CHAPTER 3

Fractional Pieces and Non-Metallic Monies in Medieval India (1200–1750)

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Medieval Indian Monetary Economy: Structure and Developmental Stages

The period of medieval Indian history is conventionally fixed between 1200 and 1750 (more precisely 1757 AD) keeping in view the major changes that took place following the establishment of the Turkish Sultanate in Northern India centred at Delhi. The period witnessed the emergence of a centralized imperial polity, rise and fall of three empires—Turkish (1206–1450 AD), Afghan (1451–1526 and 1540–1555 AD) and Mughal (1526–1540 and 1555–1757 AD)—and the import of Perso-Islamic culture. There was also a new economic organization centred round cities, markets and entrepots as visible symbols of an expanding exchange economy. The urban centres were part of a large integrated circuit of economic and cultural exchange based on the supply of food grains to feed the town population as well as raw materials and skills for craft products. New technologies of production also arrived with the migration of elites and artisans to the towns.1

Two domains of economic activities co-existed in medieval India: one of subsistence and marginal use of money, and the other of market relations of exchange. It is possible to position the countryside in the first domain and cities in the second with an overlapping space in between. The urban centres

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and entrepôts were immersed deeply in the circuit of monetary exchange where the concentration of military-bureaucracy, mercantile classes, service groups and artisans created regular demand for food, craft goods and services. Urban taxes, such as customs and transit dues and mint seigniorage were paid in cash and spent towards meeting the administrative costs and consumption expenses of the resident ruling elites.

Within the monetized sector, two broad and inter-related streams of exchange can be identified. The first stream was local where the demand for money stemmed from the consumption of goods and services, sale and purchase of land as well as rights to the usufruct of land, tax obligations of the rural and urban populations, and assets accumulation. The other stream of exchange was tied to production and exchange for the seasonal supply of export goods. All major commodities which generated trade surplus—textiles, indigo, saltpetre and sugar—were produced and processed in villages and townships before being fed into the market chain which led to export. Indian products were sold in 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 brought foreign currencies or un-coined metal to start a fresh cycle of exchange.

Both networks of exchange were based on cash-nexus and required the use of money at each stage. Prices, wages, salaries and taxes were expressed and paid in money either on the spot or at a later date (credit). Since there was no domestic extraction of gold or silver, and very little of copper, in each season the internal circulating medium had to be reinforced with fresh supplies of monetary metals from foreign markets. The favourable balance of payment was a characteristic feature of India's international trade and attracted the attention of contemporary observers from Pliny to James Grant and was attributed more often than not to the cultural greed of an ostentatious Orient.2

The institution responsible for supplying fresh money to the market was the mint situated in commercial and administrative cities. The mint operated on the principle of open coinage i.e. suppliers could obtain coins on payment of minting costs (brassage) and an imperial tax (seigniorage). The mint charges were levied separately and not by adding alloy to the coin, and therefore the currency had a high degree of fineness. The mint was controlled by the state but the market governed its production. The queue of suppliers at the mint and the need

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