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# THE INDIAN MERCHANT

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INDIA has long been famous for its cities; from the times of the Greeks on, foreign travelers have commented on the many towns and cities of great size and wealth. Yet the traders who sparked this urban development have constantly had to contend with numerous hostile forces, among them successive waves of tribal invaders from the northwest. The culture which these tribes brought with them, while eventually modified by contact with the Indian environment, was initially antithetic to trade, business, even settled industry and agriculture. There have also been many invasions from the sea by foreign merchants who came in peacefully to trade, but ended up playing the role of Trojan horses; as conquerors they favored themselves over Indian businessmen. Even the great empires which in the past ruled India were sometimes inimical to business interests. Although these empires established peace and a stable government over wide areas—factors conducive to trade expansion—they were jealous of the merchant's wealth and throttled his activities by arrogating lucrative trade monopolies to the state, and by taxation, regulation, and outright confiscation. The insecurity of property during the Great Mogul era is a case in point. Similarly, the chaos which accompanied the disintegration of the great empires also threatened Indian traders, though a few of the wealthiest were able to profit from the petty wars and intrigues which occupied the rival chieftains. Finally, the status of Indian business has been depressed by the ancient and persistent Brahman tradition which disparaged those who engaged in trade and accorded them a subordinate position in the caste hierarchy. In view of these grave handicaps the vitality exhibited by Indian traders has been remarkable. Not only did they survive—and thrive—in their own land, but they expanded their operations beyond the shores of India to Africa and the Middle East, to Ceylon, Malaya, Indonesia, Indochina and elsewhere. We do not know too much about how this great expansion took place, but we can see the fruits of these adventurous traders' efforts in the many ancient relics of Hindu culture in distant places.

One is puzzled by the apparent contradiction between the hierarchical view of society as contained in Indian caste and the obvious vigor of Indian trading communities. Can this be explained by the gulf between the theory and the practice of caste? Is the rationale of caste as freezing the positions of different elements of society nothing more than a myth which masks the reality of social mobility? In actual fact, the position of many castes has altered over time, and wealth and prosperity have been of crucial importance in achieving an improved status. Or does the contradiction merely provide another case of the permissive all-inclusiveness of India with the men of business having their own traditions, mores and goals, a distinct group existing side by side with other groups possessing different goals and mores? This view would appear at first glance to have much validity, but it raises certain questions. Is there no interaction between leading groups and the kinds of power they wield, the power

of the priest in a priest-ridden society, the power of the temporal ruler, and the power of wealth? Such a lack of interplay and struggle for position stretches one's credulity.

It is also puzzling that within the realm of business itself there are marked contrasts in the position of the merchant in different parts of India and during different historical epochs. Why these differences? Why are some business families and some business communities more highly regarded than others? Can one accept the facile explanation that some groups have been able to concoct more illustrious ancestors or closer affinities with mythical godheads than others? What underlying factors make for an improved status for the trader? My speculations have run something like this: originally there was some kind of equilibrium when traders were both economically weak and looked down upon. This balance was subsequently destroyed by the growth of trade and wealth, which have always been explosive solvents of a hierarchical, theocratic and materially poor society. The importance of the trader's function is, of course, an overriding consideration in the determination of the position of Indian business. This new situation set in motion forces which tended further to improve the status of business. Certain of these forces will be discussed, namely the rise of the new religions, the development of banking, and the emergence of the guild form of organization. Another key factor, which appears to be a necessary, though not sufficient, cause of business power and prestige, should be mentioned: control by Indians of the state apparatus as opposed to foreign rule. This paper deals primarily with two high points of business status.

Before plunging into this chronicle let us digress briefly on caste. We are dealing both with trading communities and with trading castes. The chief trading caste names, Cheṭṭiārs in south India, Vaniyās and Baniyās elsewhere, are derived from Indian words meaning trade. The function and the caste are definitely related but they are not identical. Most men born into the old trading castes remained in these profitable traditional occupations, but many groups without this background also took to trade—the Parsis for example, who are Zoroastrian in religion and outside the Hindu caste structure. Hindu groups like the Bhāṭiyās and Lohārs also entered the trading fields. Though they have been in trade for centuries, they have apparently not yet been identified with the trading function for a sufficiently long time to be ranked as Vaniyā castes.<sup>1</sup> Although confusing, this is mentioned only to demonstrate that there have been trading communities which are not strictly speaking trading castes.

According to folklore, caste grew out of the fourfold division of society in early Vedic times. Indian business castes, which had to belong somewhere, have been assigned to the Vaiśya caste (class or estate) below Brahman priests and Kṣatriya rulers but above Śūdra menials. The Vaiśya was entitled to wear the sacred thread of the twice-born, but he was the lowest high caste, the lower-middle class in the typology of modern social anthropology. This is an ambiguous position and may help explain why the Baniyā is sometimes referred to as an upper casteman and sometimes as a man of humble caste. The borderline position is precarious and some Baniyā groups have lost their status as twice-born castes, especially in parts of India which have tended to polarize around the two extremes.

So much for caste. To return to the narrative, perhaps the lowest point of business kudos occurred in ancient times. Business and trade were least important in the early Vedic period (2000-1000 B.C.), from which the cultural values of Indian social structure have, in theory, been derived. The Aryan invaders were a wandering pastoral

people organized on a tribal basis. Their chief property was cattle which were herded in common. The cow was, in fact, the medium of exchange. Aryan military heroes were called *purandaras*, that is, destroyers of cities.<sup>2</sup> They apparently wiped out the settled agriculture of the pre-Aryan Harappa civilization of the Indus valley by breaking up the system of river irrigation and demolished the cities which this settled agriculture had made possible. Among the victorious Aryan tribes, trade had little function and was, in fact, identified with the hated and despised enemy.<sup>3</sup>

With time there was a fusion of Aryan and pre-Aryan peoples and cultures. Kingdoms emerged embracing several tribes and centered in the rich Gangetic plain. Settled agriculture, trade, cities, the concept of private property—all came into being, and one can assume that in this whole transformation traders played a crucial role.<sup>4</sup> By 600 B.C. Indian traders had scattered far and wide throughout India and abroad. The laws of Manu, codified somewhat later, give us a description of the necessary attributes of the trader.<sup>5</sup> He must have knowledge of the prices and qualities of precious stones, metals, and woven goods; the rules for weighing articles; information about the wages of artisans, about soils, and sowing of seeds; about measurement of land; about the profits and losses from the sale of different articles; he must have ability to forecast price fluctuations; he must be skilled in methods of buying and selling; he must be conversant with the good and evil traits of nations; he must speak the languages of different peoples, know how to multiply his riches by honest means. In brief, he needed a knowledge of economic realities, of people and of foreign countries, and he needed the profit motive.

The period from roughly 600 B.C. to well into the first millenium A.D. witnessed a great flowering of intellectual and material culture centering in the Gangetic plain where great cities grew up and leading businessmen came to hold important positions. Three factors which contributed to the improvement of business status and which are particularly impressive are the development of banking, the emergence of the guild form of organization, and the coming into being of new religions, of which Buddhism (550 B.C.) was the most important.

Let us mention the religions first. One way for the rising traders to emancipate themselves from the social disabilities to which traditional Brahmanism subjected them was to espouse new religions which denied Brahman pretensions and were imbued with a somewhat different ethic. This the new religious movements did, and traders and city dwellers embraced them in large numbers.<sup>6</sup> Both Buddhism and Jainism struck a blow at the priestly domination of society. They preached against the sanctity of the Vedas, against the notion that Brahmans were the indispensable intermediaries with the gods, against Brahman exclusiveness (anyone so inclined could join the new religious orders), against the rivalry and hereditary power of Brahmans (the monks in these new religions had to be celibates), and against the costly animal sacrifices which Brahman ritual exacted. The new religions moved away from the social, economic, and political concomitants of a tribal society and moved toward the proclaimed virtues of a private property environment with considerable stress on individual effort and responsibility, nonstealing and nonencroachment on the possessions of others, honesty of word, and frugality.

The emergence of banking, which was likewise associated with the new urban society and the expansion of trade, tended to bifurcate the Indian merchant class: the few highly placed influential business families connected with large scale merchant

banking operations, who financed trade caravans and whole fleets of trading ships, and the many humble retail traders and village moneylenders. Henceforth merchants do not form a functionally homogenous body but rather these two quite distinct elements. The status of these two groups has also differed, reflecting differences in their wealth, power, the nature of their business and the status of their clientele. Bankers, unlike moneylenders, not only lend but also take deposits. They have rich customers looking for a safe haven for their wealth. Even in the lending business there are important distinctions between the banker and the moneylender. While the typical rural moneylender does a small amount of business at usurious rates and is universally condemned, the city banker ordinarily does a larger amount of business at lower interest rates. This is the consequence of the greater competition in cities, as well as the fact that bankers are at the apex of the business pyramid; they finance other businessmen. This kind of loan operation is more economically productive and less personal than the moneylenders' distress loans to the poor, borrowed for consumption purposes and frequently defaulted. There was a recognized scale of business interest rates in these early days, the rates increasing with the distance the merchandise had to travel.<sup>7</sup> Long distance transportation was apparently very risky and commanded high interest rates, which bear testimony to the large speculative profits to be made in such ventures. Also the biggest bankers have from early times financed the state itself and received great honors in recompense. The Laws of Manu—and here the Laws are not invoking normative precepts from an ancient religious tradition, but merely registering current practices in the work-a-day world—advise people to pick their banker with great care and to make deposits only with bankers of good repute, good family, and good conduct, who possess truthfulness, a knowledge of the law, many relatives and great wealth.<sup>8</sup> Heirs are important because in Hindu tradition the payment of a debt is a sacred obligation which sons are supposed to assume on their fathers' death. In contrast to the trader, the banker was clearly far more a man of substance, wealth, social position, and sound reputation. Banking, perhaps because it requires greater capital, expertise and public confidence, has been a much more exclusive occupation than moneylending which, at least in recent times, has proved easy of access by any and all groups.<sup>9</sup> Banking also requires greater organization, since it presupposes a network of reliable correspondents throughout India and even abroad to honor the banker's *hundi*, a kind of promissory note or bill of exchange which is backed by the reputation and the word of the individuals signing it. Banking expertise and capital were passed on from one generation to the next. The title used in addressing a reputable merchant banker has long been *śreṣṭhī* or *seṭh* 'descendant of a banker.'

Merchant bankers and traders in this pre-Christian era developed their own organizations to give themselves greater security and strength. It is hard to reconstruct the details of business organization in early times, but traders and bankers apparently had their respective guilds as did other groups. These guilds were subject to considerable state regulation. The leaders of the guilds, described as men of great wealth, were important functionaries who served as intermediaries between the state and the guilds, and as peacemakers in regulating the relationships among guilds.<sup>10</sup>

An interesting sidelight on the vitality of business in classical times comes from the development of the science of arithmetic with the invention of the concept of zero and the decimal place value system of numerology—this new discovery being the basic building block of subsequent mathematics and science. Why were the

Hindus able to make this new formulation, while the Greeks with their capacity for abstraction were not.<sup>11</sup> Perhaps because the social impetus and need for these new tools came from expanding business and trade, which were held in higher esteem in ancient India than they were in Greece. Early Sanskrit works on mathematics are full of the problems of trade, taxation, interest and debt calculation. Indian businessmen at this time also developed double entry bookkeeping.<sup>12</sup> They are famous even today for their ability to figure difficult compound interest calculations without benefit of pen, paper or abacus.

This early period has been dealt with at length because it was one of great commercial wealth and activity and appears to have been a high point in the approximation of business prestige to business power. This development is reflected in the emergence of a certain degree of social freedom and mobility, emancipation from the tyranny of Brahman superiority, growth of banking and guild organization, and the control of extensive kingdoms by Indian rulers. The Brahmans naturally attempted to resist these encroachments on their monopoly preserve, and the Laws of Manu, which reflect their efforts in this regard, contain endless regulations for keeping people in their places. But these rules and more particularly the fulminations against infractions, which had apparently become myriad in this pre-Christian era, echo the futility of the Brahmans' attempt to freeze the world in their own image.<sup>13</sup> But the first millennium A.D. saw a long, slow, almost imperceptible decline of trade, punctuated by new invasions and a Brahman revival in the Gangetic plain area. Why this upsurge and why this decline? Perhaps this transformation was a consequence of the emergence and solidification of a highly developed rural economy centering on the self-sufficient village and eventually supplying the chief source of state revenue—thereby relieving rulers of any necessity to rely on and favor traders and town dwellers. The Gangetic plain cities became, in effect, inundated by village India.<sup>14</sup>

To find another epoch and region offering circumstances which favored the fulfillment of business power and prestige, one has to turn to the mediaeval period, 1000 A.D. and thereafter, and to the Bay of Cambay. This area, which we will call for convenience the Gujarati area, really includes the states of Kutch, Kathiawar, Saurashtra and Gujarat, as well as the directly adjacent area of Rajputana, whence come the Marwārī businessmen. Business still has a higher status in this region than elsewhere in India.

This section had long been an important trading area. It had several good ports—Broach, Cambay, and later Surat. The city of Ahmedabad is located here, and important trade routes from the Gangetic plain area passed through Rajputana to the western ports. Here Indians retained the tradition of seafaring. Located at the center of important land and sea trade routes, this region attracted foreign traders from many areas, and the ports acquired a cosmopolitan atmosphere. The area developed some commercial agriculture, chiefly cotton for export. Here the cities were not lost in a sea of self-sufficient villages. In fact, the cities, at least by Mogul times, had to import food from considerable distances.<sup>15</sup>

In religion this region had already moved a long way from Brahman domination. It had become the chief home of Jainism, an austere religion which developed contemporaneously with Buddhism, was similarly opposed to Brahman pretensions, and also established a similar type of religious order of celibate monks.<sup>16</sup> But while Buddhism with its universal appeal succumbed to a revived Brahmanism, Jainism, which had

a much smaller following, migrated to western India and survived. Its appeal was limited to a small number of devoted adherents, largely merchants and town dwellers; Jain laymen have been businessmen—so overwhelmingly so that they are equated with Baniyās. Some scholars attribute the survival of Jainism to the greater organization and participation by the laity in the support and regulation of the Jain religion than was the case with Buddhism. In the Gujarat area, the Brahmans had no monopoly of learning and access to sacred literature, since Jainism had its own learned monks and sacred texts. The Jain faith prescribes an extraordinarily high and exacting moral code for each individual believer. Jainism has been lauded by a western scholar as “one of the most emphatic protests the world has ever known against accounting luxury, wealth, and comfort the main things in life.”<sup>17</sup> It has been defended by an Indian scholar as a practical religion “essentially fitted to give the state good subjects and the country successful businessmen.”<sup>18</sup>

Most businessmen in the area, however, are not Jains but Vaiṣṇavas, the numerically dominant religious group there. This manifestation of Hinduism was also originally, some hundreds of years ago, a protest movement against the narrowness and exclusiveness of ancient Brahmanism. Vaiṣṇavism introduced new gods not associated with the Vedas and emphasized the exuberant affirmation of life and good works rather than escape from existence, but it retained an hereditary priesthood.<sup>19</sup>

There are some important similarities between Jainism and Vaiṣṇavism: both practice *ahimsā*, the injunction against killing. It is frequently averred that the Jains had to become businessmen because they were kept out of farming, which involved the killing of insects. Perhaps the belief in *ahimsā* merely reinforced their already existing remoteness from manual agricultural labor and thereby contributed to the further degradation of these occupations. There are many more Vaiṣṇava than Jain businessmen, but the epicurean Vaiṣṇavas have not made as much money as the puritanical Jains. The Jains have produced most of India's biggest bankers, that is, merchant bankers or shroffs. According to an English author writing in 1829, “more than half of the mercantile wealth of India passes through the hands of the Jain laity. . . . The officers of the state and revenue are chiefly of the Jain laity, as are the majority of the bankers from Lahore to the ocean.”<sup>20</sup> Akbar's treasurer was a Jain from Rajputana. The greatest banking family of them all, which received the hereditary title Jagatsāth ‘banker of the world’ in the late Mogul empire, likewise were Jains from this area. Merchant banking has tended to be monopolized by the professional business communities, especially Gujarat and Rajputana Baniyās and Jains, and in south India the Nattukotai Cheṭṭiārs.<sup>21</sup> The Cheṭṭiārs, however, have had considerable competition from Gujarati bankers and even local Brahmans.<sup>22</sup> It is significant that in south India, an area of powerful Brahman domination, Brahmans have apparently been more successful in breaking through this banking monopoly by professional business communities than elsewhere.

The Gujarat area is a region where trade and craft guilds flourished, and there are still some vestiges of them there. Gujarati traders have been known on occasion to demonstrate considerable solidarity and concerted action—the closing down of their shops—when some violence was done one of their members by a Mogul revenue officer.<sup>23</sup> The top guild organization, coordinating and arbitrating between the many lesser guilds, has been dominated by leading bankers. Apparently city government revolved around these guilds. The Nagarsāth ‘city banker,’ a kind of mayor, probably

was neither elected nor appointed, but held his office because of his family's hereditary position in the banking hierarchy.<sup>24</sup> Many of the rulers of these small mediaeval states in western India came under Jain influence and employed Jain businessmen in their administration. Jaipur in Rajputana was called the Baniyā Rāj because of business influence at court.<sup>25</sup> These states succumbed to a succession of Muslim raids, but Rajputana states held out for a long time, protected by the desert of Sind and the rugged terrain. When Rajputana was absorbed in the Mogul empire, it was treated more as a tributary fief than as directly occupied territory and apparently still provided a haven for businessmen, who migrated to the cities of the Ganges for business purposes but kept their families and fortune in Rajputana, safe from the depredations and fickle favor of Mogul rulers.<sup>26</sup> Thus this area was less subjugated than the rest of India, and even later, during British times, many states in the Gujarati area and all the Rajputana states remained outside that part of India directly administered by the British. A good number of Indian businessmen coming to Bombay to trade have had their roots in nearby princely states.

To describe the impact of British rule on the position of Indian business is a complex task, as it has varied from period to period and from region to region. One of the paradoxes of British rule was that it apparently both strengthened the position of the Brahman in Hindu society and set in motion forces which ultimately undermined Brahman supremacy. Only two aspects of British rule will be touched upon: its impact on the moneylender and the banker. Eventually, British investment in transport, communication and irrigation as well as the removal of internal customs barriers encouraged a great expansion of trade in agricultural products. The ruralization of India provided great opportunities for one segment of Indian business—the moneylenders and financiers of agricultural production at the local level. Freed from customary restraints, Marwāri moneylenders swarmed all over northern and central India in pursuit of profits.<sup>27</sup> The alienability of land, which the British introduced, and rising land values made it possible and profitable for moneylenders to foreclose on mortgages and become landlords. In brief, British rule brought the expansion of that type of business activity which has the lowest possible prestige rating in India or elsewhere.

Under British rule, Indian merchant bankers, though they were initially relied on and used by the East India Company, eventually lost their positions of power and influence and many of their functions as well.<sup>28</sup> They were no longer bankers for the state since British banks were set up to take over this role. They were no longer needed as moneychangers since the imposition of a uniform currency obviated this function. They were no longer revenue collectors. And they were no longer at the apex of trade since the British exchange banks pretty much monopolized the financing of foreign trade. Indigenous banking had to face competition from western-style joint stock banking, which for a long time was monopolized by Britons. Indigenous bankers still continued to do business in the same old way in the declining cities of the hinterland where western bankers did not penetrate. But they were relegated to a subordinate position in the new, growing ports of Calcutta, Madras and Bombay. They usually financed trade only up to the export level, or they became actual middlemen, brokers and factotums for British firms.<sup>29</sup> As middlemen, of course, they did not enjoy the same prestige as principals. They suffered this fate much less in Bombay and western India where merchant-bankers had a higher status in their own society.



It was in this area that members of Indian merchant-banking families were able later on to move from being middlemen to being principals, engaging more and more in foreign trade on their own, constructing modern textile mills and ultimately setting up western joint stock banks.

With the growth of Indian nationalism and its emphasis on economic as well as political independence and on the need to expand industry, a new dimension of business prestige emerged, that of industrial performance. Those merchant bankers like J. N. Tata, a Parsi, and Walchand Hirachand, a Jain, who made a contribution to India's basic industrialization and to her economic independence of British business and British shipping, became national heroes. A good many Indians were able to make the transition from merchant banking to light industry—more particularly, cotton textiles. Indian textile manufacturers until World War I belonged to the leading business communities of Bombay and Ahmedabad: Parsis, Bhātiyās, Gujarati Baniyās and Jains, and Khojās, i.e., a trading community which had been converted to Islam. The implications for business prestige of this new focus on the urgent need for industrial development can be seen clearly in the evidence introduced before the Indian Industrial Commission 1916-18.<sup>30</sup> There the point was repeatedly made that, outside the Bombay-Gujarat area, the much needed industrial expansion had failed to materialize in large part because the professional business communities refused to venture their capital in industry, whereas the Brahmans and intelligentsia, who had a patriotic concern for India's industrial development and freedom, had generally failed in their efforts to establish successful industrial undertakings because they lacked the capital and business know-how. Indian business communities were berated for their failure to emulate the Bombay and Gujarati business achievement. This situation has since changed; leading business communities like the Maṛwārīs and Cheṭṭiārs and others have in the last thirty-five years begun to finance industrial operations.

Before concluding this paper we should add a brief note on the impact of growing wealth and power on communities which have taken to trade and more recently to modern industry. What happens to their image of themselves and to their social mores?<sup>31</sup> Certainly the most successful and distinguished of them come to regard themselves as members of the elite and to act accordingly—like the elect of early Calvinism who substantiated their claim to election by a strenuous dedication to acts and articles of faith. Historically, trading communities have tended to adopt customs of the higher castes, such as early marriage, taboo on widow remarriage, seclusion of women, strict vegetarianism, and rigid rules concerning the question of those with whom one eats and intermarries; and often a fractionalization of the group itself has taken place in the quest for greater purity. But as the community becomes more affluent and sophisticated, there appear to be tendencies operating in the reverse direction. The hallmarks of orthodoxy are less rigidly adhered to, the age of marriage is extended, widows are allowed to remarry, women are not so secluded, intercaste dining is allowed and even some intercaste marriages, higher education and even the education of women are encouraged, and various social and religious reform movements are advocated. This shift has long been noticeable among the leading Bombay business communities and the Ahmedabad Jains, but recently has become evident among business groups in other parts of India. And with these changes laymen seem to be better able to cope with their hereditary priests, to bring them more in touch with modern life and to reduce their hold over the population. This has occurred both

among the Parsis, whose religion is remote from Hinduism, and among the Hindu Vaiṣṇavas. There was a fascinating controversy in the mid-nineteenth century between Gujarati businessmen and their priests, the upshot of which was that businessmen established the principle of the dispensability of their priests by their successful assertion that household worship without benefit of priest was on a par with temple worship; the priest's power to deny temple worship had been his main weapon against recalcitrants. An author on Vaiṣṇavism comments on this episode as follows: "This shows to what extent Brahmin supremacy has been losing its hitherto unchallenged position in an environment of trade, commerce, industry and increasing education. Thus some rich Bhatias and Vanias have proved themselves a remarkably efficient social force to deal with the evils in their 'church.'"<sup>32</sup>

In the twentieth century, Indian trading communities helped to achieve the long sought goal of a free India and the establishment of a government favorable to the development of Indian business over foreign interests and dedicated to a rapid industrialization program. These basic changes are likely to enhance the position of Indian business. We have seen how the status of the merchant has fluctuated with the importance of his function to society and the relative degree of urbanization. While, to be sure, the state is today increasingly assuming responsibility for the building of a heavy industry base, the very fulfillment of this goal should create expanding opportunities for Indian business in the light industry sector. The Brahman view of life which places Brahmans firmly on the pinnacle of the social hierarchy has been losing ground in modern India and thereby the gulf between Gujarat and the rest of India has been lessened. Nationalism, economic development and urbanization, as well as specific movements of social protest, have all contributed to this development. In the field of business organization there has been a steady growth during the past fifty years not of guilds, but of modern Chambers of Commerce and specialized trade and industrial associations. With the advent of economic planning in the framework of a mixed economy, these organizations assume a new importance. And in the new India, certain leading industrialists of wealth and enterprise, like the merchant bankers of long ago, have a prestige and influence out of all proportion to their numbers. It would appear, then, that India may be entering a new phase in which business plays a significant role in an expanding economy—provided, that is, that the Indian formula for a mixed economy turns out to be viable and that business is able to adjust to the mildly socialistic overtones of a welfare state.

NOTES

- <sup>1</sup> R. E. Enthoven, *Tribes and Castes of Bombay* (Bombay, 1922).
- <sup>2</sup> H. D. Malaviya, *Village Panchayats in India* (New Delhi, 1956), p. 41.
- <sup>3</sup> D. D. Kosambi, *An Introduction to the Study of Indian History* (Bombay 1956), pp. 67-72.
- <sup>4</sup> C. A. F. Rhys Davids, "Economic Conditions According to Early Buddhist Literature," *Cambridge Ancient History of India*, ed. E. J. Rapson (New York, 1923), Chapter VIII.
- <sup>5</sup> S. Bhargava, *Indigenous Banking in Ancient and Mediaeval India* (Bombay, 1935), p. 9.
- <sup>6</sup> Kosambi, pp. 156-162.
- <sup>7</sup> Kosambi, p. 140.
- <sup>8</sup> L. C. Jain, *Indigenous Banking in India* (London, 1929), p. 9.
- <sup>9</sup> Jain, p. 28.
- <sup>10</sup> R. C. Majumdar, *Corporate Life in Ancient India* (Poona, 1922).
- <sup>11</sup> See discussion of this question in Jawaharlal Nehru, *The Discovery of India* (New York, 1946), pp. 211-214.

<sup>12</sup> Bhargava, p. 165.

<sup>13</sup> The Laws of Manu also asserted the principle that interest rates should hinge not on the nature of the business and the element of risk but on the caste of the borrower. Kosambi, p. 240.

<sup>14</sup> S. N. Roy, "Bengal Traditions of Trade and Commerce," *Bombay Anthropological Society Journal*, XIV (1929), 431; K. S. Shelvankar, *The Problem of India* (New York, 1940); Kosambi.

<sup>15</sup> W. V. Moreland, *India at the Death of Akbar* (London, 1920), pp. 240-244.

<sup>16</sup> Joel Carpenter, "The Jains," *Cambridge Ancient History of India*, pp. 150-171.

<sup>17</sup> Mrs. Sinclair Stevenson, *Heart of Jainism* (London, 1915), p. 22.

<sup>18</sup> Jagmunderlal Jaini, *Outlines of Jainism* (Cambridge, England, 1940), p. 73.

<sup>19</sup> N. A. Toothi, *The Vaishnavas of Gujerat* (London, 1935).

<sup>20</sup> Quoted from J. Tod, *Annals and Antiquities of Rajast'han*, I, 518-19, in L. C. Jain, p. 146.

<sup>21</sup> Indigenous banking as contrasted with joint stock banking is still organized on a business community basis. See Benegal Rao, "Indigenous Banking in India," address before the All India Shroffs Conference, 21 July, 1951, published in Reserve Bank of India *Bulletin* (October 1951), pp. 743-44. In one community, that of the Nattukotai Chettiars, there exists something approaching joint responsibility of the community as a whole for the liabilities of individual members. See M. S. Gubay, *Indigenous Indian Banking* (Bombay, 1928), p. 11.

<sup>22</sup> S. K. Muranjan, "The Indigenous Banking System," *Modern Banking in India* (Bombay, 1952), pp. 8-24, especially p. 10.

<sup>23</sup> Moreland, p. 37.

<sup>24</sup> A. Appadorai, *Economic Conditions in Southern India, 1000-1500 A.D.* (Madras, 1936), p. 386.

<sup>25</sup> Bhargava, pp. 212-33.

<sup>26</sup> Bhargava, pp. 212-16.

<sup>27</sup> N. V. Sovani, "British Impact on India before 1850-57," *Cahiers d'histoire mondiale I* (April 1954), 862, 870.

<sup>28</sup> H. Sinha, *Early European Banking in India* (London, 1927), pp. 36-38, 163-71.

<sup>29</sup> R. P. Masani, "The Banking Castes and Guilds of India and the Position Occupied by Them in the Economic Organization of Society from the Earliest Times," *Bombay Anthropological Society Journal* XIV, No. 50 (February 1930), 22-26.

<sup>30</sup> Indian Industrial Commission, *Report 1916-18*, pp. 64-66, and *Minutes of Evidence*, IV, p. 288.

<sup>31</sup> Enthoven; R. V. Russell, *Tribes and Castes of Central Provinces* (London, 1916); Edgar Thurston, *Castes and Tribes of Southern India* (Madras, 1909).

<sup>32</sup> Toothi, p. 98.

Cambridge, Massachusetts

