the next year's account.

(B) *Commission rates*

Different types of commission rates were charged on different types of transactions. Following are some of the illustrations:

(1) Commission on money transactions was quite common. The rate was 4%. Rs. 91 As. 6 from the annual grant from Umardhed village of Vakan Krishna Vaidya was paid at Poona. Rs. 3 As. 11 were received as commission for the transaction.

(2) Commission on remittance to the government treasury was charged at 14 annas per Rs. 100. When the amounts were to be received from distant places the rate rose up to Re. 1 As. 5 per Rs. 100. On DBP. 3 the entry reads that an instalment of Rs. 4000 about revenue collection of sarkar *Māhur* was paid in the treasury and Rs. 52 As. 8 were recovered as commission charges.

(3) Commission on purchases and sale of currency:—The rates varied depending upon the need of the customer and the type of currency. Rs. 1½ to Rs. 1¾ were charged on every 100 Rupees of Itawa currency.

(4) Commission on transfer of money: For an amount of Rs. 300 transferred to Nasik branch, from village Vijkhede, the commission was charged at 3% (DBP. 57).

(5) Commission on amounts withdrawn before the due date:—Sarvottam Shankar was to be paid Rs. 3000 at Nasik on Ashadh (S) 1. But he demanded money in advance of due date. A commission at 2½% was charged to him, (DBP. 4).

(6) Commission on exchange of currency: There are a large number of entries to this effect. One type of currency was exchanged with another type by the customers. Bhavanidas Dalal exchanged Rs. 2000 *Photchal* with Poona sika (Shravan (B) 11). A Commission at the rate of 1½% was received. Sometimes the banker has paid brokerage to the other brokers. On Bhadrapad (B) 3, 1000 *hons* were purchased by the banker for his Bombay branch. He paid Rs. 2 as brokerage on the price of Rs. 3972 As. 8 to Lakhimchand broker.

Conclusion

In conclusion it may be stated that a private banker in 18th-century Maharashtra performed some very important functions. He undertook financial transactions on behalf of the government, advanced loans to the traders and business community and carried on

remittance business. He collected deposits though not on a scale of a modern bank, which generally depends upon deposits as the main part of its working capital. He helped in transferring money from one place to another, and allowed withdrawals from the deposits. He entertained overdrafts of the government, exchanged currency of all types and thus provided right type of currency to every customer at all times. He was quite efficient in maintaining his establishment, as he provided his employees with wages, free meals, travelling expenses and medical relief. We have also noted that amounts were often debited to one account and credited to another, under instructions from the account-holder. Thus, it is plausible that additional money was created in the form of credit which was used in settling payments. It appears therefore that indigenous banking had already reached the threshold of modern banking by the mid-18th century. But a definite conclusion in this respect awaits further research.

APPENDIX 'A'

Glossary of indigenous terms

(१) आठीचे रोकडे	Āthiche rokade	Currency fit for melting and recasting.
(२) कैली	Kaili	A certain type of measure used for measuring rice, bajra, wheat etc.
(३) कर्ज रोखा	Karj rokha	Loan bond.
(४) मामलत	Māmlat	Revenue collection of a region.
(५) मुदत वाटचाल	Mudatvāchāl	Time limit recorded in a Hundi.
(६) परमारे	Parbhāre	Book adjustment.
(७) पंचमेल नाणी	Panchmel coins	Assorted coins.
(८) पेट चाल	Pethchāl	Currency acceptable in the market.
(९) पोते चाल	Photechāl	Currency acceptable in the treasury.
(१०) पोहंचा	Pohanchā	Advance receipts.
(११) पुतळी	Putali	A gold coin.
(१२) रसद	Rasad	Government collection.
(१३) सरकत रोखा	Sharkat rokha	Partnership loan bond.
(१४) सुलाखी	Sulākhi	Coins with holes.
(१५) वराता	Varāta	Demand draft.
(१६) वायदा रोखा	Wāda rokha	Forward loan bond.

Abbreviations used in the article

a/c	account.	Int.	interest.
(B)	Badya.	LBP.	Ledger Book page.
DBP	Day Book page.	o/s.	Outstanding.
Dt.	date.	(s)	Sudh.

BANKING IN THE 18TH CENTURY: A CASE STUDY OF A POONA BANKER

APPENDIX 'B'

Rates of Gold Muhars (Purchase and Sale)

Type	Rate		No.	Value	
	Rs.	As.		Rs.	As.
Gold Muhars purchased through Naro Bhagwant Patankar Jesth (S) 15 (LBP. 43)					
1 Delhi	14	8	14	203	0
2 Farukhsiyari	14	11½	2	29	7
3 Tofkhanu	14	6	3	43	2
4 Assorted	14	2	65	918	2
5 " New	14	0	7	98	0
6 Sulakhi	13	14	3	41	10
7 Spotted with hooks	13	12	1	13	12½
8 Najib Shahi	13	13	3	69	1
Total			100	1419	10
Gold Muhars purchased on Chaitra (S) 1 and Vaishakh (B) 30 Paid in Poona currency.					
1 Delhi	14	13	231	3421	11
2 Delhi	14	12½	81	1197	4½
3 Delhi	14	12	68	1003	0
4 Delhi	14	11½	31	456	4½
Total:			411	6078	4
5 Assorted (Panchmel)	14	2	19	268	6
Total:			430	6346	10
Purchased through Balaji Naik, Sati Das and Lakhmi Chand paid in Itawa currency.					
1 Delhi	15	8	570	8567	13
2 Delhi	14	2	111	1567	14
Total:			681	10135	11
Dt. Marg (B)13 Gold Muhars			253	4039	4
Type	Rate		No.	Value	
	Rs.	As.		Rs.	As.
1 Muhammad Shabi	14	15	185	2763	7
2 Muhammad Shahi	14	15	23	343	9
3 Assorted New (Panchmel)	14	2	27	522	10
4 Assorted Old	14	8½	28	408	10
Sold at Poona. Rs. 4028 As. 2 for Gold Muhars 273 (LBP. 42)					
1 Muhammad Shahi	14	14½	200	2981	4
2 Assorted (New)	14	0	37	518	0
3 Assorted (New)	14	11	34	499	6
4 Assorted (New)	14	12	2	29	8
Gold Muhars received from Bombay sold through Tuljaram Baji (LBP. 43).					
1 Delhi Muhammad Shabi	14	14½	200	2984	6

G. T. KULKARNI

APPENDIX 'B'—Contd.

Purchase of Hons (LBP. 23).				
1	Pratapi	1— 8	5	7— 8
2	Halaki	3— 0	2	6— 0
3	Savanuri	3— 0	2	6— 0
4	Hyderi	3— 5	10	33— 2
5	Hyderi	3—10	12	43— 8
6	Ikeri	3—12½	15	56—11½
Purchase of Hons through Bhavanidas Shravan (9) 12 and sent to Bombay				
1	Ikeri	15— 3½	500	7609— 6
Through Lakhmichand Dalal Bhadrpad (B) 3.				
1	Hyderi	3—15½	1000	3968—12
Sale of Hons through Narsidas. Received Poona currency cash Ashadh (S) 3 (DBP. 10).				
1	Ikeri	4— 0	18	72— 0
2	Hyderi	3—14½	12	46—14
3	Durgi	3— 8½	8	28— 4
4	Nagpattani	3— 0	3	9— 0
	Total:		41	156— 2

APPENDIX 'C'

Conversion rate of Currency

Type to type Currency	Per	Rate		Amount		Commis- sion	
		Rs.	As.	Rs.	As.	Rs.	As.
1	Photechal — Poona Sika	Per	1— 0	600— 0	6— 0		
2	" "	100	0—13	1500— 0	12— 3		
3	" "	"	0—15	2000— 0	18—12		
4	" "	"	1— 9	242— 0	3—12		
5	" "	"	0—12	7000—00	52— 8		
6	Daulatabad	"	1—14	1206	22— 8		
7	" —Phote	"	0— 5	600	1—14		
8	" —Poona	"	1— 2	1400	15—12		
9	" "	"	1— 4	550— 0	6—14		
10	Etawa	"	1— 2	1300— 0	14— 6		
11	" "	"	0—14	1000— 0	8—12		
12	" "	"	0—15	85—10½	13— 8		
13	" "	"	1— 3	1567—14	18—10		
14	" "	"	1— 0	1050— 0	10— 8		
15	" "	"	1— 5	1000— 0	13— 2		
16	" Daulatabad	"	0— 8	250— 0	1— 4		
17	" Ariche	"	1— 0	500— 0	5— 0		
18	" Hali Sika	"	1— 9	1000— 0	15—10		

BANKING IN THE 18TH CENTURY: A CASE STUDY OF A POONA BANKER

APPENDIX 'C'—Contd.

19	..	Photchal	..	0—2	900—0	1—2
20	Photchal	— Hali	..	1—2½	2895—0	33—8
21	..	..	..	1—3	2566—4	30—8
22	..	..	..	0—12	4000—0	30—0
23	..	Itawa	..	0—3	1600—0	3—00
24	..	Hali	..	0—14	2000—0	17—8
25	(Jamkhindi)—	Daulatabad	..	0—5	1400—0	4—6
26	Photchal	— Athiche	..	1—8	225—8	3—6
27	Sulakhi	— Photchal	..	0—1	2000—0	1—4

APPENDIX 'D'

*Rate of some miscellaneous items for the year 1777-78
Prices of Commodities*

Item	Rate Rs. A.	Quantity
Rice	1—9	1 Kaili
..	9—8	120 seers (1 palla)
Bajra	1—0	1 Kaili
Assafoetida	52—0	per maund
Pepper	60—0	per ceer
Dry grapes	70—0	per seer
Clove	4—0	per seer
Fire wood	0—6	per maund
Copper	2—0	per seer
Pair of Dhoti	3—12	Pair
Cloth	2—8	per 3 yards
WAGES: Clerk, varied between Rs. 200 and 300 per year.		
Cook	59—12	Per year
Water carrier	44—6½	..
Messenger	35—0	..
Stable Boy	12—14	..
Sweeper	4—8	..
Unskilled labour	0—2½	Per day
Mason	0—6½	..

APPENDIX 'E'

Organization of a Branch Office

There were several branches of the Dixit-Patwardhans at various places. Their main office was at Poona. The available records are silent about the organisational set up of their main office. However, the detailed information about Bombay branch for the year 1777-78 is available. This would help us in understanding the set up and working of one such branch. The branch offices were mostly run by the agents appointed from the head office. Keso Damodar Khadilkar was their agent at Bombay office which was located in the present Fort area. He submitted the annual accounts to Poona office. Following is the extract from the same, which speaks about the composition and working of the Bombay branch.

APPENDIX 'E'—Contd.

Bombay Branch Office Establishment (1777—78)

Agent: Keso Damodar Khadilkar

Clerk (Office)	Clerk (Out- door duties)	Others: (1) Cook, (2) Water Carriers, (3) Messenger, (4) Stable Boys, (5) Coolies, runners, etc., (6) Sweeper.
	<i>Debit entries</i>	
	Rs. 1882 As. 5½	Pay of clerks, details
	Rs. 1291 As. 4	Naro Bhagwant
	Rs. 200 „ —	Baji Hari Gadre.
	Rs. 66 As. 4	Keso Damodar Khadilkar.
	Rs. 1025 „ —	Pay for 3 years Saka 1696 to 99 (42 months) out of which Rs. 125 for last 6 months at the rate of Rs. 250 per year and Rs. 300 per year for previous) 3 years. ¹
		59—12½ Pay—Cooks.
		44—6½ „ Water Carriers
		34—00 „ Messenger
		25—12 „ Stable Boys
		2—0 „ Waiter
		100—14 „ Coolies, runners etc.
		4—8 „ Sweeper
		<i>Miscellaneous Expenses</i>
		13—13 Charity.
		Oil Lamp burnt at the temple of Walkeshwar.
		182—4½ Annual food expenses.
		11—5½ Lamp and Lighting.
		0—6½ Repairs.
		2—2 Tips.
		6—5½ Office Expenditure.
		10—4½ Stationery.
		12—3 Boat Expenses for fording the river.
		5—7 Sundries.
		9—6 Labour charges.
		1—1¼ Medical Expenses.
		32—11 Travelling Expenses.
		31—12½ Travelling Expenses of Hari Narayan (Clerk)
Total Rs.		1882—5½ (DBP. 60).

The details given above bring to light some interesting details. The employees, for example, were provided with, in addition to their wages, other facilities such as free food, free medical relief and free conveyance etc.

¹ It seems that the pay of the agent fell in arrears for 3½ years. Therefore he has been paid a lump sum during the year 1777-78. The details speak about his monthly pay etc.