DEBASING INDIGENOUS STATEHOOD: SOVEREIGN MONIES, MARKETS AND IMPERIAL POWER IN THE INDIAN SUBCONTINENT, *c.* 1893–1905*

British imperial power in India arguably reached its zenith in the early years of the twentieth century. Two imperial durbars in the former Mughal capital of Delhi in 1903 and 1911, at which native rulers offered homage and pledged fealty to the king-emperor, proclaimed British paramountcy on the subcontinent.[1] The rulers' loss of sovereign authority was not absolute: territorial control was not for the most part under threat, and many native states were able to withstand a transgressive imperial power sufficiently to consolidate their polities, reform institutions and practices, and produce a political and legal terrain to a large extent beyond imperial control.[2] It was nevertheless real and material for most of them in one quite momentous yet forgotten respect.

This was money, that is, the state's sovereign prerogative to issue its own currency. In 1893, in addition to the silver rupee coined by the colonial government (hereafter the British rupee,

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[1] Bernard S. Cohn, 'Representing Authority in Victorian India', in Eric Hobsbawm and Terence Ranger (eds.), *The Invention of Tradition* (Cambridge, 1983), 208; Barbara N. Ramusack, *The Indian Princes and their States* (Cambridge, 2004), 91–2. In addition to the territory under direct British control, the subcontinent comprised about six hundred princely states that accounted for about 40 per cent of its land area and 23 per cent of its population: William Lee-Warner, *The Protected Princes of India* (London, 1894), p. v; *General Report on the Census of India, 1891* (London, 1893), 17.

[2] Eric Lewis Beverley, *Hyderabad, British India, and the World: Muslim Networks and Minor Sovereignty, c.1850–1950* (Cambridge, 2015), 69; John McLeod, *Sovereignty, Power, Control: Politics in the States of Western India, 1916–1947* (Leiden, 1999). See also Chitralekha Zutshi, 'Re-Visioning Princely States in South Asian Historiography: A Review', *Indian Economic and Social History Review*, xlvi, 3 (2009); Ramusack, *Indian Princes and their States*, esp. ch. 6.

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colonial rupee, colonial currency, or *kaldar* in popular Hindustani), as many as twenty-seven other subcontinental states were still issuing their own currencies, principally in the form of silver coin. These included four of the five largest states: Kashmir, Gwalior, Baroda and Hyderabad. (The fifth state, Mysore, suspended coinage after it came under direct British rule in 1831 and surrendered its coinage rights in 1881, when it was restored to the Wodeyar dynasty and placed under indirect rule.) Underpinned by networks of bankers and markets transacting in their bills, the major currencies circulated beyond their own territories, in scores of other princely states that did not possess their own currency, as well as in parts of British India, where they competed with the colonial rupee. By 1905 fewer than ten states were issuing their own currency, their circulation restricted to their own territories. Of the four large states, only Hyderabad managed to retain its currency. The power to issue money now belonged almost solely to the British Raj, and the *kaldar* became the subcontinent's pre-eminent currency. This startling transformation was prompted by the colonial government's decision taken in 1893 to demonetize silver in British India and establish the colonial rupee on gold. However, it was only sealed by the twin droughts of 1896–7 and 1899–1900, and the devastating famines that stalked India between 1896 and 1902 at the cost of tens of millions of lives. The impact of the drought of 1899–1900 was particularly severe in central India, Gujarat and Rajputana, where native states and currencies were preponderant.[3] In addition to a crushing toll in terms of lives, livelihoods and well-being, the prolonged spell of drought and famine crippled these states' trade and finances and exposed their currencies to destabilizing market speculation that few any longer possessed the means or will to resist.

The resulting configuration of British sovereign power in the subcontinent and the manner in which it consolidated were contingent but not fortuitous. As a substantial literature attests, the 1890s also witnessed a worldwide tussle between two monetary standards, gold and silver/bimetallism, heavily invested with political, economic, cultural and symbolic significance and 'engender[ing] a tumultuous politics' with implications for the

[3] In this article, 'central India' denotes the broader region and 'Central India' the territories of the princely states under the Central India Agency. (See map.)

nature and distribution of power within and between countries.[4] Monetary controversies generated a vast literature in Britain (one publication reportedly appearing every two days between 1881 and 1891), led to inquiries by royal commissions, and were 'second only in importance, in the amount of time taken up by the Houses of Parliament, to the Irish question'.[5] They returned to convulse politics in the United States in the mid 1890s, with the presidential election of 1896 turning into a 'battle of the standards', and inspired L. Frank Baum's *The Wonderful Wizard of Oz* (1900). In Japan they culminated in a 'comprehensive regime shift' made possible by a Chinese war indemnity financed by European capital markets.[6] Gold's bitterly contested triumph in this tussle meant that, by the century's end, it was poised to undergird a worldwide apparatus of money and credit radiating from London. Silver, on the other hand, had long been the dominant standard in Asia and the Indian Ocean world. More affordable than gold, easier to 'localize', and better adapted to their layered commercial and political relationships, silver fostered relatively more decentralized currency arrangements and normative frameworks that resisted homogenization and rendered the privileges and prerogatives of empires, states, bankers and merchants into matters of ongoing negotiation.[7]

[4] Timothy Alborn, *All that Glittered: Britain's Most Precious Metal from Adam Smith to the Gold Rush* (Oxford, 2019), 5 and *passim*.

[5] E. H. H. Green, 'Rentiers versus Producers? The Political Economy of the Bimetallic Controversy, *c.*1880–1898', *English Historical Review*, ciii, 408 (1988), 588; Ted Wilson, *Battles for the Standard: Bimetallism and the Spread of the Gold Standard in the Nineteenth Century* (Aldershot, 2000), 13.

[6] On the politics of gold and bimetallism in the United States, see Gretchen Ritter, *Goldbugs and Greenbacks: The Antimonopoly Tradition and the Politics of Finance in America, 1865–1896* (Cambridge, 1997). For the cultural echoes, see Hugh Rockoff, 'The "Wizard of Oz" as a Monetary Allegory', *Journal of Political Economy*, xcviii, 4 (1990); Mark Metzler, *Lever of Empire: The International Gold Standard and the Crisis of Liberalism in Prewar Japan* (Berkeley, 2006), 29–32. For a general overview, see G. Balachandran, 'Power and Markets in Global Finance: The Gold Standard, 1890–1926', *Journal of Global History*, iii, 3 (2008).

[7] Akinobu Kuroda, 'The Eurasian Silver Century, 1276–1359: Commensurability and Multiplicity', *Journal of Global History*, iv, 2 (2009), 267; the point is wider than the period covered in this article. See also Marcello De Cecco, *The International Gold Standard: Money and Empire* (London, 1984), 83–7; Rajat Kanta Ray, 'Asian Capital in the Age of European Domination: The Rise of the Bazaar, 1800–1914', *Modern Asian Studies*, xxix, 3 (1995), 486–9, 495; Luman Wang, *Chinese Hinterland Capitalism and Shanxi Piaohao: Banking, State, and Family, 1720–1910* (London, 2021).

Until 1893 all subcontinental currencies were linked to silver, which had for centuries fulfilled the commercial, social and ritual needs of money, and functioned as the principal store of wealth. In June that year, the colonial government unilaterally severed the *kaldar*'s link with silver. This effectively demonetized the metal in British India and opened up a breach with the other subcontinental states, whose currencies remained on silver, as well as with the rest of Asia and the Indian Ocean world. The breach grew wider when the colonial rupee was placed on the gold standard in 1898, thereby further tightening British India's monetary links with London.

The demonetization of silver in British India provoked a subcontinental reaction little short of a market rebellion against British power. Spearheaded by indigenous bankers with some encouragement from native rulers, it lasted about a year before subsiding into an uneasy stalemate. Indian financial markets both stirred these conflicts and reflected their shifting fortunes. They rallied against the *kaldar* for almost a year after June 1893, and then selectively hedged their bets during the subsequent impasse, before turning against the currencies of native states reeling under the economic and financial shock of the famines, and forcing them to adopt the colonial currency as a condition for stabilizing their finances.

Thus, though no great amount of blood may have been spilt, the 1890s were a pivotal decade for the configuration of British sovereign power in the subcontinent. Legal historians have drawn attention to the uneven, unsettled, improvisational and embattled nature of both sovereignty in empire and the scope of British paramountcy in India.[8] While a tradition in international political economy underscores the implications of financial markets for sovereignty, political theorists have sought to reformulate sovereignty on a 'politico-economic terrain' as a 'placeless', 'wandering' presence, and the sovereign as the one with the power to transform its 'own risks into dangers for all others'.[9] Thus, if

[8] Lauren Benton, *A Search for Sovereignty: Law and Geography in European Empires, 1400–1900* (Cambridge, 2010); Zak Leonard, 'Law of Nations Theory and the Native Sovereignty Debates in Colonial India', *Law and History Review*, xxxviii, 2 (2020).

[9] Susan Strange, *States and Markets* (London, 1988); Susan Strange, *Mad Money: When Markets Outgrow Governments* (Ann Arbor, 1998); Joseph Vogl, 'The Sovereignty Effect: Markets and Power in the Economic Regime', trans. William Callison, *Qui Parle*, xxiii, 1 (2014), 153.

'liberal financial regimes', of which the gold standard was the nineteenth-century exemplar, could represent an 'important extension of state power over financial activity' for powerful states like Britain, they could conversely mark a retreat, as has long been known, for weaker states, enfeebling them against both one another and the financial markets.[10]

This article explores enduring, well-recognized, yet often taken-for-granted intimacies between monies, markets and states to show how the demonetization of silver in British India in 1893 and the decision thereafter to put the colonial rupee on the gold standard presaged a dramatic reconfiguration of native sovereignty and imperial power in the subcontinent. Native bankers and states put up stiff resistance. Few states willingly gave up their sovereign powers of coinage despite the famines; most rejected British Indian criticism of their financial management and disputed its normative presumptions. The *kaldar*'s going off silver and its eventual adhesion to gold nevertheless caused ruptures and realignments that culminated in subcontinental states confronting financial markets that, though still native in terms of their institutions, practices and main participants, were now largely beyond their influence. The gravitational impact on subcontinental currency markets of a colonial state aligned more closely now to a distant imperial financial centre was intensified by the institution of a set of new 'universal' norms. The cumulative effect of these processes was to redistribute sovereign capacity between states and financial markets as well as between states themselves according to their ability to dominate the markets, and thus to dematerialize, rearticulate and extend the reach of British power. This complex subcontinental story of money, markets and indigenous statehood is hence a British imperial story with resonances beyond the empire and its own time.

The rest of the article is organized as follows. Section I sets out the subcontinental landscape of multiple currencies before 1893, and the political and commercial arrangements supporting them. Section II relates the native resistance to silver's demonetization in British India and the colonial government's response. The next three sections are also more or less

[10] Samuel Knafo, *The Making of Modern Finance: Liberal Governance and the Gold Standard* (London, 2013), 5; A. G. Ford, *The Gold Standard, 1880–1914: Britain and Argentina* (New York, 1962).

chronological, but they each explore the three main modalities through which the British rupee gained overall dominance. As the example of the Bhopawar states in Central India illustrates, colonial plans for promoting the British rupee sought to entice the ruling elites, particularly of states that did not issue their own currencies, with the prospect of large windfall gains. Another Central Indian state, Bhopal, exemplified a second modality, that is, destabilizing currency market speculation that a state with overextended external financial commitments could not resist without assistance from a disobliging colonial government. Finally, the twin famines of the late nineteenth century rang the death knell for most of the remaining currencies. As collapsing trade, deteriorating state finances and plunging currencies reinforced one another, the resulting stampede towards the colonial rupee cemented this important dimension of Britain's ascent to paramountcy in the subcontinent. Section VI concludes the article.

I

MONEY, MARKETS AND SOVEREIGNTY BEFORE 1893

When the East India Company introduced a 'standard Indian rupee' in 1835, the first company coin not to bear Mughal inscriptions, some three hundred other distinct coinages were said to be current in the subcontinent. While the 1850s have been described as the 'turning point in the assertion of paramountcy' in matters of currency, there were still more than a hundred native states with sovereign claims to coinage when the East India Company's territories passed into the hands of the British Crown in 1858. Forty-two of them were still issuing their own coins in 1869.[11] Their use was nevertheless considerably more widespread as they, rather than the British rupee, often took over the role of currency in the states that had ceased to issue their own money. Thus, some coins, like the Gajashahi rupees issued by Orchha in Central India and the Salimshahi rupees of Pratapgarh in Rajputana, may have had a larger circulation outside their states than within their own. In addition

[11] John S. Deyell and R. E. Frykenberg, 'Sovereignty and the "Sikka" under Company Raj: Minting Prerogative and Imperial Legitimacy in India', *Indian Economic and Social History Review*, xix, 1 (1982), 20; Sanjay Garg, '*Sikka* and the Crown: Genesis of the Native Coinage Act, 1876', *Indian Economic and Social History Review*, xxxv, 4 (1998), 361, 365.

to adjoining states, the *kori*s of Kutch (in Kathiawar in western India) were 'current . . . in Zanzibar, Madagascar, and the ports in the Red Sea or Persian Gulf'. They were more 'integral' to the Maria Teresa thaler, which was the commercial currency of the western Indian Ocean, than to the British rupee, which 'no one [in the state] will take but the money-changer'.[12]

The British Indian coin was popularly called the *kaldar* in northern and central India, the term 'rupee' being generally reserved for the currencies of the native states. The reluctance of Indian states to accept the *kaldar* in any guise except involuntarily under British pressure was underscored in the 1870s when only two states, Alwar and Bikaner, took up the British rupee despite the colonial government promising, in exchange, to mint versions of its coin with the respective state's seal on one side.[13] This suggests that subcontinental states valued this prerogative as a material aspect of sovereignty rather than merely a symbol.

States issuing their own currencies in 1893 included large or fabled states like Travancore, Hyderabad, Gwalior, Indore, Bhopal, Baroda, Kutch, Jaipur, Jodhpur and Kashmir (see Map). Of these, only Hyderabad, Jaipur and Kutch held onto their currency in 1905 and beyond. Until the late 1890s, state coins dominated in Gujarat, central India and Rajputana. Monetary frontiers in the subcontinent were, as noted above, quite notional because of criss-crossing commercial ties and jurisdictions. The British rupee circulated in many native-ruled states, especially along borders and railway lines, while state

[12] See below on Orchha and Pratapgarh coins. On Kutchi *kori*s, see National Archives of India (hereafter NAI), For/Pol/May 1879/226–31B: Major H. N. Reeves to Bombay government, 14 Mar. 1879. Reeves was the British Indian political agent in Kutch. In addition to silver *kori*s, Kutch issued a gold *kori* that equalled the round figure of three Maria Teresa thalers but converted rather oddly into 26.5 of its own silver *kori*s. (Departmental and branch references at the NAI have been abbreviated as follows in this article: A: Accounts; C: Commerce; F, Fin: Finance; For: Foreign; Int: Internal; Pol: Political; Sec: Secret. The first reference is to the department, the second, to the branch; thus, 'For/Pol' would be Foreign Department, Political Branch.)

[13] Garg, '*Sikka* and the Crown'. Alwar was a 'minority' at this time, i.e. the British political agent held effective power because the state's ruler was a legal minor: Edward S. Haynes, 'Alwar: Bureaucracy versus Traditional Rulership. Raja, *Jagirdar*s and New Administrators, 1892–1910', in Robin Jeffrey (ed.), *People, Princes and Paramount Power: Society and Politics in the Indian Princely States* (Delhi, 1978), 37.

coins were popular in adjoining British Indian districts and in neighbouring states.

We know from the evidence gathered by the colonial government after June 1893 that mints in native states issued coin against silver brought to them by merchants and bankers.[14] Overissue and wanton depreciation were not unknown, but were rare and mainly a result of private agents 'manipulating' their coinage rights for profit. By the 1880s, many states grew more determined to assert their currency monopoly and centralize coinage in their own mints, which they also began taking steps to modernize.[15] These reforms, anticipating or mirroring other modernizing reforms dictated by the challenge posed by an expanding British power and reflecting emerging norms of sovereign statehood, aimed to protect the states' coinage and maintain a measure of currency stability at a time when silver prices and the British rupee were both unstable. Thus, the Kutchi *kori*, reportedly coined since 1510 at the state mint in Bhuj and stable against the British rupee and its precursor, the Madras rupee, at 379 *kori*s to 100 rupees since 1827, when the East India Company began keeping records, was one of many subcontinental currencies that began to fluctuate within a range in the 1880s.[16]

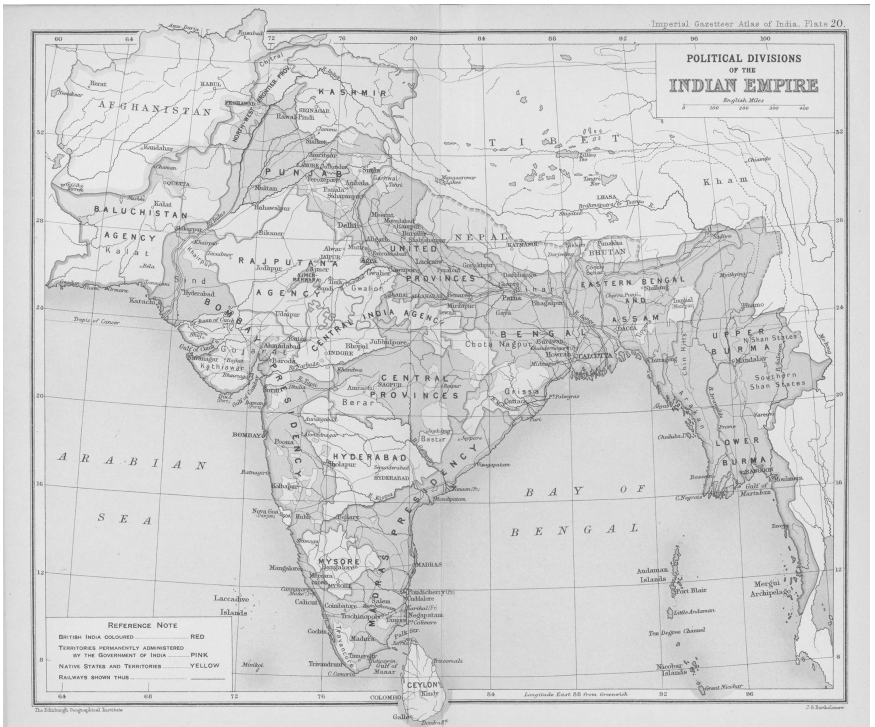
Exchange markets appear to have played an important role in maintaining a degree of relative currency stability. *Hundi*s (indigenous bills), denominated in state currencies, financed subcontinental trade and passed through indigenous banking networks that reached into far-flung market towns. Most currencies seem to have had one or more centres where their bills were in particular demand and had therefore a ready market. Kutch's commerce within the subcontinent, including

[14] See NAI, F&C/A&F(Mint)/June 1894/535–782A.

[15] NAI, For/Int/Nov. 1894/34–44A: W. Lee-Warner to J. Westland, 20 July 1894. On coinage in Porbandar, see NAI, For/Int/Mar. 1888/38–56A. For Hyderabad coinage, see NAI, F&C/A&F(Mint)/June 1894/535–782A: Henry Gray, Bank of Bengal, to Resident, Hyderabad, 4 July 1893; Gray to Hyderabad Residency, 8 July 1893; T. Chichele Plowden to Government of India, 11 Nov. 1893. On the modernization of the Baroda mint, see NAI, For/Int/June 1888/98A; For/Int/Sept. 1888/7A; For/Int/Feb. 1889/162A.

[16] For exchange rates between *kori*s and the British rupee, see NAI, For/Pol/May 1879/226–31B. For a recent study of modern state-making by a 'minor' subcontinental sovereign, see Beverley, *Hyderabad, British India, and the World*. More generally, see Zutshi, 'Re-Visioning Princely States in South Asian Historiography'.

THE BRITISH EMPIRE IN INDIA SHOWING THE TERRITORIES OF THE STATES, 1909



Source: *The Imperial Gazetteer of India*, xxvi: *Atlas*, new edn (Oxford, 1909). Reproduction courtesy of the National Library of Australia.

with British India, was said, for instance, to have been carried on in *koris*, the market for its bills liquid enough to enable Kutchi traders in Bombay to remit funds cheaply in both directions. So much so that money-changing was a mainstay of many Kutchi businesses.[17] In addition, and perhaps unsurprisingly given the presence of multiple currencies particularly in Central India and Rajputana, some centres seem to have had exchange markets transacting across several currencies and regulating their exchange rates.[18]

The widespread use of multiple currencies spoke to overlapping sovereignties within the subcontinent, between states, including British India, and among states, markets and banking and merchant networks. Even the colonial government could not avoid paying its own troops and suppliers in native coin, continuing as late as 1897 to employ indigenous bankers as 'regimental treasurers' (or *khazanchis*) to transact government business across different currencies.[19] Multiple currencies were equally a part of life for peasants and zamindars in parts of British India. ('Currency' in this article denotes a principal coin, and not 'subsidiary' coinage or other small coins, of which a bewildering variety was in use for local transactions at many places.[20]) Nearly four decades after the uprising in 1857, Orchha's Gajashahi rupees were the main coin in large parts of the British Indian districts of Lalitpur and Jhansi, where two-thirds of the rents were still assessed in them. According to the Jhansi land revenue settlement report of 1893, 'it would be impossible, except by harsh and repressive measures, to drive the

[17] NAI, For/Pol/May 1879/226–31B: memorandum by Huzur Assistant Chimanlal Sarabhai enclosed with Reeves to Bombay government (appendix A), 14 Mar. 1879.

[18] NAI, For/Int/Oct. 1894/61–4A; F&C/A&F/Oct. 1895/1044–53A (especially D. W. K. Barr to Government of India, 12 Aug. 1895); NAI, F&C/A&F(Mint)/Mar. 1896/228–42A: Westland, note, 16 Sept. 1895.

[19] NAI, For/Int/Mar. 1897/34–6B. The colonial government was following a longer pre-colonial tradition in this respect: G. D. Sharma, 'Indigenous Banking and the State in Eastern Rajasthan during the Seventeenth Century', *Proceedings of the Indian History Congress*, xl (1979), 436.

[20] The numismatist and historian D. D. Kosambi recalled seeing 'in the summer of 1916 or 1917, in the till of a single village shop in Goa . . . the small change of almost all the world'. Peshwa dynasty silver coins remained current in the 1890s in Poona, where cowries were used as small change in the First World War. D. D. Kosambi, *Indian Numismatics* (Delhi, 1981), 41.

Orchha coin out of the market and to replace it by the British rupee'.[21] Likewise, the Babasai rupees issued by Baroda, in western India, were the most common tender for private transactions in many adjoining British Indian districts, in some of which the only known use for the British rupee was the payment of government dues.[22] As is well known, territorial money is a relatively recent phenomenon.[23] Yet it is worthy of note that the *kaldar* was not the principal coin in many parts of British India even in the late 1890s.

While Indian states valued coinage as a sovereign privilege, they also had practical reasons for wishing to retain it. Being able to manage their economy with a semblance of autonomy was an important consideration, as Kutch emphasized when refusing to give up *kori*s in 1879.[24] Many states experimented with floating currencies, particularly after June 1893, with Gwalior state, which issued three state currencies, depreciating two of them during the famine of 1896–7 against its own third currency, which seems to have been used mainly for external transactions. Gwalior, whose changing monetary arrangements are further discussed below, did not cede its sovereign right to coinage when it decided to adopt the *kaldar* in 1898. In 1920 states that had given up their currencies saw an opportunity to revive them in the midst of Britain's monetary problems, which duly became the subcontinent's problem.[25] A currency subcommittee was hence one of the first initiatives of the Chamber of Princes set up in 1920 to shore up native rulers' support for the Raj. As its proceedings reveal, subcontinental states still regarded the exchange rate as a valuable tool of economic management, and an independent currency as a means to enhance autonomy. The

[21] NAI, For/Int/Jan. 1900/3–6A: W. H. L. Impey and J. S. Meston, *Report on the Second Settlement of the Jhansi District (Excluding the Lalitpur Sub-Division), North-Western Provinces, 1889–93* (Allahabad, 1893), para. 38, enclosed with Collector of Jhansi to Commissioner, Allahabad Division, 14 Sept. 1898. (Lalitpur was a separate district until 1891, when it was merged and made into an administrative subdivision of Jhansi district.)

[22] NAI, F&C/A&F/Dec. 1900/688–735A; F&C/A&F/Feb. 1900/43–7A.

[23] Eric Helleiner, *The Making of National Money: Territorial Currencies in Historical Perspective* (Ithaca, 2002).

[24] NAI, For/Pol/May 1879/226–31B: memorandum by Huzur Assistant Chimanlal Sarabhai enclosed with Reeves to Bombay government (appendix A), 14 Mar. 1879.

[25] G. Balachandran, 'Britain's Liquidity Crisis and India, 1919–1920', *Economic History Review*, xlvi (1993).

states' representatives on the subcommittee believed that exchange rates should be 'fairly stable'. Nevertheless, monetary and exchange rate policies were essential for 'regulating economic life', and for coping with 'fluctuations in the purchasing power of the British rupee' or the effects of an 'inflated currency' in Britain. Memories and experiences of the 1890s and 1900s figured prominently in these discussions.[26]

II

MINTS, MARWARIS, MARKET REBELLIONS

The colonial government's decision in June 1893 to delink its rupee from silver and demonetize the metal in the colony came at the end of a twenty-year slide in silver prices from over 60d. per ounce to 39d. between 1873 and 1892. Its aim was to arrest the British rupee's corresponding decline against the gold-based sterling, from 23d. per rupee to about 15d. over the same period. Colonial authorities expected their rupee to rebound after its delinking from silver, and hoped to stabilize it on gold when it reached a parity of 16d. with sterling. Once stabilized on gold, the *kaldar* would be reduced to a token coin, or 'virtually a note printed on silver', as Keynes famously described it two decades later.[27]

A decisive blow against bimetallism, British India's break from silver accelerated the West's flight from the metal and smoothed the way for gold's eventual ascent. The colonial, imperial and broader international dimensions of this move have received scholarly attention.[28] Not so, however, its implications for British power in the subcontinent, and more broadly for modern sovereignty and statehood.

The British Indian decision to demonetize silver disregarded the colony's position within the wider subcontinental system of currencies based on the metal. This was a costly mistake. No other state followed in British India's footsteps, while merchants and bankers lost no time in exploiting profitable swap

[26] NAI, Fin/A&F/Feb. 1921/238C: Chamber of Princes Subcommittee on Unified Currency, 'Statement on the Advantages and Disadvantages Prepared by Non-Official Members'. See also NAI, F&C/A&F(Mint)/June 1894/535–782A: A. M., note, 28 Dec. 1893; R. J. Crosthwaite to Government of India, 12 May 1894; H. Daly to Rajputana Agency, 12 June 1894.

[27] John Maynard Keynes, *Indian Currency and Finance* (London, 1913), 37.

[28] For an overview, see Balachandran, 'Power and Markets in Global Finance'.

opportunities opening up now between the British rupee, bar silver and state coins. The slump in world silver prices after the metal's demonetization in British India also boosted subcontinental demand, which resulted in silver imports into Bombay surging tenfold to £250,000 per week between July and September 1893. 'We are getting into a very serious hole', the Bombay accountant-general, A. F. Cox, who occupied a ringside view of the markets and reported about them at frequent intervals to the Government of India's Finance and Commerce Department in Calcutta, gloomily remarked of these shipments at the end of September 1893. Worse was to follow, with weekly silver imports climbing to £350,000 in early December.[29]

In normal times, the India Office, which represented the British end of India's colonial administration and was headed by a secretary of state accountable to the British parliament, sold 'council bills' in London to finance the 'home charges', as the colonial government's obligations in Britain were called. Council bills were essentially rupee drafts redeemable in India against sterling deposited with the Bank of England in London. They were bought by British exchange banks in London who largely financed the colony's export trade with the West and for whom they were a potentially attractive method of remitting funds to their Indian branches for advancing to European agency houses dominant in this trade. The India Office's ability to determine the size and timing of council bill sales normally gave it overwhelming influence over the exchange market and the British rupee–sterling rate. However, the boom in silver imports loosened its grip, while a weak British rupee forced it to suspend council bill sales through much of 1893–4. 'As the bazaar price of bullion goes down, exchange seems to follow', Cox observed in September. By November, the secretary of state had lost all control and the rupee–sterling exchange was in the grip of 'outside influences', that is, the silver market.[30] Silver imports now financed nearly the whole of India's export trade, and the suspension of council bill sales did little to arrest the colonial

[29] NAI, F&C/A&F(Mint)/June 1894/535–782A: A. F. Cox to Government of India, 29 Aug.–5 Dec. 1893; undated report in the *Bombay Gazette* enclosed with Cox to Government of India, 5 Dec. 1893. All unattributed references in this section are to this file.

[30] Undated clipping from the *Bombay Gazette* enclosed with Cox to J. F. Finlay, 2 Dec. 1893.

currency's decline to 13d. in January 1894. The British rupee remained in the doldrums for the next three years, and was for all practical purposes on a silver standard until 1897.[31]

Colonial officials were taken aback by these developments and at a loss to understand them. With little knowledge of native commercial networks and relationships, they struggled to make sense of the steep rise in silver imports. Cox attributed them to silver being cheap, and listed 'several causes at work': demand for ornaments and bullion; 'love of speculation'; belief that the colony would be unable to break from silver; and demand from native mints.[32] Frustrated and reproachful, he and other colonial officials preferred to frame these motivations in disorderly isolation rather than make any effort to understand them in a connected way.

A bet on silver was a bet against a colonial rupee suspended between silver and gold that many bankers and native states seemed willing to make after June 1893. Even expatriate trading houses and exchange banks with strong silver interests or Chinese connections, such as the Sassoons and the Hongkong Bank, threw their weight behind silver, thereby disclosing a breach in colonial authority that might widen if other exchange banks felt tempted to join them.[33] Aligned to the broader subcontinental resistance to demonetizing silver, these entities had the ability to test the government's financial authority and political will.

Native bankers' distrust of the colonial government accelerated the liquidation of British rupee stocks and their substitution by native coins and bar silver.[34] Though colonial records were overtly silent or dismissive, they shed some light on the reasons for this distrust. So long as the British rupee was on silver, it had served to anchor the other subcontinental currencies. However, the colonial government forfeited native

[31] Indian Currency Committee, 1898 [Fowler Committee], *Index and Appendices to the Evidence Taken before the Committee Appointed to Inquire into the Indian Currency* (London, 1899), appendix II, tables 5, 6, 12; Indian Currency Committee, 1898, *Minutes of Evidence Taken before the Committee on Indian Currency, together with an Analysis of the Evidence, Part I* (London, 1898), qq. 60–82; Indian Currency Committee, 1898, *Report of the Committee Appointed to Inquire into the Indian Currency* (London, 1899), para. 63.

[32] Cox to Government of India, 31 Aug. 1893.

[33] Cox to Government of India, 28 Nov. 1893.

[34] Cox to Government of India, 29 Aug. 1893.

commercial faith by severing this link, while the vast powers of a government estranged from it aroused indigenous business fears for its future management. This loss of fiduciary trust in the British rupee unfolded many possibilities. Some agents may have seen the colonial government's attempt to break free from silver as a prelude to, or pretext for, currency inflation. Others may have suspected the colonial government of trying to force through deflation, doubted its ability to succeed, and decided to bet on failure. Some doubters may also have feared the political expedients to which the colonial authorities might resort to accomplish their objectives. Fiduciary trust was in the end a bet not merely on good economic management, but equally on the intent and behaviour of the colonial government, in particular its willingness to use power with discrimination. With faith in all three at a premium, subcontinental markets turned against the colonial rupee after June 1893. The native commercial public instead preferred to repose its trust in native coinage regulated by exchange markets that no one state was in a position to dominate. The relative stability and predictability of exchange rates between the major state currencies would have justified this confidence and encouraged them to retrench the British rupee in favour of bar silver and native coins, which seemed to offer a more reliable store of value.[35] Colonial officials' fears of a flight from the British rupee, and of native currencies making deeper inroads into British India and displacing it, mirrored these beliefs and expectations.[36]

Colonial anxieties for the future of the British rupee rounded on Marwari merchants. Marwari firms had historically close ties with Indian states in their capacity as bankers. While no longer perhaps the big merchants of yore, Marwari firms in native states, unlike figures of more vocal colonial concern such as village traders and silversmiths, participated in extensive commercial networks spanning long distances and connecting

[35] This reconstruction is largely based on NAI, F&C/A&F(Mint)/June 1894/535–782A; For/Int/Oct. 1894/61–4A.

[36] J. E. O'Conor, note, 4 Nov. 1893; Indian Currency Committee, *Report of the Committee Appointed to Inquire into the Indian Currency* [Herschell Committee] (London, 1893), Minutes of Evidence, qq. 2675–2718, disclosing colonial insecurities about British Indian monetary frontiers.

disparate territories.[37] Responsible for the bulk of India's silver imports after June 1893, they were believed to have persuaded states in Rajputana and Central India to resume coinage. Reports of native states and bankers colluding to expand coinage deepened the colonial government's worries about losing control over currency and exchange.

Thus, within days of their decision to demonetize silver in British India, colonial officials were expressing alarm at reports of state mints reopening or ramping up operations. They had no idea at this point how many states still possessed mints, let alone the quantities they coined. This information would take months to collect; meanwhile, officials formed conjectures from the scattered information coming their way, such as the destinations of silver parcels consigned by rail from Bombay.[38] By September 1893, silver dealers, exchange banks and government officials in Bombay were convinced that 'the native mints give rise to much of the demand which has continued very brisk and shows no signs of stopping'. Reports of state mints reopening in response to 'petitions' from Marwari traders multiplied, and the government's close interest in state mints became a matter of public knowledge.[39] By December, 'all the big mercantile houses [had] plunged into the game' and the 'silver madness grows worse and worse. The Banks are besieged by Marwaris wanting to buy, and there is great excitement'.[40]

The operations of Marwari bankers and native Indian mints promised to be profitable for colonial banks like the Hongkong Bank which held a strong interest in silver and the Asian trades, and tested their metropolitan loyalties. Other British exchange banks welcomed silver imports to the extent that they weakened

[37] On the role of Marwari bankers in a major native state, see Karen Leonard, 'Banking Firms in Nineteenth-Century Hyderabad Politics', *Modern Asian Studies*, xv, 2 (1981). For a longer perspective on Marwari bankers in western India, see Sharma, 'Indigenous Banking and the State in Eastern Rajasthan'; G. D. Sharma, 'Vyaparis and Mahajans in Western Rajasthan during the Eighteenth Century', *Proceedings of the Indian History Congress*, xli (1980); G. D. Sharma, 'The Marwaris: Economic Foundations of an Indian Capitalist Class', in D. Tripathi (ed.), *Business Communities of India: A Historical Perspective* (New Delhi, 1984), 201; M. A. Patel, 'Indigenous Banking into the Baroda State during the Closing Years of the Eighteenth Century and the Beginning of the Nineteenth Century: A Case Study', *Proceedings of the Indian History Congress*, xl (1979).

[38] Finance and Foreign departments, notes, 3–5 July 1893.

[39] Cox to Government of India, 1, 25, 29 Sept., 5 Oct. 1893.

[40] O'Conor, note, 4 Nov. 1893; Cox to Government of India, 1 and 2 Dec. 1893.

the government's control over exchange and increased opportunities for profit in the exchange trade.[41] Yet they were concerned at having to depend on native bankers for British rupees, which were only available now from private stocks. State mints also threatened to give native bankers access to a source of funds that British exchange banks and their European agency clients could not easily lay their hands on. Hence, as the chairman of the Chartered Bank commented at its annual general meeting in London in October 1893, local businesses were making a lot of money in India, but the profits of the Chartered Bank had fallen because the exchange trade, which was its mainstay, had turned too risky.[42]

Staring at failure, collapse or the displeasing prospect of stronger competition from native business, the colonial government and most exchange banks had a common interest in clamping down on the states' mints. This was easier said than done. Colonial officials were 'practically in the dark' about silver markets outside Bombay.[43] The British agency houses to whom the government turned for tracing upcountry silver trails had little wherewithal to process bazaar news not directly relevant to their business. According to Ralli Brothers, the European export house in India with the most extensive upcountry procurement network, the information sought by the government was 'quite out of the ordinary experiences of our agents'. As a government official also recognized, British business houses were 'not at all in a position to appreciate the points we are enquiring about'. Their information was 'hearsay from native shroffs and brokers, many of whom doubtless tell them only as much as they wish them to know'.[44]

Returns compiled from the native mints in February 1894 were far from reassuring. Mints in Rajputana and Central India were reported to have coined 5.7 million rupees between July and December 1893, which represented an addition of about 10 per cent to the colonial mints' output for the year. Comparisons

[41] Cox to Government of India, 29 Sept. 1893, 31 Jan. 1894.

[42] London Metropolitan Archives, Standard Chartered Bank records, CLC/B/207/CH01/03/01/039 and 40: Standard Chartered Bank, Annual General Meeting, Minutes of the Proceedings, Extraordinary Meeting, 18 Oct. 1893; chairman's speech to the Annual General Meeting, Minutes of the Proceedings, Extraordinary Meeting, 17 Oct. 1894.

[43] O'Conor, note, 11 Oct. 1893; Finlay, note, 12 Oct. 1893.

[44] O'Conor, note, 26 Apr. 1894. Shroffs (or sarafs) were money-changers.

with earlier periods are not available, but if Orchha was any indication, the average daily coinage by some state mints during these months may have been 50 per cent higher than at any time in the preceding five years.[45] There was no apparent let-up in the first three months of 1894, with the Pratapgarh mint and the Gwalior state mint at Ujjain, notably, ramping up production.[46]

These figures were underestimates. For instance, it turned out in 1900 that Jodhpur's mints alone had produced three million British rupees' worth of the state's coins in 1893.[47] The overall impact of increased native coinage would also have been greater to the extent that currency shortages resulted in the more efficient use of cash and expanded the circulation of indigenous bills. Colonial officials put on a brave front, but remained anxious and uncertain about where this revival of native coinage might lead. The demand for their coins forced many states to raise minting charges, and long delays were reported at several mints.[48] James Westland, the finance member of the governor-general's executive council, was predictably sceptical that 'if matters are left to themselves', any state with a mint would 'withstand the temptation' of abandoning all self-restraint and 'practically plundering its subjects'. Another senior official, J. E. O'Conor, wanted states to be directed 'not to increase the zone within which Native rupees would circulate to the displacement of British rupees'. If necessary, 'some pressure should be applied to ... prevent them from interfering with the policy adopted by the Paramount Power in the general interests of the Empire'.[49]

[45] See NAI, F&C/A&F(Mint)/June 1894/535–782A: Proceedings 722–72, in particular Proceeding 758, 'Statement showing the importation of silver bullion into the native states of Rajputana and the operation of the state mints, during the period 26th June to 31st December 1893'; A.M., note, 28 Dec. 1893; G.H. R.H., note, 19 Feb. 1894; NAI, F&C/A&F/Sept. 1894/1039–48A: C. L. Tupper, note, 15 Jan. 1894. The comparisons are based on *Statistical Abstract Relating to British India from 1885–86 to 1894–95* (London, 1896), 133 (table 63).

[46] NAI, F&C/A&F(Mint)/June 1894/535–782A: Proceeding 770, 'Statement showing the importation of silver bullion into the native states of Rajputana and the operation of the state mints, during the months of January, February, and March 1894'; Crosthwaite to Government of India, 12 May 1894.

[47] NAI, For/Int/May 1900/124–36A: marginal remarks in P. K. Mitra, note, 5 Jan. 1900.

[48] S. F. Bayley to Government of India, 27 Oct. 1893; Resident, Western Rajputana, to Rajputana Agency, 30 Nov. 1893; S. Jacob, note, 26 Apr. 1894.

[49] Westland, note, 4 Dec. 1893; O'Conor, notes, 4 Nov., 12 Dec. 1893; Daly to provinces and political agents, 21 Oct. 1893.

Not all subcontinental states responded in the same way after June 1893. Kutch ceased fresh coinage and elected to appreciate its *kori*. Hyderabad closed its mint in July, reopening it periodically from October to finance the harvest and holding the nizam's coin at 118 to 119 per 100 British rupees (hereafter 118–19:100) against its earlier parity of 116–17:100. Jodhpur's Bijeyshahi rupee rose against the *kaldar* after June 1893, and the state may well have stepped up coinage in a successful attempt to counter its appreciation. Indore's Hali *sikka*s (or rupees) remained steady despite increased coinage. Other states preferred wider bands for their currencies, or flirted with band margins.[50]

Anxieties over Marwari traders and native states acting in concert to expand coinage persisted through the early months of 1894.[51] Pratapgarh and Orchha were singled out for attention, perhaps because their currencies circulated extensively in other states, with the former's mint operations even emerging as a source of parliamentary concern in Britain. Pratapgarh's Salimshahi rupees were the main local coin in several states in Central India and Rajputana. It was also the currency in which the Rajputana states' annual tributes to the colonial government were fixed in their accession treaties.[52] Orchha's Gajashahi rupees were current in parts of Indore and Gwalior, much of the adjoining Bundelkhand region and, as already noted, in the neighbouring British Indian districts of Lalitpur and Jhansi.[53] These two coins, particularly the Salimshahi, became the first targets of colonial intervention to bolster the British rupee.

Pratapgarh was asked to suspend coinage in March 1894 despite lack of clarity about the colonial government's legal powers to do so. Before it could respond, Westland seized on a complaint from some merchants in Mandsaur, a market town and leading opium trading centre in neighbouring Gwalior state, against Pratapgarh's decision to increase its minting charges. The complaint was proof to Westland that the Pratapgarh mint

[50] This is based on NAI, F&C/A&F(Mint)/June 1894/535–782A. For Bijeyshahi rates, see NAI, For/Int/May 1900/124–36A: Musahib Ala to Resident, Western Rajputana, 27 Nov. 1899.

[51] O'Conor, note, 26 Apr. 1894; Foreign Department resolution, 29 May 1894.

[52] Telegram from Secretary of State to Viceroy, 10 Jan. 1894, and reply, 17 Jan. 1894; Daly to Rajputana Agency, 12 June 1894; A.M., note, 27 Jan. 1894; Mitra, note, 25 Apr. 1894.

[53] NAI, For/Int/Jan. 1900/3–6A: F. J. Pert, Board of Revenue, to Chief Secretary, North-West Frontier Province and Oudh, 6 Apr. 1899.

was a 'fraudulent proceeding we should do anything . . . to stop. Surely the Foreign department is not helpless'. Ironically, however, as the Foreign Department (which was responsible for relations between British India and the native states) quickly recognized, in protesting the levy the Mandsaur merchants, who stood to profit from paying opium growers in depreciating Pratapgarh coin while pricing their exports in Hali *sikka*s, were in fact protesting a possible reduction in the output of the Pratapgarh mint.[54] However, Westland remained unmoved, and continued to insist on the Foreign Department doing 'everything it can to prevent any State continuing to coin rupees, especially rupees that are current in other states'. Pratapgarh should be ordered to close its mint, or other states ordered to 'refuse to receive' its coins. In June 1894, the southern Rajputana states of Banswara and Dungarpur were asked, without much success, to 'prohibit the import' of Pratapgarh rupees in which they paid their annual tributes to the colonial government.[55] Orchha's ruler was also repeatedly 'warned against extending his coinage'.[56]

The Pratapgarh mint suspended coinage in April 1894, when the Salimshahi rupee was about 7 per cent below the rate at which the colonial government converted Rajputana states' tributes into British rupees for its own accounts.[57] Orchha suspended coinage the same month, when the Gajashahi rupee was still within its historical range against the British rupee. This would suggest that rather than coining for profit, as Westland and other colonial officials insisted, Pratapgarh and Orchha, as well as some other states such as Indore and Jodhpur, expanded coinage in response to higher demand.

III

WINDFALL GAINS FROM THE BRITISH RUPEE

In 1876 the colonial government passed the Native Coinage Act to provide for 'a uniform currency [in] the Peninsula and Continent of India'. Though this 'uniform currency' would be

[54] Westland, note, 26 Mar. 1894; A. E. Winch, note, 12 Apr. 1894; W.M.C., note, 2 May 1894.

[55] Westland, notes, 21 and 30 Apr. 1894; Daly to Rajputana Agency, 12 June 1894; NAI, F&C/A&F(Mint)/Mar. 1896/228–42A: Mitra, note, 21 Nov. 1895.

[56] A.M., note, 29 Jan. 1894; Finlay, note, 30 Jan. 1894; Crosthwaite to Government of India, 12 May 1894; O'Conor, note, 29 Apr. 1894.

[57] NAI, For/Int/Oct. 1900/54–61A: Lt-Col. Yates, Rajputana Agency, to Government of India, 14 Sept. 1898.

the British rupee, the Act acknowledged coinage as a sovereign prerogative inasmuch as states that surrendered their currencies could have their own heraldry and emblems on one side of the British rupee coins issued to replace them. However, its limited success suggests that subcontinental states valued an independent currency because of the relative economic autonomy it afforded, and that most of them were not interested in a symbolic privilege shorn of practical value.[58]

The subcontinent's multiplicity of currencies was of small consequence when they shared a common basis in silver, but now its demonetization in British India risked disrupting subcontinental commerce. Colonial officials did not feel unduly troubled. On the contrary, their determination to assimilate the British rupee externally to sterling (and gold) overcame any qualms about the new barriers its breach with silver would raise within the subcontinent. Westland, freshly recalled to India from New Zealand, where he had been living for nearly three years after resigning from the Indian Civil Service for health reasons, took a particularly bleak view of prevailing arrangements in the states. British India's fledgling monetary arrangements were, according to him, 'much more scientific and much more perfect' than those of the states, and there could be no 'unity between States which adhere to a silver standard . . . and British India which is aiming at a gold standard'. Instead, he envisaged a future in which a gold-based colonial rupee would unify and transform the subcontinent into an outpost of a British-centred gold standard.[59]

Hence, as prejudices against silver hardened, it was tempting to regard state currencies as relics that would disappear in the face of an advancing British rupee. Yet serious doubts and anxieties persisted, nor was there much confidence in 1893 that markets would on their own produce the required outcome. For instance, a possible path to stabilizing the British rupee after June 1893 lay in expanding its use in the other states.[60]

[58] *Report of the Indian States Committee* [Butler Committee Report] (London, 1929), para. 94; Garg, '*Sikka* and the Crown'.

[59] NAI, F&C/A&F(Mint)/Jan. 1896/7–14A: Westland, note, 20 Apr. 1895; NAI, F&C/A&F(Mint)/Sept. 1894/1039–48A: Westland, note, 31 Jan. 1894; Tupper, note, 24 Feb. 1894.

[60] Coincidentally or otherwise, the British rupee was introduced in Uganda over the objections of local colonial officials, and was made the official currency of British East Africa and Uganda in 1895: Karin Pallaver, '"The African Native Has No Pocket": Monetary Practices and Currency Transitions in Early Colonial Uganda', *International Journal of African Historical Studies*, xlviii, 3 (2015), 481.

However, officials feared that the colonial rupee might never escape the grip of silver if it passed unchecked into native markets and channels they did not possess the knowledge or power to control. To the extent that competing native currencies, and indigenous bankers and states invested in them, made for such illegibility, the safer course lay in promoting the British rupee from a position of strength, and attempting simultaneously to cut native currencies down to size. In practical terms, this meant singling out and targeting small states and principalities that did not issue their own currency and possessed a weak commercial class and rudimentary markets, with attractive conversion schemes that their rulers and their retainers would find impossible to resist. As such states swung behind the colonial rupee, competition from native currencies could be more effectively suppressed.[61]

The first states to switch to the British rupee after June 1893, in fact in September that same year, belonged to the Bhopawar sub-agency, so named after the small central Indian town where the British political resident for these states had his headquarters. This sub-agency was minuscule, comprising four main states and a population of about half a million spread over 20,000 square kilometres. Nevertheless, the operation to replace these states' currencies, principally Pratapgarh's Salimshahi rupees, with the British rupee is illuminating for several reasons.

It was, for a start, something of a rogue-pilot operation. Though endorsed subsequently by Westland, it was executed in great secrecy by the British political resident, a Captain A. F. De Laessöe, who kept the higher levels in the Foreign Department, including his own immediate superior, the British political agent for Central India and head of the Central India Agency in Indore, completely in the dark. If De Laessöe was not already a Westland protégé, he became one after falling foul of his departmental superiors.[62] He saw the Bhopawar operation as part of a larger scheme under which the states

[61] This is based on NAI, F&C/A&F(Mint)/Nov. 1894/1424–8A, which is titled 'Question of the unification of the coinage of India'.

[62] NAI, For/Int/Oct. 1894/61–4A: Crosthwaite to Government of India, 30 May 1894.

would 'absorb' colonial India's surplus coinage and support the British rupee, and advocated inducing 'larger States ... to take steps in the same direction'.[63] Hence, while the Foreign Department found his actions ill-advised and 'exceedingly rash', De Laessöe escaped censure thanks to support from Westland, who dismissed his 'insubordination' as a 'technical issue' and endorsed the Bhopawar scheme for emulation in other states.[64]

The British rupee became the sole official tender, that is, the currency for making revenue payments, in the Bhopawar states in September 1893, and sole legal tender in January 1895.[65] Rent and land revenue, earlier fixed in Salimshahi rupees or Hali *sikka*s, were converted to British rupees at a slight premium above the market rates for the two currencies. This meant a small windfall for landlords, revenue farmers and perhaps the states' rulers. The conversion rate for other cesses and levies offered larger windfalls, so much so that, by March 1895, the Bhopawar states were receiving nearly their entire revenue in British rupees. As De Laessöe admitted, the measures that had produced this result could not have been 'adopted in more advanced communities'.[66] No Bhopawar state except Dhar, which had a small commercial community that evidently managed to protect its interests, made official arrangements to supply British rupees, so it is anybody's guess what rates cultivators actually paid for them. As colonial officials acknowledged, cultivators were at the mercy of 'the village usurer' in such situations because he was 'the sole repository of Government (kaldar) rupees'. The most they allowed themselves

[63] NAI, For/Int/Oct. 1894/61–4A: Captain A. F. De Laessöe, 'Measures Taken in the Bhopawar Agency for the Conversion of the Actual Rupees into British Government Rupees', 14 May 1894 (hereafter D.L. report); NAI, F&C/A&F (Mint)/Oct. 1895/1005–22A: Lt A. D. Bannerman, 'Memorandum on Currency Reforms Undertaken by Certain States in the Bhopawar Agency', 22 July 1895 (hereafter A.D.B. memorandum).

[64] NAI, For/Int/Oct. 1894/61–4A: Jacob, note, 11 July 1894; Westland, note, 21 July 1894; Foreign Department to Central India Agency, 3 Sept. 1894; NAI, F&C/A&F(Mint)/Nov. 1894/1424–8A: departmental notes, 9 and 11 Aug. 1894; Financial Department, endorsement, 18 Sept. 1894; NAI, F&C/A&F(Mint)/Oct. 1895/1005–22A: Col. J. H. Newill to Central India Agency, 16 Aug. 1895.

[65] NAI, For/Int/Oct. 1894/61–4A: D.L. report; NAI, F&C/A&F(Mint)/Oct. 1895/1005–22A: A.D.B. memorandum.

[66] NAI, For/Int/Oct. 1894/61–4A: D.L. report.

to say, however, was that Bhopawar currency operations did not cause a 'serious loss to cultivators'.[67]

The main source of windfall gains for Bhopawar rulers in De Laessöe's scheme was a 12½ per cent import duty on silver. The duty made no sense: as colonial officials knew, the land borders of the states were so porous that it was practically impossible to enforce. A silver duty was also not necessary for the success of the scheme, since conversion operations took place through markets and posed no risk to the currency resources of the states' treasuries. Instead, as De Laessöe's own calculations reveal, the silver duty served a crucial political purpose by enabling Bhopawar's heavily indebted rulers and palace retainers to reduce their debts to the extent of the duty, that is, by 12½ per cent. Even if on paper the reduction only applied to new debts, the duty would have increased the collateral value of their silver assets and enabled old debts to be written down or refinanced on better terms.[68] So keen were the Bhopawar states to give teeth to this unenforceable duty that silver imports were criminalized in a manner similar to opium. Punishments for smuggling included 'heavy fines and confiscation', and police informers were promised 'liberal rewards' for information about silver smugglers.[69] Determined not to be outdone, rulers of several other small states in western and central India rushed to follow Bhopawar's example and reap similar windfall gains, adopting the British rupee 'by a stroke of the pen', as one colonial official noted, at the cost of 'undue hardship to the people'.[70]

[67] NAI, For/Int/Oct. 1894/61–4A: D.L. report; De Laessöe to Central India Agency, 14 May 1894; NAI, F&C/A&F(Mint)/Oct. 1895/1005–22A: A.D.B. memorandum; NAI, For/Int/Oct. 1895/83–5A: De Laessöe, 'Memorandum Summarizing the Advice Given to the States in the Bhopawar Agency, with respect to the Introduction of a Currency Reform', 19 Nov. 1894 (hereafter D.L. memorandum); NAI, For/Int/Jan. 1900/3–6A: extract from Impey and Meston, *Report on the Second Settlement of the Jhansi District*, para. 38.

[68] NAI, For/Int/Oct. 1895/83–5A: D.L. memorandum; NAI, F&C/A&F(Mint)/Oct. 1895/1005–22A: A.D.B. memorandum. For evidence of the Bhopawar states' indebtedness, see *Selections from the Records of the Government of India, Foreign Department: Reports of the Political Administration of the Territories Comprised within the Central India Agency* (Calcutta, various years and authors).

[69] NAI, For/Int/Oct. 1895/83–5A: D.L. memorandum; NAI, For/Int/Oct. 1894/61–4A: D.L. report; Jacob, note, 11 July 1894; Westland, note, 21 July 1894; NAI, F&C/A&F(Mint)/Oct. 1895/1005–22A: A.D.B. memorandum.

[70] NAI, F&C/A&F(Mint)/Aug. 1896/836–50A: Mitra, note, 21 July 1896. See also NAI, F&C/A&F(Mint)/Oct. 1895/1005–22A; F&C/A&F(Mint)/Mar. 1896/228–42A.

IV

MONEY AND MARKETS IN BHOPAL

Currency markets were pivotal to Bhopal's decision to adopt the British rupee in 1897, one of the first two states with its own coinage (the other being Kashmir) to do so after June 1893. The Central Indian state faced large annual liabilities in British rupees. These were mainly in payments to the colonial government for railway projects, the upkeep of the Bhopal battalion of the British Indian army, which alone was said by the *Encyclopaedia Britannica* of 1911 to have cost the state 5 per cent of its annual revenues, and for a new imperial cavalry regiment called the Victoria Lancers. A victim of its loyalty to the Raj, Bhopal was, thanks to these external financial commitments, particularly vulnerable to fluctuations in its currency against the British rupee.[71]

The staple currency of Malwa's external trade in opium, Hali *sikka*s of Bhopal, Gwalior and Indore were traditionally current in all three Central Indian states (as well as several neighbouring states), exchanging more or less on par with one another, and with the colonial currency at 104–8 *sikka*s to 100 British rupees. Bhopal, unlike neighbouring Indore, ceased coinage in July 1893, and followed a cautious budgetary policy. Its large liabilities to British India nevertheless weighed on the Bhopal *sikka*, which began depreciating against both the *kaldar* and the Gwalior and Indore *sikka*s.[72] Bhopal had accumulated a large reserve of British rupees in previous years, yet such was the selling pressure on its *sikka* that by November 1893 the state was in danger of exhausting the reserve and having to turn to the market even for the British rupees required to meet its liabilities to the colonial government. As the British political agent in the state noted, 'the least indication' of such purchases would force the Bhopal coin 'still lower' and inflict a heavy loss on its finances. 'Even now the rate is fluctuating between 117 and 119, whereas the Government rate is 110, and not long ago 100

[71] NAI, F&C/A&F(Mint)/Sept. 1894/1039–48A: Minister of the Bhopal State to Political Agent, Bhopal, 23 Nov. 1893, enclosed with M. J. Meade to Central India Agency, 27 Nov. 1893; NAI, F&C/A&F(Mint)/Dec. 1897/1142–88A: Barr to Government of India, 19 Aug. 1897; NAI, For/Int/July 1898/168–72A: L. S. Newmarch to Central India Agency, 11 Feb. 1898.

[72] NAI, F&C/A&F(Mint)/Jan. 1896/7–14A: Barr to Government of India, 29 Oct. 1894; Meade to Central India Agency, 9 Jan. 1895; A.E.W., note, 6 Nov. 1894; P.K.M., notes, 6 and 11 Dec. 1894.

Government rupees could be purchased in the bazaar for 108 or 109 Bhopali'.[73]

In November 1893, Bhopal accepted the British political agent's advice and asked the colonial government to replace its *sikka*s with the colonial rupee under the Native Coinage Act 1876. The request reflected the state's immediate anxieties for its currency as well as misgivings about its ability now to reconcile economic autonomy with fiscal and monetary stability. Bhopal, according to its minister, would not have needed to 'obtain British money' had the 'policy of the Government of India' not 'forced it to do so'. This request sparked a rise in the Bhopal coin against the *kaldar* from 120:100 to 114:100 in the second half of November. Officials in the Finance Department advised acceptance, not least as Bhopal would have been a major bridgehead for the *kaldar* into Central India. However, Westland dismissed the 1876 Act as a 'dead letter' and rejected the request, whereupon Bhopal's coin found itself once again 'at the mercy of money-changers', slumping to 124:100 in October 1894 while the *sikka*s of Indore and Gwalior continued to fluctuate around 104–6:100.[74] Senior Bhopal officials suspected a bankers' ramp: 'bankers being in union always vie with the policy of the Government on such occasions'. The British political agent also believed that the market rate for Bhopal's rupees was 'fictitious', 'made and maintained by . . . local money changers combining for this object'.[75] Nevertheless, with exchange market fluctuations aggravating financial uncertainty, Bhopal was ready by the end of 1894 to give up its currency and 'adopt the British currency without restriction'. To this end, it sought a loan from the colonial government to turn the markets

[73] NAI, F&C/A&F(Mint)/Sept. 1894/1039–48A: Meade to Central India Agency, 27 Nov. 1893.

[74] NAI, F&C/A&F(Mint)/Sept. 1894/1039–48A: Minister of the Bhopal State to Political Agent, Bhopal, 23 Nov. 1893; Finance and Foreign departments, notes, 4 Dec. 1893 – 24 Feb. 1894. See especially Westland, note, 31 Jan. 1894; NAI, F&C/A&F(Mint)/Jan. 1896/7–14A: Barr to Government of India, 29 Oct. 1894; NAI, F&C/A&F(Mint)/Oct. 1895/1005–22A: Newill to Central India Agency, 16 Aug. 1895.

[75] NAI, F&C/A&F(Mint)/Jan. 1896/7–14A: Barr to Government of India, 29 Oct. 1894; Finance Department, notes, 4 Apr.–25 Oct. 1895. See especially Westland, notes, 20 Apr., 25 Oct. 1895; NAI, F&C/A&F(Mint)/Oct. 1896/1049–56A: Minister of the Bhopal State to Political Agent, Bhopal, 13 Feb. 1896; Barr to Government of India, 17 Mar. 1896; Finlay, note, 23 June 1896; NAI, F&C/A&F(Mint)/Oct. 1895/1005–22A: Newill to Central India Agency, 16 Aug. 1895.

and adopt the British rupee at a rate closer to the usual exchange rate between the two currencies. Rejecting the advice of his department's financial experts and siding with its accountants, who opposed the loan because it might make the Bhopal currency costlier in British rupees and inflict a notional accounting loss, Westland dismissed 'combinations among money-changers' as a 'nonsensical theory' and insisted on 'making a settlement at 124/100'. This meant Bhopal purchasing 100 British rupees for 124 of its own rupees instead of the 110:100 rate that the state had hoped for and senior Finance Department officials recommended. Westland's sole concession to Bhopal took a leaf from the Bhopawar plan. Overruling officials, he allowed Bhopal to convert rents and land revenues at 110:100, thus enabling landowners, revenue farmers and the government to make substantial windfall gains at the peasantry's expense. The state for its part saw no 'reason to give the benefit' of the lower rate to the cultivator, who, if dissatisfied, could 'throw up his lease, as, all the settlements being temporary, no one has . . . permanent interest in his farm'.[76]

V

FAMINE AND CURRENCY, *C.*1897–1904

The devastating famines of the 1890s aggravated the subcontinent's monetary tribulations. Even when they were all on silver, state currencies might fluctuate more against one another and the British rupee in years of drought, notably if trade worsened or a state were to expand coinage (quantitative easing *avant la lettre*) in an effort to relieve distress. The drought of 1896–7 was the first such major shock after June 1893 to affect the whole subcontinent. Many native states sought as before to redress its impact by expanding coinage. The actual increases in 1896–7 seem, however, to have been quite small. To the extent that this self-restraint arose from concerns about currency depreciation and its financial consequences, the drought would already have raised questions about the longer-run outlook for subcontinental silver currencies fluctuating against the currency of a monster neighbour aligned to gold.

[76] NAI, For/Int/Mar. 1899/436–79A: Minister of the Bhopal State to Political Agent, Bhopal, 30 Oct. 1897; Finlay, notes, 29 Sept. 1897, 26 Jan. 1898; Westland, notes, 4 Dec. 1897, 27 Jan. 1898.

The drought of 1899–1900 and the famines that followed were particularly severe in Rajputana, central India and Gujarat, and brought such questions to a head.[77]

Gwalior, the largest state in Central India with a population of three million, was the first to take the plunge after the drought of 1896–7. Fourteen types of coin were current in Gwalior, nine of them in sizeable quantities. The state's treasuries dealt in three main coins in addition to the British rupee. Close but not identical in weight and purity, these three coins — Hali, Gwalior and Chandori — were issued by the state's own mints. The Gwalior and Chandori were used for internal transactions, albeit in different parts of the state. The Hali was the state's principal external coin.[78]

Gwalior's decision to adopt the British rupee in late 1897 ended an unusual famine-era monetary experiment during which it depreciated the Chandori against its own Hali and Gwalior coins, and the latter briefly against the Hali. The state carried out this 'extraordinary manipulation of coinage', as colonial officials described it, by paying out salaries and other expenses in Chandori, but refusing it for revenue receipts. The political-economic logic behind this policy, and more generally of Gwalior's management of the famine, deserves closer study than available materials permit. However, it is worth noting that Gwalior's Hali coin enjoyed an extensive circulation outside the state, especially in the wider Malwa region. Traded on par with Indore's Hali coin, Gwalior's opium and grain exports to British India largely took place in this currency; hence, the aim of this currency experiment may have been to preserve the state's external terms of trade at the expense of its peasantry. The difficulty of sustaining this experiment, much less reversing it,

[77] According to one estimate, 43 million of the 85 million victims of the drought of 1899 lived in the princely states. If correct, these figures equalled two-thirds of the princely states' population in 1891 of 66 million and about a fifth of the British Indian population of 221 million. See Mike Davis, *Late Victorian Holocausts: The El Niño Famines and the Making of the Third World* (London, 2002), 167. The population of the states in Rajputana and the Central India Agency fell by almost a fifth between the 1891 and 1901 censuses: *Census of India, 1901*, i (Calcutta, 1903), 573 (table III).

[78] NAI, For/Sec I/Jan. 1899/22–31: Westland, notes, 16 Jan., 2 July 1898. Gwalior's currency rates (rounded) per 100 British rupees were: in June 1896, 102 Chandori, 102 Gwalior, 103 Hali; in Sept. 1897, 116 Chandori, 116 Gwalior, 109 Hali; in Sept. 1898, 145 Chandori, 102 Gwalior, 102 Hali: NAI, For/Sec I/Jan. 1899/22–31, Statement A.

may well have forced Gwalior, soon after drought conditions eased in 1897, to unify its currencies by adopting the British rupee. Anticipating a further fall in silver and rejecting Westland's advice to consolidate them first around one state coin, Gwalior's ruler, the 21-year-old Madho Rao Scindia, decided to suppress all three coins at a stroke and replace them with the British rupee. Gwalior undertook the operation without any assistance from the colonial government, and hence did not have to surrender its sovereign privilege of coinage.[79]

Gwalior began its currency swaps in September 1898 and completed them within months. Operational details are scanty; however, the palace would have covered itself against losses to the extent that the Chandori, which now accounted for a third of the state's total coinage, was exchanged at the 145:100 rate to which it had depreciated by September 1898. Land revenue settlements were simultaneously revised, and to judge from the estimates, the state treasury recouped any conversion losses through enhanced settlements in British rupees. Gwalior, in other words, may have tightened its fiscal screws on the peasantry on the pretext of easing the monetary screws. The state's Hali coinage was arbitraged into British rupees through opium and grain exports to Bombay. Between markets absorbing Hali coin and enhanced revenue settlements, Gwalior may have managed to minimize its swap obligations and losses.[80] While the state's rulers would justifiably have felt pleased, its peasantry had fewer reasons to be thankful, burdened as they would soon be with heavier taxation in an overvalued currency on the eve of another drought.

Rapid exchange depreciation aggravated the financial impact of the drought of 1899–1900 on states holding onto their own currencies. With plague outbreaks compounding the economic and social disruption, most states found their resources stretched to breaking point. Desperation did little to efface the loss of honour and dignity, or as Jodhpur's *musahib ala* (first minister) put it, of their '*Izzat* and *Abru*'.[81] Baroda, in western India, had refused to give up its coinage even under minority administration in 1877, and withstood subsequent British

[79] NAI, For/Sec I/Jan. 1899/22–31: Westland to Elgin, 29 June 1898.

[80] This is based on NAI, For/Sec I/Jan. 1899/22–31.

[81] NAI, For/Int/May 1900/124–36A: Musahib Ala to Resident, Western Rajputana, 27 Nov. 1899.

pressures to 'assimilate' its Babasai rupee to the colonial rupee. While the latter was current in Baroda and other urban centres, and along the British Indian railway lines in the state, the Baroda coin circulated widely in neighbouring states as well as in adjoining parts of British India, especially in Kaira and the Panch Mahals to the north of the state, and in Bharuch and parts of Surat to its south. It was so dominant in Kaira that 'all transactions save those with the [colonial] Government ... [were] measured in it', and cultivators in the district had to obtain British rupees in the market at a seasonal premium to settle their revenue dues. Kaira was doubly affected by the Baroda coin's rapid depreciation in 1899 because of its dependence on food imports from other parts of British India.[82]

While colonial officials were wrestling with the challenge of 'expelling' the Babasai coin from Kaira and other adjacent British Indian territories, Baroda unexpectedly decided to adopt the British rupee. The state was a valuable prize, and a swift currency switch there was in the immediate colonial interest. Though the Babasai rupee fell to 143:100 by January 1900 (from 117:100 in 1893 and 129:100 in June 1899), the state managed to negotiate a swap rate of 130:100 with the British rupee. In another major concession, Baroda was relieved of the obligation to convert Babasai coins circulating in British India and other states.[83]

If Baroda's decision was a major milestone in the colonial rupee's rise to ascendancy, Jodhpur's capitulation the same year lent it unstoppable momentum. While Jodhpur did not count for much politically, it was pivotal to monetary arrangements in Rajputana. The native bankers who spearheaded the currency rebellion of 1893 had their roots in the state; besides, while Pratapgarh and Orchha attracted much of the attention, the Marwar kingdom had led from the front to expand coinage after June 1893, as it happened without weakening its currency.

Jodhpur's principal coin was the Bijeyshahi rupee. About 2 per cent dearer than the colonial rupee before 1893 because of the

[82] NAI, F&C/A&F/Dec. 1900/688–735A: Collector of Kaira to Commissioner, Northern Division, 17 Jan. 1900; Lt-Col. C. W. Ravenshaw to Government of India, 20 Mar. 1900; NAI, F&C/A&F/Feb. 1900/43–7A: J. W. P. Muir McKenzie to Government of India, 8 Jan. 1900.

[83] This is based on NAI, F&C/A&F/Feb. 1900/43–7A; F&C/A&F/Dec. 1900/688–735A; For/Int/July 1901/91–3A.

greater purity of its silver, the coin remained more or less on par with the former until 1896 despite its continued minting and the state's imports frequently exceeding exports 'in recent years', which had not 'properly speaking been good ones'.[84] After recovering from a mild depreciation during the famine of 1896–7, the Bijeyshahi rupee began to slide in late 1898, declining about 10 per cent by the middle of 1899 and a further 10 per cent by November 1899, principally because of 'large imports of grain from British India'. The main reason for these imports was the high number of those on famine relief (ninety thousand, according to the British resident, in a population of two million); hence, the colonial rupee gained in attraction as a means to stabilize relief expenditures.[85]

Jodhpur's *musahib ala* communicated the state's decision in two well-reasoned letters that drew attention to the stability of its currency before the droughts, and traced its problems to the colonial government's policies and successive bad years 'of scarcity and dire famine'.[86] Colonial officials were used to a petitioning style and prone to suspecting the 'taint of insolence' at any hint of self-assertion.[87] Finding Jodhpur's letters too argumentative for their taste, they dismissed the *musahib ala*'s statements as being of someone who 'had got hold of some catch-words of the currency question without understanding much about the matter'.[88] As their confidence in the British rupee grew, officials in the Finance Department also narrowed

[84] NAI, For/Int/May 1900/124–36A: Musahib Ala to Resident, Western Rajputana, 27 Nov. 1899. The secondary coin was the Iktisanda rupee, accounting for a fifth of the total coinage and worth about 30 per cent less than the Bijeyshahi. Other coins circulating in the state included Jaisalmer's Akheyshahi rupees, Gwalior's Chandori rupees and Jaipur's Jharshahi rupees.

[85] NAI, For/Int/May 1900/124–36A: Resident, Western Rajputana, to Rajputana Agency, 28 Nov. 1899; statement B annexed to Musahib Ala to Resident, Western Rajputana, 3 Mar. 1900.

[86] NAI, For/Int/May 1900/124–36A: Musahib Ala to Resident, Western Rajputana, 27 Nov. 1899, 3 Mar. 1900.

[87] NAI, For/Int/Sept. 1896/62–4B: marginal comments in Diwan Srinivasa Raghavaiyangar to Lt-Col. N. C. Martelli, Agent to the Governor-General, Baroda, 23 July 1896. 'Insolence' was often a figurative trope for anxieties about the disposition of colonial subjects. Even individual subjects might find the line between 'independence' and 'insolence' an arbitrary one: G. Balachandran, 'Indefinite Transits: Mobility and Confinement in the Age of Steam', *Journal of Global History*, xi, 2 (2016), 195. It is plausible that native states were under equal or closer scrutiny.

[88] NAI, For/Int/May 1900/124–36A: J. B. Brunyate, undated note on Musahib Ala to Resident, Western Rajputana, 27 Nov. 1899, and other secretariat notes.

their focus onto a single variable, the state's coinage operations after June 1893, as the explanation for all its currency troubles as well as a test of its loyalty to the Raj. Not ranking highly on either criterion, Jodhpur decided to send Pandit Sukhdeo Prasad, a senior state official who was said to be 'well acquainted with the subject' and enjoyed the 'confidence of the Darbar', to Calcutta in March 1900 to reach a speedy agreement. This agreement set an exchange rate of 110 Bijeyshahi rupees for 100 British rupees.[89]

Jodhpur completed its switch to the British rupee by the end of 1900. More states now joined the procession. They included Kotah and Jhalawar in Rajputana, and Navanagar, Radhanagar and Cambay in western India. The larger states that adopted the colonial rupee undertook conversion operations through their treasuries, and imposed a stiff duty or outright prohibition on imports of other states' coins as a means of placing a limit on their conversion obligations. Such restrictions weighed particularly heavily on Pratapgarh's Salimshahi rupees, Orchha's Gajashahi rupees, Indore's Hali *sikka*s and the Katarshahi rupees of Bundi state in Rajputana, and, coming on top of the drought of 1899, accelerated their decline. Gwalior's import duty of 26 per cent, for instance, extinguished the market for Salimshahi bills at Mandsaur, forced its dispersal to other centres, and shrank the overall demand for them. It also triggered a fall in the value of the Katarshahi rupee, which suffered a further blow as Kotah and Jhalawar began to consider a switch to the British rupee.[90] The plight of Indore's Hali rupees was little different. 'Since the adoption of the British currency by the adjoining States during the last few years, the Hali rupee has no circulation outside Indore State that the Darbar know of', its minister remarked, in lamenting the currency's persisting weakness after 1900. The Indore coin fell to 108:100 in 1896 because of the drought, recovering to

[89] NAI, For/Int/May 1900/124–36A: Resident, Western Rajputana, to Rajputana Agency, 7 Jan. 1900; C. E. Dawkins, note, 15 Mar. 1900. Jodhpur's Iktisanda rupees were exchanged at 150:100.

[90] NAI, For/Int/Oct. 1900/54–61A: Lt-Col. Yates, Rajputana Agency, to Government of India, 14 Sept. 1898, and enclosures; NAI, For/Int/June 1902/7–9A: R. A. Mant, note, 3 Apr. 1902. Bundi's coin fell from 116:100 in 1899 to 140:100 in 1900 and 188:100 in 1901: NAI, For/Int/Mar. 1901/169–79A: Brunyate, note, 13 May 1900; NAI, For/Int/Dec. 1901/85–8B: Parmanand Chaturvedi, Diwan of Jhalawar, to Political Agent, Kotah, 19 Oct. 1901.

104:100 a year later after the state suspended coinage. Indore never resumed coinage, yet its currency began to fall again under the twin influence of the drought and its expulsion from neighbouring states, dropping to 111:100 in 1900, 115:100 in 1901, and 119:100 in 1902, at which point the state gave up the fight and decided to 'effect a change of currency as soon as possible'.[91]

With the British rupee becoming the sole legal tender in the states adopting it, the days of multiple currencies were numbered. Yet there was little actual enthusiasm for the *kaldar*. Pratapgarh found strong resistance to the colonial currency among states still using its Salimshahi rupees in 1899. That year's drought 'upset everything', according to the British political agent in Rajputana, as the Salimshahi plunged from 158:100 to 202:100 between October 1899 and July 1900.[92] Nevertheless, Pratapgarh's efforts to take advantage of the subsequent recovery to switch to the British rupee faced continued opposition from the other states, so that it was not until April 1904 that it was finally able to make the move. The conversion rate to the British rupee was set at 200:100, but markets considered this rate too low; hence, hardly any Salimshahis were sold to the state's treasury, whose own stock was ironically bought up at 196:100 by Seth Sobhag Mal Dhada, a leading Ajmer banker who did British agency business in Rajputana. The Salimshahi coin remained locally in use for decades afterwards. Other state coins led similar afterlives.[93]

VI
CONCLUSION

No single instrument is perhaps as crucial as currency for integrating markets and assimilating economic space. India's colonial administrators introduced the British rupee in 1835 as

[91] NAI, For/Int/June 1902/7–9A: Minister, Indore state, to Central India Agency, 13 Mar. 1902.

[92] NAI, For/Int/Oct. 1900/54–61A: A. H. T. Martindale, Rajputana Agency, to Government of India, 29 Mar. 1900.

[93] NAI, For/Int/Oct. 1900/54–61A: Lt-Col. W. H. C. Wyllie, Rajputana Agency, to Government of India, 23 July 1900; NAI, For/Int/Dec. 1904/256–7B: Martindale to Government of India, 20 Sept. 1904. Despite their 'expulsion' in 1901, Bundi's Hali and Katarshahi rupees remained in use in Kota and Jhalawar as late as 1931: NAI, For/Pol/80-P(S)/1931: Political Agent, Haraoti and Tonk, to Rajputana Agency, 31 Mar. 1931.

the common currency for its territories and prospectively for the whole subcontinent, and passed the Native Coinage Act in 1876 in a further attempt to promote it. Nevertheless, twenty-seven states were still issuing their own currencies in 1893, many of them circulating beyond their own territories, including in adjoining regions of British India and in states that had ceased to issue their own coinage. A large part of the subcontinent extending from Kutch and the Gujarat coast through central India, south to Hyderabad and Travancore, and north to Rajputana, Punjab and Kashmir, comprised multiple, overlapping currency zones underpinned by exchange markets that would have acted as a check on overissue.

By 1905 fewer than ten states, including only Hyderabad among the large ones, were issuing their own coins. Little is known about this transformation, which coincided with the increased centralization of world money markets and the consolidation of British imperial power in the subcontinent and beyond. Pivotal equally to the monetary unity of the subcontinent, it may have escaped attention because of the ineluctable logic attributed to monetary and financial 'integration'.

This logic is not without appeal. The British rupee and the other subcontinental currencies were all pegged to silver until 1893. This changed in June that year, when the colonial government demonetized silver in British India. Five years later the colonial rupee was stabilized on gold. By 1900 Japan and Russia had also adopted the gold standard; hence, it is easy in hindsight to view gold as the predestined money of the future. China was the most notable exception, but to votaries of gold, its adherence to silver merely underscored an empire in crisis. Since native Indian currencies were on silver, it is tempting to suppose that their elimination was part of a broader move towards gold.

This article has attempted to show, on the contrary, that the demonetization of silver even in British India, let alone in the other states, was by no means a foregone conclusion. In doing so, it sheds new light on the major bearing that indigenous currencies and markets had for the late nineteenth-century consolidation of colonial power in the subcontinent. For much of the 1890s, the contest over sovereignty hinged on competition between a gold currency backed by the imperial power, and silver monies more organic to native commerce and statehood.

State mints and indigenous banking networks led a spirited resistance to the colonial government's decision in June 1893 to demonetize silver, and put its outcome in doubt for the better part of a year. The decision provoked currency instability and speculative attacks that some weaker currencies were unable to withstand. However, most other states seem to have taken exchange fluctuations in their stride until the economic and financial shocks of the famines of the late 1890s forced them to abandon their currencies for the British rupee, making it the only legal extraterritorial currency in the subcontinent.

Currency was a valued prerogative of sovereignty. Given the conventional focus on the ritual, ceremonial and symbolic attributes of statehood in India, it is necessary also to stress that managing currency was an important aspect of subcontinental statecraft: yet another reminder that 'enlightenment visions of reason' were not a prerequisite for 'rationalizing forms of rule'.[94] States were known to expand coinage in times of famine; however, in the negotiations preceding its adoption of the British rupee, the colonial government rejected Jodhpur's request for authority to issue emergency currency in a famine (while allowing it to coin gold *mohur*s for ceremonial occasions).[95] Famine policies in Hyderabad state are argued to have been 'founded on a political ethics distinct from . . . [that of] British India' that put the 'survival and prosperity of the subject population ahead of state revenues' and helped to foster a 'distinct social terrain'.[96] Few states with their own currencies could afford such policies after the droughts and famines of 1896–1902 caused their finances and exports to collapse, and exacerbated their dependence on British India for essential imports, including of food. As the choice between famine relief and currency stability became a critical sovereign dilemma, markets magnified it into a test of states' capacity to reveal a gap

[94] David Gilmartin, 'Introduction. South Asian Sovereignty: The Conundrum of Worldly Power', in David Gilmartin, Pamela Price and Arild Engelsen Ruud (eds.), *South Asian Sovereignty: The Conundrum of Worldly Power* (Abingdon, 2020), 5.

[95] NAI, For/Int/May 1900/124–36A: Resident, Western Rajputana, to Rajputana Agency, 7 Jan. 1900; Dawkins, note, 15 Mar. 1900.

[96] Beverley, *Hyderabad, British India, and the World*, 169–70. See also David Hardiman, 'Usury, Dearth and Famine in Western India', *Past and Present*, no. 152 (Aug. 1996), 126, 141–6.

in capabilities between the British and the other sovereign claimants in the subcontinent.

Currency depreciation did not prevent some states, like Kotah and Jhalawar (whose currencies plunged over 20 per cent between 1899 and 1900), from releasing additional coinage to finance famine expenditure.[97] However, other states, according to Mike Davis, 'simply turned their backs on their famished subjects'. The two 'worst offenders' were Bundi, half of whose subjects are said to have perished in the famine of 1899–1900, and Indore, whose ruler 'vetoed all relief expenditures'.[98] While no doubt not the whole explanation, it is worth recalling that both states' currencies suffered not only because of the famine, but also because of their exclusion or expulsion from neighbouring states. It is also likely that other Central Indian states where famine conditions were 'unspeakable' were still using these or other depreciating silver currencies.[99] The association between crises and currency extinction was underlined once more in the early 1930s, when four states — Jaisalmer, Udaipur, Bundi and Orchha — gave up their currencies for the British rupee.[100]

In shedding light on the bearing that indigenous monies and markets had for native sovereignty and imperial power in the subcontinent, this article also points to the complex genealogies of what has been described as the 'homogenization' of financial and economic space even in colonial India, let alone the wider subcontinent.[101] While the railways no doubt reshaped subcontinental connections and markets, the role of corporate bodies of traders and bankers, and of markets particularly for money and credit, in late nineteenth-century contestations over sovereignty in the subcontinent seems to warrant paying more attention to other discontinuities than merely physical distance.

In his book *Protected Princes of India*, published in 1894, William Lee-Warner, a colonial civil servant and authority on relations with native states, recognized the possibility of currency becoming a 'vital and imperial concern', and of a 'currency

[97] NAI, For/Int/Mar. 1901/169–79A: Brunyate, note, 13 May 1900.

[98] Davis, *Late Victorian Holocausts*, 167–8.

[99] *Ibid.*, 168.

[100] NAI, For/Pol/1931/80-P (Sec)/31; For/Pol/1931/115-P (Pol)/31; For/Pol/1932/413-P (Pol)/32.

[101] Manu Goswami, *Producing India: From Colonial Economy to National Space* (Chicago, 2004).

revolution' dictating some 'united action' by the 'British Government and its allies', in the same manner as a 'rebellion . . . [or] fear of invasion'.[102] However, it is clear, when one looks past the colonial government's laws and institutions, that its commercial writ did not run everywhere. Nor, despite the unifying role generally attributed to currency, was the *kaldar* the default currency in many parts of the colony before 1893. Monetary arrangements in British India remained fluid, porous and vulnerable to disruption from wider subcontinental influences until the famines of the 1890s decisively realigned native markets in the service of imperial power.

Though little short of dramatic, especially when viewed from the perspective of 1893, it is also limiting to view the redrawing of the subcontinent's monetary map only from within. As noted above, the British rupee was being promoted in East Africa when it was still under a cloud in India. The suppression of its silver-based state currencies by a British rupee recently pegged to gold mirrored parallel efforts to integrate the world's money and credit markets with London at their apex. Its significance extended beyond the empire, with the British rupee's consolidation in the subcontinent cementing the imperial bulwark for a London-based gold standard with ambitions of spanning the world. The integration of markets and the universalization of norms went hand in hand. Together they served to dematerialize and advance Britain's sovereign power and reach while transforming the nature of imperial sovereignty and configuring the boundaries of modern state sovereignty. India's native states experienced this epochal transformation at first hand in the 1890s. It could be interesting to view the expansion of colonial sovereignty in East Africa in a similar light.

From a broader Asian standpoint, India and China were the two principal importers of silver, and even before the inflationary boom in gold production of the 1890s, securing gold's ascendancy depended on smothering the Asian demand for silver. The Sino-Japanese war (1894–5), China's political and financial instability following its defeat, and the devastating subcontinental famines of 1896–7 and 1899–1900 coincided with a few propitious years for gold, the pound sterling and London's position as an international monetary and financial

[102] Lee-Warner, *Protected Princes of India*, 205, 183.

centre. A closer look at the subcontinental experience in the 1890s can therefore offer fresh perspectives from colonial Asia on the naturalized, taken-for-granted ascendancy of gold, the emergence of an international monetary and financial system largely concentrated in one or two Western financial hubs that survive to the present day, and the configuration of a modern state form complementing these transformations.

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