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# FORMS OF MONEY AND WAYS OF ITS AVAILABILITY IN MUGHAL INDIA

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***Abstract***
*The Mughals had a well-organized and sophisticated monetary system. The imperial coinage was unprecedented both in quantity as well as in quality. The entire system was centrally administered and had an in-built mechanism of quality control. As the empire expanded, so did the area of circulation for the rupee and its copper and gold counterparts. One of the principal strengths of this economy was the availability of a well-organized and highly sophisticated monetary and credit system. A centrally directed system of coinage with an in-built mechanism of quality control contributed in no small measure to the growth of manufacturing, production and trade. The standardized coinage of the empire was further supplemented in an important way by an extensive use of uncoined non-standardized money.*

***Key Words: Mughal, Money, Exchange, Market, Coins.***

## Introduction

During over two centuries of Mughal rule, the monetization of the society had risen to a level that was unprecedented. During this period, the subsistence economy of the Indian villages where the community lived by itself, peasants grew and consumed, artisans produced and bartered, steadily drifted to become exchange economy when money penetrated the agrarian sector of the Mughal empire through the twin process of state driven commerce and direct production for the market. Likewise, in the urban centres too money use struck deeper roots. Thus, Mughal economy was highly monetized.

## 1. The Mughal Economy and Its Money

One can hardly imagine the late medieval Indian economy without Mughal administrative, fiscal and monetary reforms. In all these three areas the Mughal state managed to push its power and influence farther than any of its predecessors. Numismatics of the Mughal era reflects originality and innovative skills in the designs and minting techniques of the coins. The coin designs gained maturity during the reign of Akbar (1542 to 1605). Innovations like ornamentation of the background of the die with floral scrollwork were introduced. Jehangir (1605 to 1627) took a personal interest in his coinage. The surviving gigantic coins are amongst the largest issued in the world. The coins with zodiacal signs, portraits, literary verses and the excellent calligraphy took Mughal coinage to new heights.

In 1601, the estimated Gross Domestic Product of the Mughal Empire stood at 562 million rupees or 6418 metric tons of silver (1 rupee = 11.42 grams of fine silver)[1]. Of this the shares of the primary (agriculture and ancillary sectors), secondary (value added by manufactures) and tertiary (service) sectors were 66, 11 and 23 percent respectively[2]. Agriculture was generally practised by individual peasants, some of whom possessed large fields, raised crops for the market and employed wage labourers. A large portion of the agricultural produce (often amounting to half its value) was claimed by the state in land revenue and commuted into cash to support the military and civil apparatuses of the Empire. Food grains and raw materials sold by the village to meet its tax obligations fulfilled the requirements of the urban society and economy. The urban economy was sustained by a large craft and service sector which generated a good deal of employment owing to low productivity and the luxurious lifestyle of the ruling classes. The towns also became major centres for the supply of export goods by sea and land to the markets of the Middle East, Africa and Europe in the west and Southeast Asia, China, Japan and the Philippines in the east. Returning ships and caravans usually brought foreign currencies or un-coined metal to reinforce the circulating medium and commence fresh cycles of exchange.

At this juncture, the exchange economy of South Asia was made up of two overlapping components. The first was the subsistence economy of village communities where the exchange of goods and services was based on a socially established network of barter exchange. Here the role of money was marginal. The other was the domain of commercialized economy, both in the countryside and urban centers, where market relations of exchange prevailed. It was here that money was used on a large scale. This above statement has to be qualified in one significant particular. There is sufficient evidence to suggest that the Mughal countryside never stood outside the circle of monetary exchange insofar as it was the village which supplied

*[1] Shireen Moosvi, The Economy of the Mughal Empire c. 1595 A Statistical Study (Delhi, 1987), pp.399-405.*
*[2] Shireen Moosvi, 'The Indian Economic Experience, 1600-1900: A Quantitative Study', People, Taxation and Trade in Mughal India (Oxford University Press, Delhi, 2008) pp. 3-4;Najaf Haider, 'Structure and Movement of Wages in the Mughal Empire', Wages and Currency: Global and Historical Comparisons, ed. Jan Lucassen (Amsterdam, 2008), p. 292.*

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raw and processed goods as well as money to the town. Yet the impact of monetization on the village economy and society was minimal. The village sold grains to the nearby towns and distant markets catering to the deficit areas through the agency of rural merchants (*banias*; *mahajans*) and itinerant traders (*banjaras*) who brought the cash back to the countryside[3]. Villages situated near trade routes developed markets for specific commodities and held seasonal fairs which attracted a big crowd of merchants and buyers from near and afar[4]. Others were simply involved in supplying food to travelers[5].In the highly commercialized province of Gujarat, the cotton yarn supplied to the European market was produced entirely in villages and secured by local merchants for resale[6].In Bihar, another entrepot for long-distance trade, white cotton and silk fabrics (*amriti* and *alacha*) manufactured in villages and townships (*qasbas*) were taken to the markets of South-east Asia, Iran, Levant and Europe[7]. Similarly, in the sale of indigo, sugar and saltpetre, the network of exchange extended from the countryside to the urban entrepots of international trade[8].The bulk of the money obtained by the villages was paid in taxes to the state and local right holders (*zamindars*), while some was spent in buying goods not available locally. Since the Mughal ruling class was urban based it is fair to say that money was made in villages but spent in towns.

## 2. Circulation of Money

The urban centers and entrepots were immersed deeply in the circuit of monetary exchange where the concentration of the members of military-bureaucracy, mercantile classes and artisans created regular demand for food, craft goods and services[9]. Urban taxes, such as customs and transit dues and mint seigniorage were always paid in cash and were spent towards meeting the administrative costs and consumption expenses of the resident ruling elites[10].10 The monetized exchange network was based on the circulation of metallic and non-metallic currencies to meet the transaction demands of the commercial and fiscal sectors and household economies. The Mughal state standardized the circulating medium by minting currencies of uniform weight and fineness and restriking older issues into legal tender[11]. The success of the policy of giving currency only to money issued by the state in a large exchange economy was ensured by open coinage. The principle of open coinage entitled the suppliers of monetary metals, mostly *sarrafs*(money-changers cum buyers for the mint) and big merchants, to obtain freshly minted coins for the market on payment of mint charges[12]. Mints were located in market towns and capital cities, and in close proximity to the sources of monetary metals, such as copper mines and port cities[13].

The Mughal state operated a trimetallic currency system of gold (*muhr*), silver (*rypiya* or rupee) and copper (*dam* or *paisa*) from the middle of the sixteenth century. The dominant currency of exchange in the sixteenth century was copper whereas in the seventeenth it was silver although copper retained its presence as small change and as the money paid in daily wages to

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*[3] Ali Muhammad Khan, Mirat i Ahmadi, 2 vols. and Supplement, ed. Syed Nawab Ali (Baroda, 1927-30), I, pp. 260-1; English Factories in India (1618-1669), 13 vols. (each volume titled by the year/s it covers), ed. William Foster*
*(Oxford, 1906-27), 1634-36, pp. 224-5. For a survey of the social composition and mercantile operations of the two groups see Irfan Habib, 'Merchant Communities in Pre-Colonial India', The Rise of Merchant Empires, Long-Distance Trade in the Early Modern World 1350-1750, ed. James D. Tracy (Cambridge 1990), pp. 371-99.*
*[4] Abul Fazl, Ain i Akbari, 2 vols. ed. H. Blochmann (Bib. Indica, 1872-77), I, pp. 433-4; Sujan Rai Bhandari, Khulasat ut Tawarikh, ed. Zafar Hasan (Delhi, 1918), pp. 43-4.*
*[5] Jean Baptiste Tavernier, Travels in India, 2 vols., tr. V. Ball, 2nd edn. rev. W. Crooke (London, 1925), I, p. 38.*
*[6] English Factories, 1661-64, p. 112.*
*[7] English Factories, 1618-21, p. 197.*
*[8] Francisco Pelsaert, Remonstrantie, tr. W. H. Moreland and P. Geyl, Jahangir's India (Cambridge, 1925), p. 46; English Factories, 1651-54, p. 122.*
*[9] Moosvi, Economy of the Mughal Empire, pp. 86, 295-300;John F. Richards, The New Cambridge History of India, The Mughal Empire (Cambridge 1993), pp. 62-3.*
*[10] Mirat i Ahmadi, I, pp. 171-3, 262, 297, 309, 318-9.*
*[11] Najaf Haider, 'Standardization and Empire: A Study of the Exchange Rates of Mughal Currencies', Mind over Matter. Essays on Mentalities in Medieval India, eds. D. N. Jha and Eugenia Vanina (Tulika, 2009), pp. 40-53.*
*[12] Najaf Haider, 'Precious Metal Flows and Currency Circulation in the Mughal Empire', Journal of the Economic and Social History of the Orient. Special Issue on 'Money in the Orient', 39 (1996), pp. 326-342; Om Prakash, 'Foreign Merchants and Indian Mints in the Seventeenth and Early Eighteenth Century', The Imperial Monetary System of Mughal India, ed. John F. Richards (Delhi, 1987), pp. 173-174, 189.*
*[13] C. R. Singhal, Mint Towns of the Mughal Emperors of India (Bombay, 1953); John S. Deyell, 'The Development of Akbar's Currency System and Monetary Integration of the Conquered Kingdoms', The Imperial Monetary System of Mughal India, ed. John F. Richards (Delhi, 1987), pp. 58-59.*

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unskilled workers. The transition from copper (and billon currency of previous regimes) to silver took place in the seventeenth century with important consequences for prices, wages and taxation. In the Northwestern frontier regions of Kabul and Qandahar a silver coin smaller than the rupee (*khani*) was in circulation which the Mughals modified to convert it into half a rupee. Bengal had a currency based entirely on silver and cowries, and in Gujarat the local silver coin (*mahmudi*) circulated cheek by jowl with the Mughal rupee along with a non-metallic currency (bitter almonds)[14]. The Deccan and South India were different from the north insofar as their monetary systems were based pre-dominantly on gold with copper as the second metal. The principal gold coin of this region was known as *hun* locally and *pagoda* internationally. It was modelled on the Venetian gold coin, *ducat*, which was a major currency of international commerce on the Mediterranean-Indian Ocean axis, and has been rightly called the 'dollar of the Middle Ages'. From the second half of the seventeenth century, those areas of the Deccan which came under the influence of the Mughal administration had to pay tribute in silver rupees and began to turn tri-metallic. In all regions of South Asia silver or gold was used for higher value and copper and non-metallic currencies for petty transactions[15].

An important feature of the Indian monetary system during the Mughal period was its overwhelming dependence on foreign sources for supplies of coinage metals. The domestic production of precious metals was negligible, and foreign trade was the principal channel through which these metals were obtained for coinage and other uses. The third coinage metal, copper, was also obtained partly through trade. Factors such as discovery and extensive working of the silver mines in the Spanish America from sixteenth century onwards, favorable balance of trade position of the East and metal price disparity between the East and the West, all helped India to receive a lion's share of precious metals in the international trade. The increasing international trade brought even larger quantities of precious metals into India. The French physician Francois Bernier, who visited India during 1656-68, observed that gold and silver, after circulating in every other quarter of the globe, came at length to be swallowed up, lost in some measure in Hindustan,[16] - a symbolic but very significant statement indeed shows this international network of metal movement.

As mentioned earlier, there was practically no domestic extraction of gold or silver in South Asia. Even though copper was extracted from the mines of Central India, its recurring economic demand outstripped supplies and it had to be imported in large quantities from Europe and Japan. Cowries and bitter almonds (petty money) too were imported from Maldives and Iran respectively. International trade therefore occupied a very important position in the exchange economy of South Asia. There were three structural factors underlying the pattern of South Asia's international trade. The first was a limited demand for foreign goods generally ascribed to the ability of its economy to meet internal needs from local and regional trade at a lower cost. The second was the production and sale of a variety of export goods with a regular market in Southeast Asia, the Middle East and Europe. This obviously had to do with factor endowments and lower transaction costs. The third and the most important factor was that demand for gold and silver as the most favoured means of settling trade balances was inextricably linked to the operations of monetized exchange economy and fiscal regime.

Due to a favourable balance of trade, South Asia regularly imported foreign coins, bullion, raw copper and non-metallic currencies to replenish its internal stock. In the last quarter of the sixteenth century, developments on a world scale had important consequences for the exchange economy of South Asia. The most important external development was the eastward transmission of European-American silver to finance the Indian Ocean trade and the political unification of trade routes between the Levant and the Indian Ocean by the Ottomans. At the time when Spanish- American silver was on its outward journey to India, the Mughal Empire expanded westwards to embrace the coastal regions of Gujarat and Sind. In the second half of the seventeenth century, Bengal and the Coromandel Coast emerged as major destinations for monetary metals (including Japanese gold and copper) in the trade of the Dutch (VOC) and the English East India Companies. The territorial expansion of the Mughal Empire created conditions for the integration of coastal hinterlands into a single network of commodity exchange, fiscal remittances and currency circulation. As a result of these developments, South Asia became the biggest importer of foreign bullion outside Europe. Between 1531 and 1600, Spain imported 7439 metric tons of silver from the New World at an annual average of 106 metric tons. Over 64 per cent of this quantity was imported in the last two

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*[14]Najaf Haider, 'The Monetary Integration of India under the Mughal Empire', India Studies in the History of an Idea, ed. Irfan Habib (Munshiram Manoharlal, 2005); 'Mughals and Mahmudis: The Incorporation of Gujarat into the Imperial Monetary System', Negotiating India's Past. Essays in Memory of Partha Sarathi Gupta (Tulika, 2003).*

*[15] Najaf Haider, 'International Trade in Precious Metals and Monetary Systems of Medieval India', Proceedings of the Indian History Congress (Patiala, 1998).*

*[16] Bernier, Travels in the Mogul Empire, 1656-1668..*

decades of the century at an average of 240.5 metric tons per annum[17]. According to a rough estimate, the Indian Ocean received over 67 per cent (167 metric tons) of silver leaving Seville at the turn of the seventeenth century[18].

The supplies of monetary metals (largely silver, but also copper and gold) to the Mughal Empire were taking place through maritime and land routes. At the turn of the seventeenth century the import figure stood at 117.2 metric tons of silver equivalent. Ming China was the second biggest importer with an annual intake of 43 to 46 metric tons in the same period[19]. Put together the two Empires were receiving around 150 metric tons of silver. It should be noted that our figures are for the Mughal Empire and the total flow of monetary metals to South Asia would be a little higher. The figures compare well with the total transmission of Spanish-American silver through the Indian Ocean (167 metric tons). The figure of imports into the Mughal Empire rose to 140.8 metric tons in the last quarter of the seventeenth century[20].

No direct estimates for exports of manufactured goods are available except for those carried on by the European Companies. But the share of these companies in the total export trade of South Asia was limited to between 10 and 20 per cent. Some idea of South Asia's exports to Iran by Land and sea can be obtained from a detailed report prepared by a Dutch factor apparently based on the Surat customs records . The figures show that goods worth 14.39 metric tons of silver, mostly textile, earned over 24 metric tons of silver in 1634.

To conclude constant supply of money to the urban and intermediary economies, through foreign trade and the cash expenditures of the ruling classes, soldiers and other urban social groups, sustained the effective demand for commodities in cities and allowed price levels to rise under the pressure of non-monetary factors. In order to reveal the complex and dynamic configuration of all aspects of the money economy, it is important to highlight the issue of how precisely the Mughal society was monetized and what institutions, state policies, mercantile forms and notions of wealth and value contributed to the spread and standardisation of money use.

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[17] *Hamilton, Earl J American Treasure and the Price Revolution in Spain, 1501-1650 (Cambridge, Massachusetts, 1934), p. 42; Morineau, Michel, Incroyables Gazettes et Fabuleux Metaux (Cambridge, 1985), p. 578. Gold too was imported but its quantity was quite small (1.92 metric tons per annum).*

[18] *Haider, 'Precious Metal Flows', pp. 308-16; Haider, Najaf, 'The Network of Monetary Exchange in the Indian Ocean Trade: 1200-1700', Cross Currents and Community Networks: The History of the Indian Ocean World, eds. Himanshu Prabha Ray and Edward Alpers (Oxford University Press, 2007),p. 195.*

[19] *Richard Von Glahn, Fountain of Fortune: Money and Monetary Policy in China, 1000-1700 (Berkeley, 1996), pp. 133-140.*

[20] *The estimates offered by Moosvi for the Mughal Empire (c. 1595 AD), derived not directly from import figures but from estimates of silver mint output, are higher than mine, being 184.6 metric tons of silver and 4.6 metric tons of gold. Economy of the Mughal Empire, pp. 375-376.*