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Banking Firms in Nineteenth-Century Hyderabad Politics

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THE relationship between business and politics in preindustrial societies has seldom been clear from historical records. I have argued elsewhere that the major banking firms of Mughal India were central to the imperial system. These 'great firms' were not parasites, passively supportive of the state because it preserved the law and order necessary for trade; they were not self-contained caste communities interacting with the government through the leaders of *panchayats* or guilds. Their functions were as important to the government as those of its official treasurers, and their desertion of the Mughal Empire in the eighteenth century helped bring about its collapse.¹

The case study presented here of banking firms in nineteenth-century Hyderabad establishes the forms as crucial participants in the state's political system, like their earlier counterparts in the Mughal Empire. Hyderabad, a Mughal province which became autonomous in the eighteenth century, was the largest princely state in the Indian subcontinent. The Hyderabad bankers were important political figures, involved with other political figures in a complex of relationships which went far beyond trade and moneylending. Investigation of these relationships not only illuminates Hyderabad history; I would maintain that it allows inferences about the Mughlai political systems more generally. Finally, this investigation gives us a closer view of Indian family firms and helps formulate better questions about their internal workings and their relationships with each other.

I. The Political System

The first half of the nineteenth century was a time of deepening financial and political crisis for Hyderabad. Founded in the eighteenth century as

¹ See my article, 'The "Great Firm" Theory of Mughal Decline,' *Comparative Studies in Society and History*, 21, no. 2 (1979), 151–67.

a military aristocracy, Hyderabad's ruling class was dominated by northerners who had come to the Deccan in Mughal service with the first Nizam (Mughal governor of the Deccan province from 1723). By the early nineteenth century, the state had become a Mughlai civil bureaucracy. Allied with the British East India Company (by initial treaties of 1798 and 1800), the Hyderabad officials were working out relationships with the British Resident newly-established in the city. From 1812, an important factor in this was the Hyderabad Contingent, a body of British-officered troops paid by the Nizam but controlled by the Resident. Chandu Lal, *de facto* Diwan (Prime Minister) from 1808 to 1843,² had come to power as the result of a bureaucratic-mercantile alliance and stayed in power because of his ability to command credit.³ The political intrigues which followed his resignation produced a fiscal crisis in 1853 and forced the state's cession of Berar to the British East India Company. The bankers were heavily involved in these intrigues.

The state's sources of income and cash disbursements show how the bankers and other groups participated in the Mughlai political system.⁴ Although the rural areas provided the bulk of the state's income through land revenue, the government exercised direct control only in urban areas. The land revenue from the state or *khalsa* lands was collected by *talukdars*, or revenue farmers. These men contracted with the state recordkeepers, the two hereditary *daftardars*, to collect the land revenue from specified districts; they turned over to the government the amount set in their contracts. Other lands were alienated to nobles as *jagirs*, or land grants, for their personal income; sometimes *jagirs* were granted for the maintenance of troops in the Nizam's army. Some income came from tributary *zamindars*, large land-holders whose territories were exempted from direct state supervision. Some income came from taxes levied on commercial activities and urban services: a market tax, customs, or the contracting of major consumer industries.

Cash disbursements by the government consisted almost entirely of salaries and allowances to its employees and dependents. High-ranking nobles received cash allowances and subsidies to maintain troops, or the

² The nominal Diwan from 1808 to 1832 was a high-ranking Muslim noble, Munir-ul-Mulk, but by agreement of the Nizam and the Resident, the deputy Diwan or Peshkar, Raja Chandu Lal, officiated. After Munir-ul-Mulk's death in 1832, Chandu Lal was officially named Diwan and resigned in 1843.

³ Dr Brijen Gupta pointed this out to me long ago in a personal communication; I am indebted to him for first directing my attention towards the bankers.

⁴ The following discussion draws on that of Manik Rao Vithal Rao, *Bustan-i-Asafiyah* (Hyderabad, 7 vols, 1909-32), I, 149-50.

land to provide revenue equivalents for those purposes. Lower-ranking employees who performed clerical and managerial services for various government units received monthly cash stipends, usually hereditary ones. These might be disbursed through the Diwan or through the two state recordkeepers who often assumed responsibility for cash disbursements. Many other officials were responsible for further salary disbursements, to the military men led by their *jamadars* or commanders, the palace guards and attendants, units of musicians and dancers, and the Begums and other relatives living in the Nizam's palaces. A major expense by the 1830s was the Hyderabad Contingent, European-officered and under the authority of the British Resident but paid by the Nizam.

Because the land revenue provided only seasonal income, the government depended on members of the financial community resident in the city for its ongoing expenses. *Sahukars* or bankers provided the resources to pay government employees and dependents. The major bankers, by granting or withholding loans, could have a powerful effect on the political standing of an individual or on the viability of a particular Diwan's administration. Bankers also controlled the minting and exchange of currency, through their own mints or those they contracted to administer for the state. A Persian history written in 1842 stressed the residential, financial, military, and political connections of the financial communities with other key groups in the city:

Side by side in Begum Bazar are the houses of the Marwaris, Gosains, Komatis, Afghans, and other financiers and traders . . . and in Karwan Sahu, the Gujeratis reside. . . . The bankers are millionaires, lending millions of rupees to the state and financing the land revenue contractors . . . [one of them, a Gosain] associates with the Afghan military leaders and is fond of fighting . . . The bankers also loan to the nobles and to the Nizam himself; they have access to the Court.⁵

II. Bankers in Politics

Maharajah Chandu Lal was successful in obtaining funds from Hyderabad's bankers in the first decades of the nineteenth century. He dealt with an informal coalition of 'State Treasurers' during his long tenure as Diwan. Called the *Panch Bhai*, or Five Brothers, these local bankers

⁵ Ghulam Husain Khan, *Tarikh-i-Gulzar-i-Asafiyah* (Hyderabad, 1890-91), 622-5. The manuscript was written in 1258 Hijri (1842-43).

financed the government activities and personnel.⁶ The members undoubtedly changed, but two banking firms can be definitely identified as members of the Panch Bhai. Makhdum Seth, A Muslim of Begum Bazar, headed one firm;⁷ the Gujerati firm of Seth Kishen Das of Karwan Sahu was another.⁸ The Marwari firm of Mahanand Ram Puran Mal was almost certainly one of the Panch Bhai—Puran Mal had access to the Nizam's Court and was granted a *jagir* for Sitaram Bagh temple by Chandu Lal.⁹ Palmer and Company, the much-investigated Eurasian firm, was the major creditor of Chandu Lal's government in the 1820s and may well have been a Panch Bhai firm.¹⁰ Other obvious candidates for the Panch Bhai at various times during Chandu Lal's tenure would be the Maheshwari Marwari firm of Surat Ram Govind Ram, various Gosain bankers of Begum Bazar, and the Oswal Jain Marwari firm of Umarsi Sajan Mal. All of these were associated closely with Chandu Lal and known to have made extensive loans to the state.¹¹ Repayment proved more and more difficult—many firms which dealt with Chandu Lal were still calculating the interest due them at the end of the century.¹²

These firms were nearly all Hindu and non-indigenous, from western and northern India. Family firms in almost all cases, they can be traced from generation to generation. For example, in the case of Mahanand Ram Puran Mal, Puran Mal was the current head of the firm, son and

⁶ K. Krishnaswamy Mudiraj, *Pictorial Hyderabad* (Hyderabad, 2 vols, 1929 and 1934), II, 497, and a newspaper article just after Chandu Lal's period also mentioned the concept of five state treasurers: 'The Englishman,' March 24, 1847, in Mahdi Syed Ali (ed.), *Hyderabad Affairs* (Bombay, 10 vols, 1883–89), IV, 18. The latter source will hereafter be abbreviated *HA*, and the page numbers are those stamped in the volumes owned by the University of California, San Diego.

⁷ Khan, *Gulzar-i-Asafiyah*, 628–9.

⁸ *Ibid.*, 630. This firm moved from Karwan to Gulzar Hauz (in the old city) about 1900.

⁹ He, as well as three Gujerati bankers (Kishen Das, Lachmi Das, and Jaganath Das), sent ceremonial clothes for the 1839 wedding of one of the Nizam's daughters: Government of Hyderabad, *Chronology of Modern Hyderabad* (Hyderabad, 1954), 217. Puran Mal's father, Mahanand Ram, is also mentioned in this translated Persian Court diary as giving out alms to stop a beggars' riot in 1811: 146. For the *jagir*, 'The Evening Mail,' April 17, 1894, in the Clippings Collection, Andhra Pradesh State Archives; also, Mudiraj, *Pictorial Hyderabad*, II, 507–8.

¹⁰ A good summary of the Palmer affair is given in Henry G. Briggs. *The Nizam* (London, 2 vols, 1861), II; and see the manuscripts in the India Office Library by Edward Palmer, c. 1934 (Eur. D. 443).

¹¹ Mudiraj, *Pictorial Hyderabad*, II, 478–9, 480–1, and Khan, *Gulzar-i-Asafiyah*, 625–6.

¹² Interest comprised 82 to 99% of the debt in 8 of the 9 cases filed against the Hyderabad government in 1890: India Office Library (hereafter IOL), Crown Representative Records, R/1/1/20, Document no. 9.

successor of Mahanand Ram. Double names, then, indicated succession and/or partnership. The second name was usually a son, sometimes a brother, grandson or adopted successor—always the latter, in the case of the Gosains, a ‘sanyasi’ merchant order.¹³

Table 1 traces the major nineteenth-century Hyderabad banking firms over time. Branches of a parent firm have been treated as one firm. For example, the two firms Shivdut Ram Jaisee Ram and Shivdut Ram Lachmi Ram may have conducted transactions independently, but Jaisee Ram and Lachmi Ram were brothers (sons of Shivdut Ram) and the pattern of their business affairs was very similar.¹⁴

These ‘great firms’ of nineteenth-century Hyderabad belonged to three major communities: Gujerati, Gosain and Marwari. Gujerati merchants and bankers had settled in Karwan Sahu by the seventeenth century, under the Qutb Shahi dynasty.¹⁵ Most Gosains came from Central India and the Hyderabad districts after the first Nizam became provincial governor for the Mughal Empire (the early eighteenth century); they resided in Begum Bazar. Of the Marwaris, the Oswals and the Maheshwaris came before the Agarwals: the firms of Umarsi Sajan Mal and Surat Ram Govind Ram preceded those of Puran Mal and Shivdut Ram Lachmi Ram.¹⁶ These Marwaris settled in Begum Bazar; others established themselves in the Residency Bazars or in the Secunderabad Cantonment, under British jurisdiction. Especially in Begum Bazar, there is no evidence for self-contained caste or community localities; the residences of bankers and merchants and military men intermingled throughout that suburb.¹⁷

Europeans, Eurasians and Parsis were also involved in banking in Hyderabad. The firm of Palmer and Company had close connections with the Gujerati bankers.¹⁸ Henry Dighton, a clerk of the Palmers who

¹³ Bernard S. Cohn, ‘The Role of the Gosains in the Economy of Eighteenth and Nineteenth Century Upper India,’ *The Indian Economic and Social History Review*, I, no. 4 (1964), 175–82, is still the best coverage of the Gosains or Goswamis.

¹⁴ Mudiraj, *Pictorial Hyderabad*, II, 465A–B; and see table 5 below.

¹⁵ Karwan Sahu means Karwan of the bankers; *sahu* or *sahukar* in Sanskrit.

¹⁶ See biographies in Khan, *Gulzar-i-Asafiyah*, 625–31, and Mudiraj, *Pictorial Hyderabad*, II. T. Timberg, *The Marwaris* (Bombay, 1978), 120, relates Oswal and Maheshwari migration to the rise of Maratha rulers at the end of the eighteenth century.

¹⁷ Christopher Bayly has found similarly fluid residential patterns in nineteenth-century Benares: ‘Indian Merchants in a “Traditional” Setting’, in Clive Dewey and A. G. Hopkins, *The Imperial Impact: Studies in the Economic History of Africa and India* (London, 1978), 188–92.

¹⁸ Khan, *Gulzar-i-Asafiyah*, 629. Bankati Das helped Palmer become a banker and was a partner in the firm begun in 1814: C. Collin Davies (ed.), ‘Correspondence of William Palmer with Sir Henry Russell, Formerly Resident at Hyderabad, 1836–1847,’ *Indian Archives*, Vol. 13 (1959–60), 58 and 60. In 1849, Palmer served as *vakil* to Puran Mal’s

TABLE I
Major Hyderabad Banking Firms over Time

Early Nineteenth Century Name (with date of arrival)	Later Names of the Firm			
	Community	c. 1840-60	c. 1890-1910	c. 1930-50
Hari Das Kishen Das* (1729)	Gujerati	Kishen Das Hari Das†	Hari Das Bhagwan Das* Bhagwan Das Balkishen Das†	Girdhar Das Kishen Das†
Lachmi Das Lachman Das† (?)	Gujerati	Lachmi Das Lachman Das† Lachman Das Purshottam Das*	Chaturbhuj Das, Purshottam Das; and Benkati Das	?
Moti Ram Surat Ram* (1750)	Marwari— Maheshwari	Surat Ram Govind Ram*	Ghansham Das Jaigopal	Seth Mukund Das
Umarsi Sajan Mal‡ (1762-1803)	Marwari— Oswal Jain	Umarsi Sajan Mal	Magan Mal Umarsi Sajan Mal	Seth Chand Mal Dadda
Shivdut Ram (1762-1803)	Marwari— Agarwal	Shivdut Ram Jaisee Ram* Shivdut Ram Lachmi Ram*	Shiv Lal Moti Lal*	Seth Panna Lal Pittie
Umraogir (1801)	Gosain	Umraogir	Gyangir Narsinghgir*	Raja Dhanrajgirji
Mahanand Ram Puran Mal* (1801-2)	Marwari— Agarwal	Puran Mal; Prem Sukh Das	Seth Ram Lal	Lakshmi Nivas Ganeriwal

Sources: Ghulam Husain Khan, *Tarikh-i-Gulzar-i-Asafiyah* (1890-91), 622-632; Samsam Shirazi, *Mushir-i-Alami Directory* (1940), 1175-76, 1181-84; K. Krishnaswamy Mudiraj, *Pictorial Hyderabad*, Vol. II (1934); Rai Lulta Purshad, *Report of the Administration of the Salar Jung Estate, 1896-1897*, 44-46; Government of Hyderabad, annual *Reports of the Proceedings of the Debt Commission of His Highness the Nizam's Government* for 1910-1913; Government of India, Crown Representative Records, in the India Office Library, R/1/1/20 (concerning the Debt Commission, 1890-1898); Mahdi Syed Ali, ed., *Hyderabad Affairs*, Vols II, III, IV, V, VI (1883-89).

* Father/son.

† Brothers.

‡ Grandfather/grandson.

was a British subject, later functioned as a leading banker and revenue contractor in Hyderabad.¹⁹ Kishen Das, the Gujerati banker, and Dighton were partners at one time, but they split; in 1841 Kishen Das's districts were reclaimed and turned over to Dighton, causing a bitter dispute.²⁰ The Pestonji Viccajee firm, headed by Parsi brothers from Bombay who were British subjects, was a major creditor of Hyderabad for a decade following Pestonji Mirji's introduction to Chandu Lal in 1835. The Palmers and Dighton lived near the Residency, and Pestonji first took over the *kothi* (office) of the Muslim firm of Makhdum Seth and then built his own new and impressive *kothi* in the Residency area.²¹

The bankers were closely and constantly involved with high-ranking officials, revenue-farming *talukdars* and the leaders of military troops. Evidence for the crucial role of the banking firms in Hyderabad politics during the nineteenth century comes not only from contemporary newspaper accounts and assertions about 'tradition,'²² but from the Debt Commission proceedings at the end of the century. Many claims and counterclaims were recorded and investigated by the Commission.²³ These records, combined with British records of the cession of Berar, give concrete details of the financial and political relationships in which bankers engaged.

In the first half of the nineteenth century, government officials and

son, Prem Sukh Das, in a dispute with Ramaswamy; the latter had started banking in the Cantonment with a French partner. 'The Englishman,' November 17, 1849, in *HA*, IV, 290-1.

¹⁹ For Dighton's beginning as a clerk of the Palmers, see Patrick Cadell (ed.), *The Letters of Philip Meadows Taylor to Henry Reeve* (London, 1947), 19.

²⁰ 'The Englishman,' January 28, 1841, and 'Bombay Times', April 17, 1841, in *HA*, IV, 3-7 and 279-83. Here we also learn that Dighton's agent, Azim Ali, was once Kishen Das's *munshi* (clerk).

²¹ Pestonji took on the responsibility of farming the Berar revenues and paying the Hyderabad Contingent from 1836-1841 (after Puran Mal, who took it sometime after the Palmers). For Pestonji, see IOL, Parliamentary Papers, Vol. LXIX, 1852-53, no. 996: 'Copies of all papers relating to the Case of Viccajee Merjee and Pestonjee Merjee, British subjects and Parsee Inhabitants of Bombay and Hyderabad . . .'. Pestonji paid Makhdum Seth's son Syed Ahmed 100 rupees a month rent. Khan, *Gulzar-i-Asafiyah*, 625-6.

²² Most 'tradition' appears to be accurate: the descendants of Shivdutt Ram Jaisee Ram asserted in the 1930s that their firm had been state Treasurer under Siraj-ul-Mulk (Mudiraj, *Pictorial Hyderabad*, II, 465), and as tables 3 and 5 show, their firm was his major creditor.

²³ Reports of the Hyderabad Debt Commission, 1890-1912, can be found in the Andhra Pradesh State Archives, Documentation Room, and in the IOL: Crown Representative Records, R/1/1/20 for documents relating to 1890-98, and Crown Representative Records, Secret Internal, September and November 1898, R/1/1/228, R/1/1/212, and R/1/1/215 for the cases of Shivdutt Ram Jaisee Ram, Surat Ram Govind Ram and Umarsi Sajan Mal respectively.

banking firms did not keep separate, independent records of the firms' loans to the government; the banking firms kept these records, which might be copied or summarized by government clerks.²⁴ A government official signed the banking firm's records and these were used by the government when necessary. (The records of Berar turned over to the British in 1853 were those kept by Pestonji.²⁵)

The banking firms furnished *hundis*, credit instruments or bills of exchange, payable elsewhere on sight or after a certain date.²⁶ Most of these were destined for the British East India Company in the Presidency towns to pay Hyderabad's mounting debt for the Contingent salaries. The firms furnished cash for disbursements made locally, such as the expenses of the Nizam's household or the salaries of military troops in the city. They made personal loans to high-ranking officials, some of which were guaranteed by the government. Many loans were made to *talukdars*, who used the cash for an offering (*nazrana*) to secure a contract for revenue collection. The *nazrana* was given to the state record-keepers; it was they who awarded such contracts at this time. In return, the bankers received official signatures on their records, bonds or guarantees of repayment, diamonds, jewels, or gold *mohurs* (coins) given in mortgage, and, increasingly, land from which they could themselves collect the revenues to secure repayment of their loans. To collect the revenue, and then to prevent the government from reclaiming the land assignments, the bankers employed military men, predominantly Arab and Pathan mercenaries, who acted as their agents. These military men acted as personal bodyguards for bankers too; almost all men of any standing in the city employed Arab troops to protect their interests.²⁷ The military men also received land assignments of their own from the

²⁴ Report of the Hyderabad Debt Commission, 1301 F. (1890-91), 12.

²⁵ India Papers, 'Nazam's Territory, Copy of all Papers relative to Territory ceded by His Highness the Nizam, in Liquidation of Debts alleged to have been Due by His Highness to the British Government (1854),' 13.

²⁶ See Kamala Prasad Mishra, *Banaras in Transition* (New Delhi, 1975), Chapter 6, for a good discussion of the *hundi* system. When transmitting money, for example, a drawer would give 1000 rupees cash to a banker, who would give him a *hundi* for 1000 rupees payable after 1 to 2 months in Madras. The bankers would take some 1 to 3½% for this service. The *hundi* could be used by the drawer almost anywhere to obtain cash—he could turn it over to a banker or moneylender at a discount for 800 rupees, because of a sudden need for cash. Here the banker's profit lies in the discount. As for its use as short-term credit, it functioned like a loan. In the case of the Hyderabad government, when *sahukars* gave the Diwan *hundis* made out to the East India Company and drawn on Madras, Calcutta, or Bombay, we know that the Hyderabad government did not give the *sahukars* cash; this was a loan transaction, and interest was added to the debt.

²⁷ See the frequent references in the newspaper clippings published in *HA*, III and IV, for the 1840s.

administration when it became unable to pay their salaries in the 1840s. The complexity of the resulting relationships is shown in Table 2, where the functions of *talukdars*, bankers and military men are indicated.

Major overlapping functions were performed by the *talukdars* and the military men. Since both groups collected land revenue, often in excess of what their contract specified or their own salaries required, they became moneylenders, major creditors of the state. The military men and *talukdars* did not deal in long-distance *hundis*; only the bankers were able to engage in this form of moneylending to Hyderabad. The bankers

TABLE 2
Functions Performed by Key Groups in Hyderabad, 1840s

	Bankers	<i>Talukdars</i>	Military Leaders
Made Loans to State:			
cash	×	×	×
<i>hundis</i>	×		
Held Land Assignments:			
as revenue contractors	×	×	×
for repayment of loans	×		×
in lieu of salary payments			×
as agent for another		×	×
Provided military protection of persons and land			×
Engaged in entrepreneurial activities	×	×	

had been revenue collectors when land assignments were made openly to them in return for loans under Chandu Lal, but the objection of the British Resident in the 1840s forced bankers to work their (concealed) land assignments through others, both *talukdars* and military commanders.²⁸ 'Entrepreneurial activities' in Table 2 includes investment in cotton and other new export crops, both through the financing of producers and the development of new transportation linkages, primar-

²⁸ In 1847, bankers were still being given land revenue assignments, although policy had turned against it. 'The Spectator,' March 30, 1947; 'The Englishman,' March 24, 1947, in *HA*, IV, 18. By December of 1847, the bankers were arranging to receive assignments on the revenues of particular *talukdars*: 'The Englishman,' December 30, 1847, *HA*, IV, 26-7.

ily road and river.²⁹ Here, bankers and *talukdars*, not the military men, were involved.

While not enough is known about these multiple activities of the Hyderabad banking firms, it seems clear that in the 1840s the entrepreneurial activities took second place to the increasingly desperate effort to supply funds to the state. Constant and growing pressure came from the British East India Company and the military commanders. Newspaper accounts of the day frequently mentioned the kidnapping of paymasters or the besieging of one or another recordkeeper by military men; these physical threats sometimes forced officials to pay the troops. Bankers were also involved in incidents of violence. In 1846, the banker Gomani Ram went with fourteen Pathans to coerce payment from a Muslim creditor, but he and six of his mercenaries (as well as the creditor) were killed in the ensuing fight.³⁰ In 1847, a group of bankers invaded the chief state recordkeeper's palace and thereby forced state repayment of 215,000 rupees.³¹ Begum Bazar, where many bankers and *jamadars* resided, was often the scene of sword and gun fights (as Table 4 shows).³²

The British Resident made threats of another kind. Hyderabad had fallen behind in payment of the salaries of the Contingent, and the Resident had begun paying them from his Company treasury in about 1848. Thus the East India Company became a creditor of the state. The debt mounted, and the Resident began to discuss Governor General Dalhousie's demand: that territory with revenue sufficient to pay the salaries of the Hyderabad Contingent be ceded to the East India Company.³³

Successive Diwans and state officials called on the bankers again and again for loans, but these were seldom repaid. When the state was

²⁹ The Palmers developed timber contracting (shipping timber on the Godavari to Masulipatnam) and the Berar to Bombay cotton trade; Pestonji Viccajee did the latter, as well as farming (contracting for) the land and sea customs and undertaking road work in the Bombay Konkan; Hari Das Kishen Das did timber contracting in the Central Provinces and had shipping companies at Masulipatnam and Bombay; Surat Ram Govind Ram had ships plying from Madras to London and Madras to Rangoon.

³⁰ 'Spectator,' July 6, 1846, in *HA*, IV, 13.

³¹ This was actually a debt owed them by Ismael Khan, Nawab of Ellichpur, but the recordkeeper, Lala Bahadur, had signed a guarantee (*jokum chitty*). Siraj-ul-Mulk, Diwan in 1847, paid the bankers, postponing a payment to the Resident to do so. 'The Englishman,' December 27, 1847, in *HA*, IV, 26.

³² These *jamadars* and bankers were close neighbors in Begum Bazar, according to names on the detailed municipal maps done in 1913. Leonard Munn, *Hyderabad Municipal Survey*, old city maps nos 1-21.

³³ The best account here is that of the Resident, in the book compiled by his son, Hastings Fraser, *Memoir and Correspondence of General James Stuart Fraser* (London, 1885).

unable to give the bankers land assignments directly, many other strategies induced them to continue lending. A coalition of bankers was given an order on a *talukdar* for quarterly repayments of their loan. To serve as intermediary, a treasurer was appointed from an old Agarwal military family. From a financial caste but not involved in a banking firm, this man was to channel funds from *talukdars* to the Diwan to the bankers, but he soon resigned the position.³⁴ Another strategy was to solicit loans advanced 'by discount': the entire interest for the fixed period of the loan was deducted at the time of lending, but if repayment was not received on time, the state had to pay interest again.³⁵ Then there were 'jokum chittees,' guarantees of payment by a powerful official on behalf of the government given to a banker, commonly used when the third party creditor was not strong enough to force payment from the government on his own. The official signing such guarantees was not necessarily the Diwan; it could be any official in whom the bankers had confidence. For some time, this was Lala Bahadur, the Malwala Daftar-dar (revenue record-keeper for half the state). On at least one occasion, the bankers tried to get the British Resident's signature as guarantee.³⁶

By 1850, rumor had it that three-fourths of the country was held in one way or another by Arabs and Pathans. A published list of districts and their revenue incomes was replete with the phrases 'held in the name of' and 'protected by' various of these military men.³⁷ The contemporary press referred to 'the opulent soldier clans' and the 'capitalists of the powerful clans.' The bankers were said to have 'retired from all dealings,'³⁸ and most had good reason to do so.

The largest banking firms of the 1840s had reached their limits. Pestonji Viccajee's land assignments were reclaimed, although Pestonji levied Rohilla troops and fought the state troops. He then requested the

³⁴ 'The Englishman,' November 25, 1847, in *HA*, IV, 25, for this particular coalition (headed by Umarsi Sajan Mal). The Agarwal, Raja Shambu Pershad, seems to have succeeded Dighton's agent, Azim Ali Khan, in this position, which involved assignment to him of Medak district. 'The Englishman,' February 29, 1848, in *HA*, IV, 29; Nawab Framurz Jung, *The Medak District* (Secunderabad, 1909), 72. Shambhu Pershad later converted to Islam, just before his death in 1857. See Rao, *Bustan-i-Asafiyah*, II, 787; Makhan Lal, *Tarikh-i-Yadgar-i-Makhan Lal* (Hyderabad, n.d. [1820]), 69; S. R. Bhandari, *Agarwal Jati Ka Itihas* (Bhanpura, Indore, N.D. [1938]), II, 86-8.

³⁵ 'The Englishman,' November 9, 1848, in *HA*, IV, 41. The rate of discount was 2% per month, the same as the rate of interest customary then (24% annually).

³⁶ 'The Madras Spectator,' November 28, 1853, *HA*, II, 38, for 'jokum chitties' and Lala Bahadur; 'The Spectator,' July 12, 1847, in *HA*, IVC, 21, for the attempt to secure the Resident's signature.

³⁷ 'The Englishman,' November 21, 1850, in *HA*, II, 31-32.

³⁸ 'The Englishman,' October 22, 1849, in *HA*, IV, 56, and 'The Madras Spectator,' May 3, 1850, in *HA*, IV, 59.

British East India Company's help in securing repayment; it declined, and the firm went bankrupt in 1848.³⁹ Puran Mal, 'the Rothschild of the Deccan,' whose loans had been many times those of the other bankers combined, went temporarily bankrupt in 1851, as did Shivdut Ram Jaisee Ram two months later.⁴⁰ A coalition of local bankers, under the leadership of Mr Dighton, twice tried to establish a state bank (in 1847 and 1852) to formalize and safeguard their position and prevent cession of territory to the British. But the effort was blocked by the Resident.⁴¹ The bankers, like many creditors, were now at a disadvantage with respect to the commanders of Arab and Pathan units: the military creditors always got paid before others. Table 3 below gives an

TABLE 3
Debts Due to Hyderabad Bankers by 1847

Banking Firms	Unrepaid Rupee Loans to Successive Administrations			Totals
	Chandu Lal 1806-1843	Ram Baksh 1843-1846	Sirajul Mulk 1846-1847	
Umarsi Sajan Mal	600,000	30,000		630,000
Moti Ram Surat Ram	350,000	30,000	100,000	480,000
Hari Das Lachmi Das	150,000	400,000	75,000	625,000
Lachman Gir	800,000	300,000		1,100,000
Ramaswamy		300,000	100,000	400,000
Shiv Lal Moti Lal		500,000	575,000	1,075,000
Kangir Umraogir		300,000	150,000	450,000
Kripa Ram		300,000	95,000	395,000
Ramdhun			50,000	50,000
Girdhari Lal Fateh Chand			100,000	100,000
Puran Mal	n.a.	n.a.	n.a.	2,300,000
Totals	1,900,000*	2,160,000*	1,200,000*	7,605,000

Source: 'The Englishman,' June 29, 1847, in Seyed Mahdi Ali, *Hyderabad Affairs*, IV, 20 (Bombay 1883).

* Plus debt to Puran Mal (n.a.)

³⁹ 'The Englishman,' March 10, 1848, in *HA*, IV, 285; Rao, *Bustan-i-Asafiyah*, II, 733-4. The date of the firm's failure is given as 1851 in Amalendu Guha, 'Parsi Seths as Entrepreneurs, 1750-1850,' *Economic and Political Weekly*, Vol. 5 (1970), M-113.

⁴⁰ For Puran Mal, see 'Nizam's Territory' (see note 25), 82, 88; and 'The Englishman,' December 3, 1851, in *HA*, IV, 76, and Rao, *Bustan-i-Asafiyah*, II, 734; for Shivdut Ram, 'The Englishman,' January 8, 1852, *HA*, IV, 80.

⁴¹ Objection was to the fact that Mr Dighton was a British subject, legally barred from lending money to native princes. For the bank efforts, see Fraser, *Memoir*, 389-91, and newspaper accounts in *HA*, IV, 22-6.

idea of the losses sustained by some of the banking firms under successive Diwans by 1847.

In these troubled decades, it is important to note that the bankers in Hyderabad, despite some efforts such as the proposed bank, seldom acted jointly as an interest group. There were coalitions formed on occasion to put together large loans, and two bankers sometimes became 'partners' for a specific transaction.⁴² But they were in competition with each other, and disputes were frequent. Cases were filed in the Nizam's courts and in the British Residency courts: Ramaswamy *vs.* Puran Mal, Kishen Das *vs.* Dighton, Mahadev Gir *vs.* Sita Ram. And problems between the government and bankers also reached the courts and the point of open altercations: Pestonji, Kishen Das, Dighton, Janaki Das, Ramaswamy, and Umraogir all sent troops against the government and/or had troops sent against them at one time or another.⁴³

Resort to physical force became more frequent, and the bankers often were pawns for more powerful groups in the political system. Table 4 below presents the violent incidents involving leading bankers from 1846 to 1857, conveying a graphic sense of their importance and vulnerability in that decade.

By 1851, the Resident was scrutinizing financial records of the Nizam's government, and discussing possible cession of territory. The Diwan, Siraj-ul-Mulk, responded by undertaking to repay the debt to the East India Company (now some 7,000,000 rupees) between July and December of 1851. He succeeded in raising loans from bankers in July, and he sent *hundis* for 4,000,000 rupees, payable in four to six months, to the Resident by mid-August. Thereafter, he found it impossible to secure a like amount by October, although more *hundis* were sent.⁴⁴ This series of *hundis* delivered to the Resident by the Diwan from July to November, 1851, provides the data below on the banking firms' transactions with the Hyderabad government.

I have grouped the firms by caste or community designation. First, note that a Hyderabad firm dealt elsewhere primarily with its own branches or with other firms from its own community. Bayly, working with bankers' books from Benares, found that *hundi* remittance was carried on 'largely outside the boundaries of kin and caste,' but in

⁴² Report of the Hyderabad Debt Commission, 1301 F., 4, 12.

⁴³ See *HA*, tables of content, vols III, IV, and V for references. These conflicts were bitter and long-lasting. A dispute of the 1800s between Puran Mal and Umarsi Sajan Mal was still being pressed by the latter in 1928: IOL, Crown Representative Records, Foreign and Political Department, R/1/29/503, file no. 473-P or 1929.

⁴⁴ Contemporary newspaper accounts are in *HA*, IV, 65-79, and see source of table 5.

TABLE 4
Incidents of Violence Involving Leading Hyderabad Bankers, 1846-1857

Banker/Firm	Date	Incident	Reference*
Syed Ahmed, s/o Makhdum Seth	Oct., 1846	Imprisoned young heirs of: 4 Marwaris, the 2 Daftardars, the Peshkar, the Paigah's manager, in his Begum Bazar house to force payment of debts	V, 602
Shivdut Ram Jaisee Ram	Oct., 1846	Jaisee Ram's grandson Moti Lal imprisoned by Syed Ahmed; government troops secured release	V, 602
Puran Mal	Jan., 1847	Rohilla troops waylaid him at Diwan's residence; escaped with help of 200 men, including Arabs, of Gosains	V, 603
Baldevgir & Bijigir, Gosains	Oct. 1849- June, 1850	Battle over disputed inheritance; Bijigir employed Rohillas to attack Baldevgir but lost; unpaid Rohillas kidnapped disciple of Baldevgir and held him and their employer for ransom; government troops finally fought Rohillas in Begum Bazar	V, 646-47 V, 649; V, 664-67
	May, 1853	Bijigir attacked Baldevgir's house again with 100 Sikhs; 300 Arabs defended it; Bijigir was wounded, captured	V, 746
Govind Ram Surat Ram	June, 1850	Govind Ram's son, Jai Gopal, kidnapped by Rohillas to force government to pay them for employment by Bijigir (above); plan worked, all hostages released	V, 664
Hari Das	Jan., 1849	Hired Arabs to fight for jagir mortgaged to him by Lachman Gir, Gosain	V, 643

Fateh Chand	Jan., 1849	Hired Arabs and Rathores to fight for jagir mortgaged to him by Azam Jung	V, 643
	May, 1851	Attacked in his house by Arabs; his guards were killed, he escaped	V, 697
	March, 1853	Two of his sons-in-law were kidnapped by Arabs	V, 742
Umraogir	Jan., 1850	Kidnapped by Rohillas to force repayment of debts to Haji Sahib; body of bankers 'sat in' at Diwan's until government paid for release	V, 656
	Sept., 1852	Employed 500-700 Arabs, led by Bafana; used them to coerce money from <i>talukdars</i> who fronted for him, farming district revenues	V, 727; IV, 90
	March, 1853	Seized and imprisoned by former ally, the Arab Bafana	V, 743
	Feb., 1855	Arabs broke into his house claiming debt but he escaped	V, 767
	Feb.-	Imprisoned by Diwan Salar Jung, charged with conspiracy; his Arab allies besieged Diwan's residence; Diwan put him in fetters; his Arab allies occupied his Begum Bazar house as additional outpost vs. government; a settlement was negotiated	V, 768-9, 733; 775†
	Aug. 1855	Murdered in Salar Jung's house; other bankers to blame?	+
Lachman Das, Lachmi Das	1857 Oct., 1852	Brothers kidnapped by Sikhs, demanding payment of their salaries; ransomed after 30 days by government with money borrowed from bankers.	V, 729-37

* All save two references are from the volumes of collected newspaper clippings edited by Mahdi Syed Ali: *Hyderabad Affairs*.

† Colin MacKenzie, *Storms and Sunshine of a Soldier's Life* (Edinburgh: 2 vols, 1884), II, 112-113, noted his imprisonment and Arab besiegers while attending a wedding party at Salar Jung's. He has dated it in 1854—either he is a year off or Umraogir was imprisoned then as well.

‡ K. K. Mudiraj, *Pictorial Hyderabad*, II, gives this story; there are few 1857 references in the *Hyderabad Affairs* volumes.

TABLE 5
Networks of Banking Firms and Hundi Transactions, 1851

Hyderabad Firms	Number of Hundis Drawn	Rupee Amount*	Firms on which hundis were drawn (including own branches):		
			Bombay	Calcutta	Madras
a) MARWARIS					
Shivdut Ram Lachmi Ram	19	647,778	Jaisee Ram Shiv Lal	Shiv Lal Kishen Ram	Bansi Lal Abir Chand
Shivdut Ram Jaisee Ram	22	1,010,693	Bag Mal Jit Mal	Sadul Singh Bijmath	
Nathmal Govardhan Das†	9	226,683	Kesri Chand Pul Chand		
Sultan Chand Bahadur Chand	1	17,909			
Girdhari Lal Fateh Chand	3	36,721			
Hanumant Ram Sri Ram	2	60,000			
Moti Ram Ramdhun	5	89,107			
b) Mahanand Ram Puran Mal‡	28	1,369,519	Pural Mal Hardat Rae	Puran Mal Srikishen Das	Bansi Lal Abir Chand
c) Surat Ram Govind Ram	7	185,715	Jaigopal Das Purshotam Das	Surat Ram Raebhan Manik Chand Kesri Chand	Govind Ram Jaigopal
d) Padamsi Nyansi	1	3,000		Tajsi Nyansi	
e) Gomani Ram Ram Lal	2	83,000	Ram Lal		
f) Anand Ram Sadasukh	2	14,000	Bansi Lal Abir Chand		
GUJERATIS					
Lachman Das Purshottam Das	7	97,000	Sri Govardhan Maharaj		Lachman Das Narayan Das
Lachmi Das Lachman Das	7	89,143	Brij Lal Dalab Das		Girdhar Das Balab Das
Kishen Das Purshottam Das	2	34,483	Jawahar Chand Atma Ram		
Jamna Das Balkishen Das	9	26,893	Narotam Das Haribai		
Narayan Das Tirmuk Das	3	19,579			
EUROPEANS					
a) Dighton	5	260,000			Binny & Co.
b) MacPherson	1	10,000	Northwest Bank		

Source: *Papers Relative to Territory Ceded by the Nizam in Liquidation of Debts*, 66-9, 87-8.

* East India Company rupees, rounded off.

† also transactions with Girdhar Das Manikji Govardhan Das in Masulipatnam.

‡ also transactions with Mahanand Ram Puran Mal in Masulipatnam and Govind Das Radha Kishen in Mirzapur.

Hyderabad in 1851, that was apparently not so.⁴⁵ Even the Europeans dealt with European companies or banks in Calcutta or Madras. With respect to geographic networks, Marwari firms tended to deal with all three Presidency capitals: Bombay, Calcutta, and Madras. The Gujarati firms in Hyderabad dealt with Madras but apparently not Calcutta in the mid-nineteenth century.⁴⁶

In earlier times, Gujarati and Gosain bankers had been more closely linked to the government; in 1851, the major suppliers of funds to the Hyderabad government were Marwaris.⁴⁷ Only the two largest creditors (Puran Mal and Shivdutt Ram) loaned to the government throughout the year, and even they decreased their support very sharply in November; both firms were said to be temporarily bankrupt as the year ended and 1852 began. The most serious consequence of the 1851 crisis was that:

The foreign correspondents of the Hyderabad houses decline giving them credit—that is, have stopped dealings with them—I believe, with all, without an exception . . . to protect themselves from the pressures of their creditors the tottering houses have procured and posted Arab guards at their gates.⁴⁸

The Diwan, Siraj-ul-Mulk, now found it nearly impossible to secure loans; 1852 was the bankers' second attempt to form a bank, and again they failed.

The Diwan, with the advice of the British Resident, sought to reform the Mughlai administration to avert financial disaster, but the reforms proposed all reduced the power and income of the Mughlai officials. At this juncture, Lala Bahadur, the major recordkeeper, led the Mughlai officials in opposition to the Diwan's cooperation with the Resident. The *talukdars* did not want their customary share ($\frac{1}{8}$) of the revenue collection reduced. The paymasters of household and military units opposed reduction of their share ($\frac{1}{16}$ to $\frac{1}{8}$) of the salaries they distributed, and they opposed cuts in the numbers of their employees. The military commanders resisted similar proposals of salary and manpower cuts. Those

⁴⁵ Bayly, 'Indian Merchants,' in Dewey and Hopkins, *The Imperial Impact*, 179.

⁴⁶ Gujarati bankers were in Madras by 1800: Parliamentary Papers, Vol. 6 (1812), 242–3, lists settlements of the Nawab of Arcot's debts, with the names of Gujarati bankers. The Marwaris arrived there later: Timberg, *The Marwaris*, 225. Although Gosains were not lenders in these records of the 1851 crisis, we have a reference to Umraogir's providing *hundis* drawn on Calcutta in June and July 1851: Report of the Hyderabad Debt Commission, 1301 F. 1–3.

⁴⁷ The Gujarati bankers and Palmer seem to have distrusted Siraj-ul-Mulk profoundly: Palmer to Russell, 1843, in Davies, 'Correspondence' (see note 18), 34.

⁴⁸ 'The Englishman,' January 8, 1852, in *HA*, IV, 80.

who held land, and they were many, resisted the Diwan's attempts to regain it for the state.

The Nizam, suspicious of the East India Company, sided with the Mughlai officials led by Lala Bahadur.⁴⁹ Given the political situation, few bankers loaned and only then on the guarantee of Lala Bahadur, not that of the Diwan. Fiscal reforms were resisted, and the financial situation worsened. Governor-General Dalhousie lost patience and sent an ultimatum: Hyderabad was forced to cede Berar, rich in cotton and land revenue, to the British in payment of its debt and to provide regular salaries for the Contingent. The cession occurred on May 21, 1853, and the humiliated Diwan, Siraj-ul-Mulk, died a few days later.⁵⁰

Siraj-ul-Mulk's twenty-four-year-old nephew, Salar Jung, was chosen to succeed him. Not considered the strongest candidate for Diwan, Salar Jung was selected precisely because it was thought he would make an ideal puppet, easily manipulated by his backers, principally Lala Bahadur.⁵¹ But Salar Jung declined the role of puppet. Appointed Diwan in June, 1853, within two weeks he had refused to sign papers presented by Lala Bahadur, saying that 'he could not sign papers till he had satisfied himself by a knowledge of their contents of the propriety of doing so.'⁵² By early August the relations between the two showed serious strain, and they challenged one another directly at the end of August.

The crucial turning point in Salar Jung's contest for power with Lala Bahadur involved securing advances from bankers. The 1851 arrangements to secure *hundis* from bankers had involved consideration of past debts and future revenues, but the Hyderabad government had proved no more able to repay the bankers than the East India Company. Further loans could not be obtained. Lala Bahadur presented Salar Jung with a financial statement of the state's predicament and 'requested his direction as to the way and means for the supply of money.' Salar Jung responded by submitting a petition for specific administrative reforms to the Nizam and threatening to resign if it was not endorsed.⁵³ The Nizam endorsed the petition, awarding victory to the Diwan, who then proceeded to eliminate the *daftardars* as inter-

⁴⁹ 'The Englishman,' May 18, 1853, in *HA*, V, 189; Shiv Narayan Saksenah, *Kayasth Sajjan Caritra* (Jaipur, 3 vols, 1912-13) II, 8-9.

⁵⁰ The text of the treaty is in Briggs, *The Nizam*, I, 312-16.

⁵¹ 'The Englishman' and 'The Madras Spectator,' June 8, 1853, 'United Service Gazette,' June 10, 1853, and 'Madras Spectator,' June 8, 1853, in *HA*, III, 2-4.

⁵² 'The Englishman,' June 20, 1853, in *HA*, III, 7.

⁵³ 'The Englishman,' August 29, 1853, in *HA*, III, 7-8.

mediaries between himself and the moneylenders and revenue contractors. Salar Jung wrote:

[After the failure of the *daftardars* to improve their administrative practices was evident] I gradually . . . made arrangements with certain sahookars quite unconnected with the Duftardars to make advances to meet the exigencies of the Government, and in consequence of the period of the revenue collections being yet eight months distant, I deprived the Duftardars of the power to appoint Talooqdars, a privilege which they had hitherto arrogated to themselves . . . I obtained His Highness the Nizam's guarantee for the first advances from the sahookars . . . he . . . accepted and signed at two different times the sahookar's papers of requisitions, and the two Wajib ool Urzis I submitted to him.⁵⁴

Even more specific is the account given by a later Resident, Richard Temple. A banker, unnamed by Temple, was introduced to him in 1867 by Salar Jung as the first man to come forward and assist Salar Jung on his accession to the Diwanship.⁵⁵

The banking firm which extended credit to Salar Jung had to be that of Lachmi Das Lachman Das. A contemporary Court diary entry for August 27, 1853, noted that Salar Jung had presented the *sahukar* Lachmi Das and his brother to the Nizam, who accepted their *nazr* and then initialled the government papers submitted to him.⁵⁶ Since the final battle between Lala Bahadur and Salar Jung occurred at the end of August, this court presentation was the event to which Salar Jung referred in his written account quoted above. (It was this same banking firm which assisted Salar Jung I in 'falsifying' the state accounts later on, from 1871 to 1877. A false set of account books for these years was prepared to conceal from the Resident payments being made for political activities counter to British interests. In the false accounts, these sums were labelled 'loans to Luchmi Dass Sahoo.'⁵⁷

After Salar Jung's assumption of power, he initiated a gradual changeover from the Mughlai bureaucracy to a modern, Anglo-Indian administration.⁵⁸ The bankers' roles in Hyderabad politics were ultimately much reduced. The new Diwan, in office from 1853 until his

⁵⁴ Salar Jung, *Hyderabad State, Miscellaneous Notes on Administration* (Hyderabad, [1856]), 7 (in the Salar Jung Library, Hyderabad).

⁵⁵ Richard Temple, *Journals Kept in Hyderabad, Kashmir, Sikkim, and Nepal* (London, 2 vols, 1887), I, 120-1.

⁵⁶ *Chronology of Modern Hyderabad*, 271.

⁵⁷ IOL, Crown Representative Records, Foreign Department, Confidential-A, Internal Branch, Section B, nos 23-9 of 1891 (R/1/24/5), 7; and see 1892 Proceedings (R/1/25/16).

⁵⁸ See my article, 'Mulki-non-Mulki Conflict in Hyderabad State,' in Robin Jeffrey (ed.), *People, Princes and Paramount Power* (Delhi, 1978).

death in 1883, established district and central treasuries, standardized the currency, and took control of the mints for the government. But these changes took many years to effect, and Salar Jung relied upon some bankers and battled others during the first decade of his administration.

Those bankers allied with the ousted Berar *talukdars* and military men, notably the Gosain Umraogir, strongly opposed the new Diwan. Actually, the cession of Berar to the East India Company helped Salar Jung by dislodging many powerful military men from their land assignments there. He was able to negotiate reduction of troops, and in some cases dismissal of entire units of Arab and Pathan mercenaries, in return for some compensation.⁵⁹ The East India Company, given a pretext in 1854 when Arabs in Yeshwuntpura fired on an Englishman, also assisted Salar Jung by offering to help him against the Arabs.⁶⁰ This alignment—the Diwan with the East India Company against the *talukdars*, military men, and bankers who had profited under the old system—marked the events of 1857 in Hyderabad.

The rebellions of that year against the British in India reflected local circumstances wherever they occurred,⁶¹ and in Hyderabad the most common interpretation of the disturbances has been to blame a disgruntled Rohilla Afghan (Toora Baz Khan) whose forces attacked the Residency, allegedly seeking payment of back salaries. But a glance at the incidents on Table 4 involving the Gosain, Umraogir, gives another hypothesis for further research.

Umraogir had been closely allied with Lala Bahadur and some of the Arab and Pathan leaders. His relationship with Salar Jung's late uncle, the previous Diwan, had once been close, but Siraj-ul-Mulk had persuaded Umraogir's own Arabs to turn against him. Siraj-ul-Mulk imprisoned him and then he cancelled or collected for himself most of the debts due to Umraogir.⁶² Once released, Umraogir began raising troops and allied himself with several of those ousted from their Berar holdings. Salar Jung imprisoned him for conspiracy in 1855. Then in 1857 Salar Jung and others charged the Rohilla rebel, Toora Baz Khan, with instigation by his employer, whom 'everybody knows,' in Begum Bazar.⁶³ (It is also noteworthy that the tributary state of Shorapore, whose Raja rebelled in 1857, was captured and committed suicide, had

⁵⁹ See the articles in *HA*, II, 35–43.

⁶⁰ 'The Englishman,' April 6, 1854, in *HA*, II, 40–1.

⁶¹ Eric Stokes, *The Peasant and the Raj* (Cambridge, 1978), Chs 5–8.

⁶² 'Madras Spectator,' February 16, 1855, in *HA*, V, 767–8.

⁶³ Sources for 1855 in table 4; and for 1857, 'The Englishman,' August 1, *HA*, III, 215.

had as its bankers Gosains from Begum Bazar.⁶⁴) Salar Jung's account of 1857 did not refer to the murder of Umraogir, which allegedly occurred in the Diwan's own residence. But he did accuse Gosains and other Begum Bazar residents of participating in another conspiracy against him in 1862.⁶⁵

Clearly, bankers continued to participate in politics in Hyderabad. Their changing role in the late nineteenth century needs careful investigation.

III. The Family Firms

The historical material on the 'great firms' of nineteenth-century Hyderabad has illuminated the political events of that time and place. Now let us see how the details about those political actors and events can be related to questions about the way the family firms functioned internally; the role of religion in the business life of these banking communities; and the way the firms functioned with respect to each other.

Family firms, it is argued, have many economic advantages. They can invest in the training of personnel, draw upon relatives for capital, and provide continuity and social security in ways unmatched by competing non-family firms. A name and a sense of tradition were valuable assets in the field of merchant banking.⁶⁶ The institution of the joint family has been viewed as contributing to the success of family firms in India.⁶⁷ The stereotypical model of the Hindu patrilineal joint family is employed; discussion points to the functional role of Mitakshara law (followed by the Marwaris and Gujeratis), which provides for the co-parcenary (impartible) estate, managed for the patrilineage by successive eldest males. The Parsis, whose customary law enjoins the practice of partible inheritance, are alleged to have followed English law and

⁶⁴ Lachman Gir was the major banker there in the 1840s: Meadows Taylor, *Story of My Life*, Chs 9 and 11, reprinted in *HA*, V, 409 and 430.

⁶⁵ Salar Jung, 'Administration Report of the Dominions of His Highness the Nizam' [1863], reprinted in *HA*, III, 151 on, and see 247-51 of same volume. Some banking firms assisted Salar Jung in 1857. Shiv Lal Moti Lal received a reward from the British (Mudiraj, *Pictorial Hyderabad*, II, 465), probably for supplying the Resident with money, the new coinage Salar Jung was introducing then.

⁶⁶ Burton Benedict, 'Family Firms and Economic Development,' *Southwestern Journal of Anthropology*, 24, no. 1 (1968), 2; David Landes, 'Bleichroders and Rothschilds,' in Charles E. Rosenberg (ed.), *The Family in History* (Philadelphia, 1975), 111-13.

⁶⁷ Timberg, *The Marwaris*, 127-9.

made wills to avoid the division of family resources.⁶⁸ Among the Gosains, the *chelas* or disciples of a Gosain *guru* functioned as adopted sons and carried on the business. Gosains are usually portrayed stereotypically as members of a community of monks, whose 'network of monasteries and the constant movement on pilgrimage between them' gave them an institutional framework for business superior even to family and kin,⁶⁹ and whose austere way of life helped preserve their capital.⁷⁰

We have many examples of long-lived family firms in Hyderabad. Six of the seven firms in Table 1 have existed for over one hundred years. The material available suggests that these have not operated on a strictly patrilineal model. There are references to sons-in-law and nephews as heirs or partners,⁷¹ and at least one instance of a son-in-law displacing a son as successor to the retiring head of a family firm.⁷² The more appropriate model here would be that of a composite descent group,⁷³ utilizing bilateral kinship ties and adoption to carry out the firm's economic activities. This has been recognized by Indian writers on the business communities: one proposes the kindred as the more appropriate unit of analysis for Marwari business activities.⁷⁴ Another defines joint family as including relatives by marriage, not necessarily co-resident, who share economic activities.⁷⁵ 'Inbreeding,' or the arrangement of marriages within a close circle of relatives, has been correlated with the continuity of family firms in some cases.⁷⁶ Given the high mortality rates characteristic of societies prior to the demographic transition, the bilateral kindred or composite descent group is more likely than a strictly patrilineal group to explain the continuity of these Hyderabad nineteenth-century family firms. But the marriage patterns of these families and kindreds have not yet been studied historically, and

⁶⁸ Amalendu Guha, 'The Comprador Role of Parsi Seths, 1750-1850,' in *Economic and Political Weekly*, Vol. 5 (November 28, 1970), 1936.

⁶⁹ Mishra, *Banaras*, 98.

⁷⁰ *Ibid.*, 97; Cohn, 'The Role of Gosains,' 180-1.

⁷¹ 'Madras Spectator,' February 22, 1850, and 'The Englishman,' March 15, 1853, in *HA*, V, 574 and 742 respectively.

⁷² Khan, *Gulzar-i-Asafiyah*, 630, for Radhakishen's son-in-law, Jagannath Seth.

⁷³ E. Leyton, 'Composite Descent Groups in Canada,' in C. C. Harris, *Readings in Kinship in Urban Society* (N.Y., 1970), 180.

⁷⁴ B. R. Agarwala, 'Caste in a Mobile Commercial Community,' *Sociological Bulletin*, Vol. 4 (1955), 141.

⁷⁵ Arabinda Ghosh, 'Japanese "Zaibatus" and Indian Industrial Houses: an International Comparison,' *American Journal of Economics and Sociology*, Vol. 33 (1974), 318.

⁷⁶ Guha, 'The Comprador Role of Parsi Seths,' mentions inbreeding for Parsis; Joseph Wechsberg, *The Merchant Bankers* (Boston, 1966), tells us that of the Rothschild's 59 weddings in the nineteenth century, half were between Rothschilds (351).

it may be that certain types of preferred marriages have strengthened the Hyderabad firms.⁷⁷

The religious element in these Indian family firms, particularly those of the Gosains, is still often over-emphasized. As Timberg and others have remarked, the sectarian differences among the Hindu and Jain Marwaris have had no apparent impact on their business activities.⁷⁸ Certainly some of Hyderabad's leading bankers were described as devout men, performing daily *pujas*, giving out charity, and endowing temples; such qualities and acts were also attributed to other Hindu political figures of the time. But they are also described as fun-loving, fond of cock-fights and engaging in the occasional sword-fight themselves.⁷⁹

It is particularly difficult to view Hyderabad's Gosains as austere monks. Their establishments were like those of other wealthy men; their locality was repeatedly termed 'most opulent' in the city. The contemporary description of Umraogir below has nothing of a religious flavor:

Umraogeer has been repeatedly before the public. He has been a great actor on this stage of ours . . . He is a Gosaeen, a class of men notorious for their opulence and their usurious dealings, amongst whom he is noted both as a large capitalist and for undertaking adventures of the utmost hazard, upon the chance of obtaining exorbitant gains . . . Umraogeer . . . is particularly noted for a haughty and fiery temper, for a sort of courage which seems to hazard much by defiance but which never yet has been seen to come into the contact which produces the final catastrophe.⁸⁰

Yet Gosain establishments, and those of some Gujeratis, were termed *maths* (monasteries) in Hyderabad, and some commercial establishments may have been linked to 'Bairagis' (Hindu Vaishnava ascetics?).⁸¹ The way these *maths* functioned and what the term really meant in nineteenth-century Hyderabad remain to be investigated.

Social interaction among bankers in the city is difficult to discern from the available historical sources. Within the localities where most bankers lived, the heads of the big firms played leading roles. The Holi celebrations, very popular in the Gujerati and Marwari communities, were

⁷⁷ Peter Dobkin Hall, 'Marital Selection and Business in Massachusetts Merchant Families, 1700-1900', In Michael Gordon (ed.), *The American Family in Social-Historical Perspective* (N.Y.: 2nd edn, 1978), 101-14.

⁷⁸ Timberg, *The Marwaris*, 35-7.

⁷⁹ Khan, *Gulzar-i-Asafiyah*, 625-31.

⁸⁰ 'Madras Spectator,' February 16, 1855, in *HA*, V, 767-8.

⁸¹ See the names on the Municipal Survey Maps: Munn, 1913. G. S. Ghurye, *Indian Sadhus* (Bombay, 2nd edn, 1964) gives religious information about these and other 'orders.'

marked by riotous and sometimes violent behavior. Hari Das in Karwan and Puran Mal's son in Begum Bazar are both said to have mediated feuds which marred the festivities in their localities.⁸² Aside from this information, some data relating bankers to particular local temples, and the striking contiguity of the bankers' residences with those of Muslim nobles and military men, little is known about social networks in the city. But the 'nautch party' hosted by the Muslim banker's son, Syed Ahmed (Table 4), suggests that the scions of wealthy men of all communities enjoyed private entertainments together. In this case, Syed Ahmed imprisoned the young Hindu heirs of leading nobles and Marwari bankers at the end of five days of drinks and dancing girls. When the party was over and his troops detained the guests, he kept the dancing girls imprisoned along with the young men, as befitted his (and their) reputations as young men-about-town.⁸³

The ways in which the banking firms functioned with respect to each other have been illustrated in the course of the narrative. Bankers competed with each other in Hyderabad when contracting for land revenue assignments or 'mortgaged' jagirs and when making loans to nobles. They competed with each other when hiring bodyguards and military forces, and they sometimes fought each other. Banking firms invested separately in specific enterprises, like cotton or opium. They seem to have taken European partners early in the century in all of the above from time to time, but these partnerships were not lasting. The bankers formed political alliances with revenue officials, nobles and military men, and conflict and lawsuits were not infrequent among all those engaged in banking activities in the city.

The Hyderabad firms cooperated to varying extents when it came to making loans, particularly via *hundis*. When actually drawing *hundis* upon firms elsewhere, the Hyderabad firms dealt only with their own branches or with other members of their caste, as we have seen. But *vis-à-vis* the Hyderabad government, the local firms on occasion functioned collectively. The banking firms sometimes formed local coalitions to raise a particular sum needed by the government. These efforts were evidently carefully negotiated, however, and disagreements and distrust characterized them.⁸⁴ But when two of the leading local firms were

⁸² Khan, *Gulzar-i-Asafiyah*, 630 (Hari Das), and 'Madras Spectator,' November 24, 1848, in *HA*, V, 549 (Puran Mal's son, Prem Sukh Das).

⁸³ 'Madras Spectator,' October 3, 1846, in *HA*, V, 602.

⁸⁴ When a 'coalition' was being formed in 1847, one firm objected to the inclusion of Puran Mal (because the government's huge debt to him would reduce their dividends): 'The Englishman,' October 23, in *HA*, IV, 22. And in 1852, when the Nizam found it necessary to mortgage a fabulous diamond to the bankers, it was kept in a chest by

temporarily bankrupt, others covered for them.⁸⁵ The Hyderabad bankers made efforts to act collectively only to fend off excessive government demands or to protect local firms crucial to the continuity of banking activities.

The attempts by Hyderabad bankers to establish a 'Bank' (1847 and 1852) would have institutionalized the informal and transitory relationships among leading creditors of the State. Blocked by the British, and perhaps by distrust among the bankers themselves, those efforts did not succeed. When such a 'State Bank' was finally recognized in 1868, however, it was a branch of the Bank of Bengal.⁸⁶ As in the rest of India,⁸⁷ the history of 'organized banking' in Hyderabad state has been linked to the inauguration of European-style banking institutions. We must redefine banking and its importance in Indian history and rediscover the indigenous bankers and their political and social networks.

Kishen Lal (Shiv Lal Moti Lal), but the key was with Hari Das and it was guarded by 50 Arabs: 'Madras Spectator,' June 7, in *HA*, V, 715.

⁸⁵ These were Puran Mal and Shivdutt Ram Jaisee Ram, in 1851: see note 40.

⁸⁶ Manik Rao Vithal Rao, *Khayaban-i-Asafi* (Hyderabad, 1902-3), 20-1.

⁸⁷ The best summary remains that of B. Ramachandra Rau, 'Organized Banking in the Days of John Company,' *Bengal: Past and Present*, Vols 37 and 38 (1929), 145-57 and 60-80.