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“Framing the Colonial Economy in Nineteenth Century India”

The Indian rupee or the Company rupee was a silver coin containing 180 grains of pure silver, weighing a total of 11.66 grams. To counterfeit the rupee was therefore a profitable business due to its high intrinsic value in 1835. But the counterfeiting of the rupee was more than an aberrant act. My thesis attempts to locate counterfeiting of the rupee as an important constituent in the framing of the ‘colonial economy’ of the nineteenth and twentieth century. Following Timothy Mitchell and Ritu Birla, I conceptualise economy as a practice—managed and ordered by the state--and buttressed by the legal framework of the state.¹ Yet, I argue in the Indian colony, this was not always an easy task to accomplish. The East India Company and later the imperial government had to constantly play off other competing claims to the market transactions in the course of framing the colonial economy. Counterfeiting of the rupee, in particular, becomes a general tool for rendering other practices and claims in the market as illegitimate by the state.

At the same time counterfeiting becomes a significant window to the materiality of money and the problems in the production of money. It is not uncommon to find that counterfeiting often becomes the drawing board for the design of new rupee. While counterfeiting made it possible to look hard at the money in hand amidst the dizzying trail of transactions, it also indicated towards a flourishing business in the shadows of legitimate businesses. As I approached the archives, my

¹ Timothy Mitchell, ‘Fixing the Economy’, *Cultural Studies*, No. 12 (1) 1998 and Ritu Birla, *Stages of Capital, Culture and Market Governance in late Colonial India*, Durham, London, Duke University Press,2009.

aim was to capture glimpses of these men as they appeared in the official records, as they are wrenched from their ordinary, invisible lives and made to stand before the reprimanding eye of the colonial state. I wanted to reconstruct their far flung business networks, their agents, suppliers, and consumers. I wanted to locate moments in history when such business of counterfeiting became embroiled in times of crisis of the British Empire. This led me to further discussions on the financial architecture of the colonial world and the penal construction to safeguard the illegal duplication of the rupee. The rupee, as further research revealed, had ambitions more than a new legal tender of a colonial territory. This pushed me to form the obvious question: what implications did the counterfeiting of the rupee have upon the colonial rule in the age of Empires? My search therefore began with the East India Company trading activities, as it jostled for an edge in the Indian bazaars and struggled to arrive at a uniform legal tender to expedite its business.

I am very grateful to Institute for New Economic Thinking and the History Project for generously funding my archival trips for this project, which forms a key chapter of my thesis. The grant has enabled me to access the collections at the British Library, The Centre of South Asian Studies and Cambridge University Library at University of Cambridge, West Bengal State Archives and National Library in Calcutta and Tamil Nadu State Archives in Chennai. A part of this project has been presented as a paper entitled “Money Matters: Counterfeiting of Indian Money under the British Raj” at the ‘New Economic History of India’ conference, held on May 11-12, 2017 at Cambridge.

As I approached my archives at the British Library, my central question was what implications did counterfeiting of the rupee entailed when the Indian economic world was being reconstructed in the nineteenth century. To answer this, I had consulted Mint Committee Proceedings and New Mint Committee Proceedings of Bombay, Bengal and Madras, Finance and Legislative department Records after 1857 and the Royal Currency Commission Reports. While conducting my research I found an important deviation from Ritu Birla and Timothy Mitchell where I discovered the

process of making a unified economy through a single currency came as early as 1806. The Company rupee was launched by the Act XVII of 1835 amidst a sea of currencies, and was intended to be the most significant insignia, uniting all the trades of East India Company. Hence the new rupee was forged to be counterfeit proof as far as possible. As I dug deeper, contrary to the existing literature on how shroffs were being dispossessed of their role as prime movers in the money market, I found evidences of them being absorbed in the district treasuries and the mints as Head Poddars and given a pension upon their retirement. Though the Act XVII of 1835 was intended to take some of authority away from the shroffs, the East India Company realized that for the rupee to flourish it had to enlist the expertise of the shroffs. The Company, like many others, were simply trying to get an edge in the money market. At the same time, the ambitions of the Company were haunted by the thought of counterfeiting of the rupee. While pouring through the Company Regulations, I began to see how the crime of counterfeiting was constructed and expanded to cover as much ground as possible. But the chief defect of such regulations as I found was that there was a different set of punishments for each presidency. This was rectified much after the Act XVII of 1835 which made rupee a universal medium of exchange when the Indian Penal Code was adopted in 1860.

Meanwhile, I tried to map the circulation of the new rupee and the legal routes through which the rupee was to flow. Here, I came across a case of a few counterfeiters straying from Oudh into Benares counterfeiting the Benerasi (trishuli) rupee, the Farukhabadi rupee and few Lucknowi rupees in 1831. As I traced the twists and turns of the case, I noticed a feeling of contempt exhibited by the magistrate that counterfeiting was particularly rife in such princely regions. Further research revealed that growing technological skill in manufacturing the rupee produced an imagined spatial boundary between the Company regulated areas as regions of rule of law and those of the princely state in which counterfeiting was rife. The legislative and foreign political files further revealed the instructions given by the Company to such states in particular, so that

care was taken that rupee did not meet the same fate (counterfeiting) as other coins in such princely states.

When I turned to the promissory notes - the earliest negotiable instrument of the Company- it became clear that the vision of an economy run under the supremacy of a single tender of the Company had to include the promissory note as a new form of the rupee. In this next stage of rupee, that is the rupee as a promissory paper note, the rupee becomes more evidently linked to the world market. For this stage, I have consulted books and pamphlets written by contemporaries both in Britain and India. In the Centre for South Asian studies I have consulted Benthall papers to see the discussions on the making of a central bank in India as a guardian of the rupee.

In the West Bengal State Archives, I have consulted at the Board of Revenue, the Mint Proceedings and the Judicial department files to understand the spread of the economy. Here I stumbled across a fraud in the Bank of Bengal in 1829 which arrested the faith in the Company's promissory notes for a while. I have used this particularly infamous case called the Raj Kishore Dutt case to enter a world of non-metallic currencies, of earlier banking structures and loan certificates like the Company's promissory notes. The case was widely reported in the Bengali and in the English newspapers which I have culled from the collections of vernacular newspapers and the English dailies at National Library. Besides, the Board of Revenue files throws light upon the beginnings of the Bank of Bengal, and how the Company for a brief period tried to combine its forces with private banking to ensure a ready capital for its Treasury Notes and Promissory Notes in the financial market.

On my visit to the Tamil Nadu State Archives, I was bent on finding more cases of counterfeiting to define my project. I consulted the Mint proceedings, the Military proceedings, Foreign Department and the Native Newspaper Reports. The Mint proceedings led me to everyday happenstances of the Mint, tales of leakage of bullion from the mints, problems of labour and more importantly the problems of copying the design of the new rupee. Further endeavours

revealed another counterfeit case of the rupee in 1879 which surprised the planned routes of circulation of the rupee notes in India. I covered the disturbances caused by this news among the consumers through the native newspaper reports of the presidencies and the official anxieties of the same in the mint proceedings.

Finally, the Institute for New Thinking and History Project enabled me to collect materials that takes my project in significant directions of combining economic history with the dynamics of legal histories and new findings of materiality studies. I therefore hope to publish my findings in an article in the future with due acknowledgement.