

# *Hundi* System (Bill of Exchange) in Amber During the Seventeenth Century

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*Hundi* (bill of exchange) was a medium of payment and worked as an alternative currency during the 17th century in India. Although *mohar* (golden coin), silver rupee and copper coin (*dam*) were prevalent, but business transactions were preferably done through *hundi* because it was convenient and less risky. Therefore, the process for alternative currency seems to have started after the paper being used as a medium of the payment from the Sultanate period onward.

In 1498, Vasco Da Gama reached Calicut and new avenues for trade sprang up in India. In 1600, the East India Company was established in India for trading purposes. This was followed by French and Dutch companies to transact business in India. These activities gave momentum to trade in favour of India. This also provided opportunities to alternate currency at the time when the world economy was becoming global.

This phenomenon and other internal factors seem to have a great impact on the administration and functioning of the Mughal government in India. Several autonomous chieftaincies joined the Mughal services and become part of the Mughal empire. These chieftains had played a major role in the expansion and consolidation of the Mughal empire and vice-versa. Amber was the first Rajput state which joined Mughal service in 1562, and after that this state served the Mughals and remained loyal to them till the downfall of this dynasty.<sup>1</sup>

The rajas of Amber imitated the scientific system of land revenue, i.e. *zabti* and other institutions of the Mughals. Likewise, the state also excelled in business transactions.

In the present paper, we would like to highlight the Amber state's transaction from Amber to the camping station of the

Mughals wherever the rajas of Amber were deputed during the 17th century. The paper throws light on the *hundi* system of the Amber chieftaincy especially those cases of *hundi* which were sent to raja of *qasba* Sanganer to the different entourage place. A *hundi*, is defined by Irfan Habib, 'as a credit money which supplemented currency'. This arose, as in Europe, out of the development of a brisk use of the negotiable bills of exchange, known in India as a *hundis* or *hundawis*. The way in which such paper substituted for coins is described by the author of *Mirat-i-Ahmadi* (1761) in an interesting passage:

Suppose a person having paid a fixed sum at the part of Surat to a *sarraf* (bankers) of that place, brings a *hundi*, which in Persian is called *sufta*, drawn by him (the *sarraf*) on his partner or agent at Ahmadabad, he may, if he chooses, collect cash, paying the deduction on account of *anth* (conversion of bill-money into coin), or in case another person has a claim against the possessor of the bill (*hundawi*) for that sum, he may give it to that person, and free himself from the obligation. Similarly, he (the new holder of the bill) may transfer it to another, until it reaches a person against whom the drawee of the *hundawi* has claims, and who, therefore, surrendering it to the latter, relieves himself of his debt. But cash is not used through out.<sup>2</sup>

Scholar like B. R. Grover has highlighted the importance of *hundi* system and its rate in his paper, 'An Integrated Pattern of Commercial Life in the Rural Society of Northern India During 17th and 18th Centuries'<sup>3</sup>. S. P. Gupta also has analysed the rates of *hundi* at Sanganer in his article, 'Money, Lending and Banking in Eastern Rajasthan during the 17th and 18th centuries'<sup>4</sup>. But my focus would be on the *hundi* system especially the traders who worked for the state of Amber. *Hundi* also included *khats* and *barats* (drafts), etc.

The documents, such as *Khatoot-i-Ahalkaran*, *Arzdashts* and *Arhsattas*, etc. throw light on the process of issuing *hundi*.<sup>5</sup> The amount for *hundi* was first collected from different parganas mainly as land revenue and then it was deposited to the issuer (financier such as Sahs, Mahajan, Bohras and Sarrafs) of *hundi* by the state officials. After that *hundi* was issued in favour of the rulers of Amber or sometimes to the *vakil* of Amber at the Mughal court. *Qasba* Sanganer was the chief centre of issuing *hundis*. *Hundis* were sent through messengers (*qasids*) and got receipt from the raja.

There are numerous instances of *hundis* issued by the merchants during the 17th century, presented in a tabular form in Table 1. The table is divided into 11 columns such as sr. no., year, name of the merchant who issued *hundi*, name of 'receiver' of *hundi*, place of issuing *hundi*, place of sending *hundi*, name of the *qasid* (messenger), amount of *hundi*, *hundawan* (discount) changes, comments and the source.

Regarding *hundis*, the finance community<sup>6</sup> had to perform two major functions: first, they issued *hundi* on behalf of the finance department of the state in favour of the ruler of Amber at his entourage place; secondly, they encashed *hundis* received from the other states as well as within the state. Generally, *hundis* were issued by Sahs and Mahajans. The other amounts were gathered from donation, *rahdari* (a tax) or when royal family member died, his/her amount stood against his/her assignments sent to the raja through *hundi*.<sup>7</sup> There were instances when the *hundis* could not be issued in time due to delay in collection of land revenue.

There were 64 cases of *hundis* as shown in the table given below. We would like to discuss here only some cases. The highest amount of Rs 2,29,949 was sent through *hundi* in April 1645 to the ruler, and the smallest amount of *hundi* worth Rs 42 was sent as an arrear's *hundi*.<sup>8</sup>

The amount was sent through a number of *hundis* issued from different financiers. For example, in February 1645, eight *sahukars* of Sanganer had issued *hundi* worth Rs 8,084 to the ruler.<sup>9</sup>

*Hundis* were sent under different purposes/heads such as for *butat-kharch* (monthly expenses), *darbar-kharch* (court expenses), *muhim sazi* (equip for battle), on the occasion of *Rakhi* (Raksha Bandhan), payment of loan (*wazan-sirok*) and temple's maintenance, etc.

*Hundawan* (charges for encashment) charges were 2.58 per cent and 2.50 per cent in 1644. As for example the revenue of pargana Bahatri was Rs 7083-8-0/- and sent to Sanganer and from there seven *hundis* worth Rs 6905/- were issued by Sah Mahi Das Parikh in favour of seven officials after deducting *hundawan* charges of Rs 178-8-0/- from the collected amount at the rate of 2.58 per cent.<sup>10</sup> In another case, *hundi* worth Rs 974-8-0/- was made in favour of Sah Bhai Das Parikh and Sah Chatra Amar Hari. Its *hundawan* charges was Rs.26/- at the rate of 2.50 per cent which was prevalent in Agra and Surat of the Mughal Empire.<sup>11</sup> Different rate of *hundwan* charges for different places were provided by S. P. Gupta

ranging between 50 paise to Rs 2.25/- in 1726 at Sanganer.<sup>12</sup> To raise money for purchased goods, the discount in such cases was ranging between 1 to 10 per cent during the 17th century.<sup>13</sup> In Kota and Bikaner, the rates of *hundi* were 5% and 1% respectively in the middle of the 18th century.<sup>14</sup> However, in July 1685, the *hundawan* charges went up by 9 per cent.<sup>15</sup> It mounted a big burden on the state exchequer as the state happened to be a customer. But in 1706 Dharam Das requested the raja to send the appropriate rates of *hundi* duly sealed by high officials. So that the *hundi* transaction could be started again, perhaps in the hopes of getting reduced the rate of *hundi*.

There were state's authorised dealers of *hundi* who had the credit or agent in the national market so that their issued *hundi* could be encashed easily. In 1634, the authorised dealers were Trilok Chand Chaudhary and Thakur Paramanand ; Kalyan Das in 1641 and Sah Mahi Das Parikh and Sah Chatar Amar Hari in 1644. In 1646, Ram Singh and Kalyan Sarraf issued *hundi* worth Rs 1700 in favour of Mirza Raja Jai Singh. Sah Ram Chand and Sanghi Roop Chand, Todar Chaudhary and Purohit Harnam, Kushal Singh, Sabal Singh Sarraf, Ram Das and Sau Ram Lalani were the authorised dealers in 1684, and Gaj Singh Rajawat and Sah Vimal Das, Kushal Singh and Sabal Singh Sarraf in 1685. Kushal Singh and Chatar Dass got the right to issue *hundi* in 1685.<sup>16</sup> Whenever the official other than the authorised person tried to issue *hundi*, his *hundi* could not be encashed, and it amounted to unnecessarily delay in transactions. As it happened in the case of Todar Chaudhary who issued *hundi* worth Rs 13,000 to the raja in August 1684. It was not encashed and came back to the issuer. It is clear that Todar Chaudhary might not have the credit of encashment or any agent at the camping place of the raja<sup>17</sup>. Therefore, the state authorised Kushal Singh, Sabal Singh Sarraf, Ram Das and Sau Ram Lalani to issue *hundis* in the same year.<sup>18</sup>

In another instance, when Sau Ram Lalani, who was also the authorised person to issue *hundi* died in December 1684, the family of Lalani could not issue *hundis* up to 13 days of his death. The other dealer, Lal Singh Sarraf was away at Manoharpur. The authority at Amber requested the raja to send a condolence message to the family of Lalanis and also made a request to authorise Harnam and Rai Chand Sah to issue *hundi* during the mourning period.<sup>19</sup>

Furthermore, some of mahajans of Sanganer were forced to

vacate their shops. The main cause of this action was that the authority doubted the credibility of some mahajans who sold state grains illegally and embezzled its amount. But the mahajans had shown their resentment against this action by suspending their works and transactions. They requested the raja to restore their shops and expressed their innocence in the controversial grain scam. Actually, Sah Vimal Das, the then *diwan* of the state, was involved in the scam. Here our purpose is to show that the state *hundi* transactions came to a halt at this time. Another incident of strike was cited by Jagdish Narain Sarkar. The cause of contention was the conversion of a Hindu *bania* to Islam by the *qazi* of Surat in 1669. This led to a suicide of the *bania* and flight of the merchant class, numbering about 8000, from Surat to Broach to pressurise the government to safeguard their honour and interest. This dispute between the Surat authorities and *banias* pulled on from September till the end of December 1669. J.N. Sarkar has commented on this tussle: "This demonstration proved to be successful. By 20th December the *banias* returned to Surat after getting "letters of favour" from the Emperor and "some assurance of their safety and more freedom to their religion". This caused "great satisfaction" to the governor, the general body of officers and the citizens. The strike caused a heavy loss to the trade of Surat."<sup>20</sup> This type of resentments was quite rare during the 17<sup>th</sup> century. But finance and merchant community had to use this method of strike to force the government to solve their problems. The finance community was dealing with money matters and trading activities. Therefore, they suspended their works which affected more or less the whole region economically. However, this was a successful method to show their anguish and to compel the state to concede to their genuine demand by restoring their shops to them at Sanganer in the first instance, and freedom of religion, in the second instance.

Another shocking incident took place in 1686-87 when Sanganer was looted, there was mismanagement in finance and turmoil prevailed in the state after the sack of Sanganer. This was revealed by Mustaq in his *arzdasht* to the raja. He alleged that Man Ram Natani, incharge of Sangner, was responsible for it. He also expressed that the similar situations prevailed in all other parganas. The *hundi* business came to a standstill due to these circumstances.<sup>21</sup> No doubt, this grim situation of law and order in the state had badly affected the peasantry as well as the land revenue. In the

same period raja of Amber was busy in suppressing the Jats of Mathura over the dispute of *zamindari*. The *sayyid qutb* (*subahdar* of Ajmer) invited Hadas and other Rajputs to punish the miscreants and to establish peace in the region.<sup>22</sup>

Sometimes, *hundi* was not encashed in toto at one place. Some amount of *hundi* was taken at one place and remaining amount was sent in the form of *hundi* to other destination. For example, in May 1676, the *hundi* worth Rs 20,000 was issued from Sanganer via Agra to Patna but out of which Rs 2000 was encashed by Gopal Das Rajawat and Bansidhar at Agra and the remaining amount was sent through *hundi* to Patna.<sup>23</sup>

Likewise, there is an instance of *hundi* worth Rs 75 sent on the occasion of *rakhi* to Shri Jadam in 1685.<sup>24</sup> This is the first instance when *hundi* worked as a sort of money order.

During later half of the 17<sup>th</sup> century, the loan could be paid through *hundi*.<sup>25</sup> This facility shows that the *hundi* system became popular in the Amber state.

We conclude with the observations that the *hundi* business was a very significant feature of money transactions in the Amber state during the 17<sup>th</sup> century. Major or small transactions of the state were primarily done through *hundi*. It is important to note that when the state was in turmoil, the *hundi* system worked well as a reliable system of payment by avoiding the risk involved in the transmission of cash to distant places. The Amber state borrowed the land revenue system of the Mughals. Likewise, in the transactions of *hundi* system, the state also followed the Mughals.

## NOTES

1. S.P. Gupta, *Agrarian System of Eastern Rajasthan (c. 1650-c. 1750)*, Manohar, New Delhi, 1986, p. 17.
2. Irfan Habib, 'The System of Bills of Exchange in the Mughal Empire', *Proceedings of the Indian History Congress* (hereafter *PIHC*), Mazaffarpur session, 1972, pp. 290-303. Also see Tapan Raychaudhary and Irfan Habib eds, *The Cambridge Economic History of India c. 1200-c. 1750*, Cambridge University Press, 1984, pp. 346, 362.
3. Republished in Sanjay Subramanyam, ed., *Money and Market in India-1100-1700*, Oxford University Press, Delhi, 1994.
4. *Proceedings of Indian History Congress*, 1986, pp. 382-389. Also see for details, Zafar-ul-Islam, 'Banking in the Abbasid Period: A special Study of the 10th century AD' *PIHC*, forty-fifth session, 1984, pp. 780-89; Najaf Haider, 'English Merchants and credit Market of India during 17th Century', *PIHC*,

- 1987, pp. 294-301; B.L. Gupta, 'The Migration of Traders to Rajasthan in the 18th Century', *PIHC*, 1987, pp. 312-317. Also see G.D. Sharma, 'Business and Accounting in Western Indian During the Eighteenth Century', *PIHC*, 1985, pp. 308-315.
5. These documents are preserved in the Rajasthan State Archives, Bikaner.
  6. For finance community, see Dilbag Singh, 'The Role of the Mahajans in the Rural Economy of Eastern Rajasthan during the 18th century', *Social Scientist*, May 1974, pp. 20-31.
  7. See table; item nos 28, 26, 42.
  8. See table, item nos 13 and 45.
  9. See table, item no. 10.
  10. See table, item no. 10.
  11. See Irfan Habib op. cit., pp. 290-303.
  12. S. P. Gupta, 'Money Lending and Banking in Eastern Rajasthan during the 17<sup>th</sup> and 18<sup>th</sup> Centuries', *PIHC*, 1986, pp. 382-389.
  13. B. R. Grover, 'An Integrated Pattern of Commercial Life in Rural Society of Northern India During the 17th and 18th Centuries', in Sanjav Subramanyam, ed., *Money and Market in India 1100-1700*, pp. 243-44.
  14. Geerija Shankar Sharma, 'Sources on Hundi Business in B.L. Bhadani, ed., *Facets of Marwari Historian*.
  15. See table, item no. 50.
  16. See table.
  17. *Arzadash* (Raj.), 205.
  18. See table.
  19. *Arzadash* (Raj.), 229.
  20. Jagdish Narain Sarkar, *Studies in Economic Life in Mughal India*, Oriental Publishers, Delhi, 1975, pp. 284-92.
  21. *Arzadash*, 380, 382.
  22. *Ibid.*, 388, 389.
  22. *Ibid.*, 124.
  23. *Ibid.*, 278.
  24. *Ibid.*, 279.