

## CHAPTER VIII

**MALABAR CURRENCY SYSTEM**

Currency played an important role in the economic activities of a region as currency was a commercial instrument. Malabar was not an exception to this argument. Thousands of years of direct trade with different regions of India and other countries paved the way for the introduction of a large number of coins of different countries of varying denominations and intrinsic values into Malabar before the Mysore invasion and later British annexation in 1792. A large number of currencies with different denomination and varying exchange value made the system in Malabar confused and unique. Different currencies performed varied specialized function<sup>1</sup>. Commercialisation of Malabar agrarian economy, increasing population and trade required the availability of more currency. In Malabar there was a variety of different qualities and types of coins. This had led to heterogeneity of currency in Malabar. In the absence of a unified currency for the whole of British India,<sup>2</sup> in Malabar there were 29 gold, 10 silver and 2 copper coins respectively in circulation during the first decade of the 19<sup>th</sup> century.<sup>3</sup> Most of these coins were received into and issued out of the government treasuries in Malabar. Such large number of coins, which had highly flexible rates of exchange, was a great clog to Malabar's trade with the other regions of India<sup>4</sup>. Further it had created problems in the administration, payment of taxes and wages and interfered with the trade and commercial activities. It had also exposed the ignorant people of Malabar to the exploitation of shrewd money changers, *Shroffs*, who

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Frank Prelim. Mint technology and Mint-out put in an Age of Commercialisation, *Indian History Congress Proceedings*, 42<sup>nd</sup>, Session, 1981. Hereafter cited as "Frank. P"

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The currency of entire British India was unified in 1835.

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Letter from the Mint Master, Fort. St. George, to the Principal Collector of Malabar, 29<sup>th</sup> June, 1807, M. Vol. No. 2179, p. 87.

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Malabar Joint Commissioners report, *op .cit.*, par 248.

did a big business in money changing, sometime with the connivance of revenue the and treasury officers. Government further aggravated this problem by their policy of arbitrarily altering the government rates of exchange<sup>5</sup> of using current coins, without taking into account of its bazaar rate of exchange. This had negative impact on public revenue, trade and commerce and payment of wages to the troops. In a similar way, the government policy of withdrawing from circulation of certain coins, which were peculiar to Malabar, and remitting them to other places particularly to Bombay as Bullion created scarcity in that particular coin and had artificially enhanced its value in the internal market.

It is interesting to trace the brief history of the introduction of different coins into Malabar. Most of these coins, which were in circulation during the last quarter of the 18th century and early part of the 19th century, were Indian in origin and others were foreign coins issued either by their trading companies or their home government. Some were brought in by free traders who carried extensive direct trade with Malabar. The most significant coins used in Malabar were gold and silver *fanams* of different nomenclature issued by the local and regional rulers of Malabar and the English East India Company at Tellicherry. These *fanams* were mostly for local use and were not generally current in other areas. Gold coins were current south and silver in north Malabar. “*Malabar Fanams*”<sup>6</sup> were the local coins most prevalent in Malabar. They were both silver and gold. In order to

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A currency during the period of study had two exchange values. The government received it into the treasury and issued out at rate fixed by the government known as *government rate of exchange*. In the bazaars the *shroffs*(money changers)and traders had fixed a different rate for each currency and known as *bazaar rate of exchange*. The values differ from 2 to 7%.The government rate of exchange was almost static whereas the bazaar rate of exchange had undergone daily fluctuation.

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Here the researcher used the term *Malabar Fanams* in order to differentiate it from other South Indian *fanams*. It was differently spelled as “*panam*” and *fanam*.According to Graeme the term is Dravidian in origin, which means money in general.(H.S.Graemes, *Glossary of words and phrases relating to land revenues and land tenures in Malabar*.(Madras-1882)pg.8. According to K.P Padmanabha Menon the term *fanam* derived from Sanakrit “*pana*”.Before the arrival of Vasco da Gamma only the Zamorin had got the right to mint coins in Malabar. .K.P.Padmanabha Menon; op cit; Vol. -II,pg.406.In ancient South India there were 16 *fanams* of several denominations. Srinivasa Reghava Iyengar, Ancient South Indian Coinage, *Indian Historical Quarterly*,Vol. 3,No.1, March 1927, p.49.

understand the importance of *fanam* in the Malabar currency system one should have an idea about the nature of coins in circulation in Malabar during the last quarter of the 18<sup>th</sup> century. *Verary Fanam and Cannannore Fanams* were the most important gold coins of Malabar at the time of Hyder Ali's invasion of Malabar<sup>7</sup>. *Verary Fanam* was issued by the Zamorin at his Calicut mint<sup>8</sup>. The value of *Cannannore gold fanam*<sup>9</sup> was 4 per Surat rupee and 2 ½ rupee to revenue account *Hoon*<sup>10</sup> of 10 *fanams*. This was largely current in north Malabar and presumed to be issued by the Arakkal Royal family of *Cannannore*. The government received the *Cannannore Fanam* into its treasury at an enhanced value of 3 7/8 *Fanam* per rupee. But 4 *Fanam* was the money changers' rate at which they issued Surat rupees against the *Fanams*<sup>11</sup>. The *shroffs* received the *verary fanam*, which was later called old *verary fanam* at 3 6/8 per rupee while they paid it to the government at 3 5/8 *fanams* per rupee. Thus the gaining was 1/8 *Fanams* upon each rupee. In this transaction the profit of the *shroffs* was 3-4 % per rupee.<sup>12</sup>

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*The first Malabar Joint Commissioners report, op.cit., para,95*

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The *old Verary* was issued by the Zamorin at his Calicut mint before the Mysore invasion. After the defeat of Tipu ,he resumed the coinage of *verary fanam* from 1790/91 and known as new (gold)*verary fanam* and was 6 grains Tory weight.Logan.op.cit,Vol. No.I.pg.648.But soon the mint was put under the control of the Supervisor of the first Joint Commissioners. First Joint Commissioners report,op.cit.,par. 265.

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There was no detail information about the *Connannore gold fanam* in the Malabar records. This was coined by the Arakkal Royal family and went out of circulation during the British period.

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*Hoon* was an imaginary coin used for the convenience of keeping accounts, Joint Commissioners report,op.cit,para,95. Thomas Warden's Report-1801,op.cit.,pg.10. But it is argued that *Hun* was a Persian corruption of the old Kanarese,which means gold, and hence a Hindu gold coin worth about 8s.(Rs.4); *Gazetteer of the Bombay Presidency*, Vol. No.XXII.Dharwar (Bombay –1844)p.319. According to J.Smee *Hoon* was an imaginary coin in which the revenue accounts of Malabar used to be kept and was equal to Rs.3. J.Smee:Report on the survey and assessment of Malabar,21<sup>st</sup>August,1799,(Calicut).C. D. Maclean, (Ed); *Glossary of the Madras Presidency*.(First published in 1893), First AES reprint (1982)p.571.

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Joint Commissioners report, *op. cit.*, Par 96.

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*Ibid.* Para. 96 .This was during the re establishment of Hyder's power in Malabar.

The Mysore Sultans during their rule introduced their own coins which were in circulation in Malabar apart from the above *fanams*. It continued in circulation for several years even after their exit from Malabar. After the establishment of Hyder's rule in Malabar, in 1779-80 he ordered that on the one side of the *verary fanam* (H) in Persian should be stamped in allusion to his name and the coin came to be called *Hydree fanam*.<sup>13</sup> There was no difference in value between the the *Hydree* and *verary fanam*. *Hydree hoon*<sup>14</sup> or *pagodas* were also used during this period and each was equal to 4 rupees or 14 ½ *Hydree/verary Fanams* .But the *shroffs* took 15 *fanams* for one *pagoda/hoon* and 3 6/8 *Hydree Fanam* for one rupee thus fixing their own profit<sup>15</sup>.

Tipu Sultan on his accession discontinued the minting of the *Hydree fananam* and *pagoda / hoon* from 1786/87(M.E.962) and introduced *Sultany fanams*<sup>16</sup>. But the *Hydree fanams* and *Hoon* continued to circulate and used by the people in their transaction. *The Sultany fanams* very soon lost its value in Malabar and the fall in value to some extent was attributed to the subversion of Tipu's authority in Malabar. The Joint Commissioners had recorded its exchange value to a rupee in different years and is given below:

Year	M.E	Value to a rupee
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<sup>13</sup>

*Ibid.* Para 97.

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The accounts were kept in *Hoons ,fanam, cash and Rea*. *Reas* was an imaginary coin. There was no actual coin of this name. But the term was used in the old Malabar revenue accounts.400 (four hundred) were equal to a rupee. This was introduced by the Bombay administration.Smee,M, Report dated 21<sup>st</sup> August on the survey and assessment of Malaabr,. Grame's Glossary of words(.12 *pice*= one *anna*,16 *anna*= 1 rupee,3 ½ rupee=I *star pagoda*)

<sup>15</sup>

Joint commissioners report ,*op.cit.*,par97

<sup>16</sup>

Evidence of Govind Pervani,aBrahmin of Randatarrah, before the First commissioners regarding Arshed Beg's Settlement, dated 10<sup>th</sup>, May ,1793, M.Vol. No.8759,p.344

1786/87	962	3 1/8 per rupee (12 ½ per <i>sultany hoon</i> of 4 surat rupee) <sup>17</sup>
1787/88	963	3 2/8 per rupee (13 per <i>sultany hoon</i> of 4 surat rupee)
1788/89	964	3 3/8 per rupee (13 ½ per <i>sultany hoon</i> of 4 surat rupee)

This rate of the *sultany Fanam* continued till 1790/91 when Zamorin on restoration introduced a new *verary fanam* from his mint.<sup>18</sup> This *verary fanam* was known as *new verary Fanam* or *new gold fanam* in order to differentiate it from the (old) *verary fanam* issued by Zamorin prior to Hyders's invasion. This ten new *verary fanam* was 1 ½ grain superior touch of metal to the old *verary fanam* apart from being 1/100 superior in weight.<sup>19</sup> In the first year of the introduction of the new *verary fanam* its value was 3 2/8 to a rupee and was considered to be the same value to *sultany fanam*. But in the next year its value fell to 3<sup>3/8</sup> to a rupee and in 1792/93 the value fell further to 3 ½ per rupee<sup>20</sup>. Despite its superiority in weight 10½ *verary* was equivalent to 10 *Sultany fanam*. The value of the new *verary fanam* was 10% above that of the old *verary fanam* at the time of its issue and by the end of 1792 the difference was 12%. Several reasons were attributed to the debasement of the new *verary fanam* which will be discussed in due course. The Second Commissioners in 1800A.D reported that the difference between the old *fanam* and new *fanam* was 14.29%. There was one *Sultany Chakram* that was current in Malabar during the Mysore rule and there is not much information about it. However the First Commissioners made occasional reference to it regarding its exchange value. In a letter to the Travancore Resident, the Malabar Commissioners informed him that the actual value of *Sultany*

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<sup>17</sup>

Joint commissioners report, *op. cit.*: par 97

<sup>18</sup>

In that year the Zamorin got the right to mint gold *Fanam* for one year at the Calicut mint from the Company on payment of Rs.15, 000. From next year the Company directly managed the Calicut mint

<sup>19</sup>

*Ibid.*, par97

<sup>20</sup>

*Ibid.*, par.97

chakram was 3 rupees, but usually the people wrongly calculated the other way around, that is 3 *sultany chakram* to one rupee. Very often the Tipu's assessment was in *Sultany chakram*, for example Tipu's officers calculated the revenue of 3 divisions of Palakkad at 48,000 *sultany chakram* and valued by Zamorin's minister at Rs.50,000<sup>21</sup> .

After the annexation of Malabar in 1792 A.D, the English East India Company brought it under the Bombay Presidency .Hereafter Malabar lost its independent status in overseas external trade, as 80% of its external trade was channeled through Bombay merchants<sup>22</sup>. The Bombay merchants and their agents on the Malabar Coast virtually monopolized the Malabar trade. The Bombay Presidency's control and Bombay merchants' monopolization of Malabar trade from 1792 led to the introduction of Bombay, Surat and Maratha coins into Malabar. Thereafter Bombay, Surat and Maratha rupee and *pice* (copper) coins were the most acceptable coins in Malabar after the Malabar *fanams*<sup>23</sup>. Many European coins were also accepted into the Malabar treasuries but their circulation was mainly confined to big merchant class and money changers. The local Malabaris had no infatuation for those coins and they continued to stick to Malabar *fanams*.

The East India Company issued a new *verary fanam* from its Calicut mint in 1793. This gold *fanam* very soon lost its intrinsic value as discussed below. There was an interesting account of the debasement of this gold *fanam* also known as *verary fanam*<sup>24</sup>. It

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<sup>21</sup>

Letter from the First Commissioners to the Travancore Resident Mr. George Powney , datedt.29<sup>th</sup> July 1792,M.Vol. No. 1661, p.388.

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Mohammed Hussain,.A., M.phil dissertation, "The Trade and Commerce of Malabar during the First Half of the 19<sup>th</sup> Century". Un published M.Phil dissertation, Department of History, Aligarh Muslim University,1978, p.2.

<sup>23</sup>

*Ibid.*, p.92.

<sup>24</sup>

There was no indication how the new *verary fanam* minted by the Zamorin(New gold coin ) in 1790-91 was differentiated by the public from the newgold fanam issued by the company from the Calicut mint in 1793.Probably the cutting, shape and the image on the coin could have helped in differentiation of

was reported that the debasement started with the Company's rule. According to Mr. Ewer, it was partly attributed to the commercial ignorance of Dundas and partly to the vested interest of W.G. Farmer, Supervisor and in charge of the Calicut Treasury, and other Company's servants<sup>25</sup>. This debasement was considered as one of the greatest evils of the Company's rule of Malabar. This could be due to decline in purity, quality of fabrication and appearance and lack of proper control over the minting process. Initially the market value of the *Fanam* was 3 ¼ to a Surat rupee. In September 1793 its value dropped to 3 ½ to a rupee. As a result the revenue, which the Company received in *fanams*, was of less value than it ought to be<sup>26</sup>. The Company's soldiers were worst hit by this development as it had depreciated their pay<sup>27</sup>. They were paid according to the old government exchange rate of 3 ¼ gold *fanam* to a rupee whereas its market value was 3½ gold *fanam* to a rupee. This adversely affected the purchasing capacity of the soldiers and they made several representations to their commanding officers about the falling purchasing capacity of *Fanam*. W.G Farmer gave a different explanation for the falling value of new gold *Fanam*. According to this explanation, the Calicut *verary fanam* was current throughout Tipu's territories. After 1792, Tipu was deprived of Malabar and his revenue officers refused to receive this *fanam* except at high discount. And it led to the pouring back of *fanam* to Malabar from Tipu's territories leading to the debasement of *fanams*<sup>28</sup>. Mr. Ewer also made a study of the debasement of the *fanam*. He demonstrated that 3 *Venetians* were equal in

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<sup>25</sup> different gold coins. It seems both of them had the same exchange value.

<sup>26</sup> Nightingale, *op cit*, p 98. Ewer was one of the Court of Directors, and attributed the debasement of *new fanam* to one of the greatest evils of the company's rule in Malabar.

<sup>27</sup> Second commissioners report, *op.cit.*, p.38.

<sup>28</sup> Nightingale ,*op .cit.*, p 98.

*Ibid.*, p. 99.

weight to 27 *fanams* or 3 Venetian had the same value as 27 *fanams*. But when 3 Venetians were equal to Rs.15/, 27 *fanams* were equal to only Rs.7 ½ and in fact it ought to have fetched Rs.15. This could be due to low intrinsic value of gold *fanam*. Mr. Ewer said that the debasement started when Farmer was in charge of the Calicut mint and he derived great benefit from it<sup>29</sup>. He informed Mr. Henry Dundas that the Accountant General of Bombay, Mr. Henry Fawcet, one of the partners of Bruce Fawcet & Co, had used his position to make profits from the fall in value of *Fanam* and also probably from the difference in government and bazaar rate of exchange. The Bruce Fawcet & Co. was said to have made a profit of at least 10% by sending goods to Madras and remitting the produce of them in *star pagodas* to Malabar. In Malabar there existed a difference in the bazaar rate of exchange of *anam* to rupee and *star pagoda* and the official rate of exchange as explained above. This yielded a handsome profit to the remitter<sup>30</sup>. Even though it was not discussed by Mr. Ewer the mechanism of the transaction could be like the following. The official rate was 3 ¼ *anam* to a rupee and the bazaar rate was 3 ½ to a rupee. The difference was 7-8%. The Company brought rupee from Madras and exchanged it in the Malabar bazaar at 3 ½ *fanams*. In this way the Bruce Fawcet & co. gained ¼ *fanam* more for every rupee exchanged. With this *fanam* the company took bills on Bombay from the Malabar government treasuries by paying 325 *fanams*(government rate) instead of 350 *fanams*(bazaar rate) for 100 rupees. Thus the profit for 100 rupees are 25 *Fanams* or 7.75 % or roughly 7 ¾ rupees. Out of this a fraction of 1-2% was used for paying the bill commission. Even after that the above Company received a neat profit of 5-6%.

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<sup>29</sup>

*Ibid* p. 99.

<sup>30</sup>

*Ibid*.

Malabar had to pay a heavy price for her commercial proximity with Bombay. With the increase in trade between Bombay and Malabar at the turn of the 18<sup>th</sup> and 19<sup>th</sup> Centuries, a large number of coinages of low and shoddy manufacture of Maratha region found its way to Malabar. It was said that the debasement of Malabar *fanam* started with Mr. Dunda's effort to correct the above debasement of Malabar *fanams*. In fact his efforts aggravated the problem and made the condition worse. Dundas purchased, at a low price, a large number of rupees at Bombay and sent them down to Malabar where they were circulated at a nominal price far above their real value. This action of Dundas had far reaching and adverse impact in Malabar for a long time. This was followed by the Bombay merchants who, in order to make profit, sent ocean of Bombay and Marathi rupees to Malabar.<sup>31</sup> It was said that Maratha Deccan region was studded with mints which produced coins and the mints were without any effective control<sup>32</sup>. A large number of fake and counterfeit rupees found their place in these consignments and flooded Malabar with this counterfeit Marathi rupee. It was reported in 1797 that Malabar was full of Bombay and Marathi rupees and a large number of them were fake and current in Malabar<sup>33</sup>. The debasement of the Malabar *Fanam* and the flooding of Malabar with fake Bombay and Marathi rupees was the contribution of the Bombay administration to Malabar. This affected the earning and savings of the Malabar people who were not in a position to identify the original rupee from the fake. This was corroborated by the Second Malabar Commissioners who in 1799 reported that Malabar was flooded with fake Bombay and

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*Ibid* ;p .99. In Malabar these Marathi rupees were known by the name-Ukkeri, Thuttu, and chanthodi. Letter from Malabar Commissioners to Kadathanad Raja -1<sup>st</sup>, June, 1799. (*Kadathanad Records*, Manuscript No.65, Kept in the Department .of History ,Calicut University).

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Frank.P., *op.cit.*, p.356.

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Letter from the Kadathanad Raja, Udaya Varma to the northern division sub-Collector, Tellicherry. June, 1797. Kadathanad Records, No.60.

Marathi rupees. The Commissioners warned that it should be prohibited immediately or would cause heavy loss to the people of Malabar<sup>34</sup>. In 1798/99 the Kadathanad Raja ,Poladry Udaya Varma, complained to the Second Commissioners that only *Thuttu Rupia* of Maratha country was available in Malabar and when the revenue was paid in that currency the government treasury rejected it<sup>35</sup>. There was even a scarcity of the *Thuttu rupia* and the people were suffering .The Raja asked the Malabar administration to take action immediately. The people of Malabar were again affected by the fake Bombay and Maratha rupee in 1830's. Due to Malabar's extensive trade with Bombay, the Bombay rupee was the most extensive coin used in circulation in Malabar after the *fanams* and unfortunately most of them were counterfeit. It was not easy for the Malabaris to differentiate the original and fake coins which they received for their produce. Very often they came to know about it only during the payment of taxes. Apart from the fake Bombay and Marathi rupee, in the North Malabar there was a large number of fake government silver coins, which were struck by the Cotiote (Kottayam) rebel, Pyche (Pazhazi) Raja. It was reported that the fake silver coin was so abundant that scarcely any other coin was to be seen north-ward<sup>36</sup>. In 1819 the Principal Collector of Malabar reported to the Board of Revenue that these fake silver coins of Pazhazi Raja along with the late fake coins of Tipu's rupees and fake Marathi and Bombay rupee had done serious injury to the commerce of Malabar<sup>37</sup>. By the end of the 18<sup>th</sup> century in Malabar only Bombay rupee, next to Malabar *fanams*, dominated the

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<sup>34</sup>

Kadathanad records (Manuscript)No.65,*op.cit.*,

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The Kadathanad Raja UdayVarma's letter to Mr. James Stevens, northern division Collector , Tellicherry, about the non availability of good currency in Malabar, dated, 12<sup>th</sup> May,1799 A.D. Kadathanad Records.No.66.(Manuscripts, Dept..of History ,Calicut university)

<sup>36</sup>

B. Hodgson, *Report on Connanore and Cheracul*. 1801, (Calicut) P.59.

<sup>37</sup>

Letter from the Collector of Malabar to the BOR,27<sup>th</sup> September,1819,Vol. No.2833, pp.8-9.

circulation and no other coin was to be seen. This was partly due to Malabar's extensive trade with Bombay and partly due to the non-availability of Malabar *Fanams* especially the gold coin. Malabar collector in his revenue settlement report of 1824/25 stated that Malabar was once again flooded with counterfeit and defective coins called *Chapee, Soolakee and Grabee*, the coinage of Bombay mint. These coins were drilled and filled with lead which even the experienced *shroffs* failed to detect. The Bombay treasury rejected these coins even for the least flow, even though it was the acknowledged coin of their own mint, and returned to Malabar. Finally the Bombay government agreed to accept this coin except that it was filled with lead at a discount of 3%<sup>38</sup>. This was an injustice imposed on the hapless people of Malabar especially the ignorant *ryots* and petty traders who had experienced untold sufferings and loss. All the loss was suffered by the people of Malabar and the Collector said that the Government could not be expected to take upon themselves the loss<sup>39</sup>. For every Surat rupee exchanged or remitted the Malabar people suffered a loss of 3%. The Collector kept a regular account of every sum thus paid with the name of the individual who paid. He did so in the hope that one day as an act of justice the government would reimburse the additional amount paid by the people for no fault of theirs. Again there was complaint about the fake Bombay rupees flooding the Malabar province in 1838. The Malabar Principal Collector in a letter to the Accountant General of the Madras presidency, Fort St. George complained about the poor quality of the Bombay rupee or commonly called Surat rupee and the presence of a large number of fake currencies in Malabar<sup>40</sup>.

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Revenue settlement report of Malabar for the fusly 1234(1824/25) sent to the Board of Revenue Fort St. George, M, Vol. 4805, p.316.

<sup>39</sup>

*Ibid.*, p.319.

<sup>40</sup>

Letter from the Principal Collector of Malabar to the Accountant General, Fort St. George, 9<sup>th</sup> November, 1838, M. Vol. No.8345, P.19.

In Malabar the land and other taxes were assessed and paid by the public in gold coin. The minting of the gold coin was stopped in 1796. The growing population, increasing trade, expanding markets and improving economic activities needed more gold coins which were the favourite coin of Malabar people. But its supply and availability did not keep pace with the demand resulting in people turning to the Bombay rupees, but to their misfortune these were mostly fake coins.

In Malabar during the last decade of the 18<sup>th</sup> century there were both silver and gold *fanams*. The gold *fanams* were the old *verary* and new *verary fanams*. Very often this *fanams* were simply denoted only as old and new gold *fanams*. In the southern division of Malabar it was the gold *fanam* that were generally current and in which the revenue settlement was made and the revenue was paid<sup>41</sup>. In the northern division of Malabar silver (Tellicherry<sup>42</sup>) *fanam* was more in circulation and was used by the ryots for paying their taxes<sup>43</sup>. But the revenue department reported that *verary fanam* was currently used in Malabar and in which revenues were paid and *Juma (assessment)* was framed<sup>44</sup>. Both gold and silver *fanams* contained considerable alloys. In the gold *fanams* silver and copper were used as alloys and in silver *Fanam* copper was used as alloy<sup>45</sup>. It is not clear how the distinction between the old and new *fanam* was made. In 1801 it was reported that there was no mint in Malabar and the coinage of New gold *fanam*, 3 ½ to a rupee, was discontinued in

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<sup>41</sup>

Wye.J,*op.cit.*, p.20.

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The *Tellicherry fanam* and *Silver fanam* were one and the same and issued by the East India Company's factory at Tellicherry.

<sup>43</sup>

Starchy's Report on the northern division of Malabar ,1801,(Calicut-1908)p.45., Buchanan,*op.cit.*,p.539.

<sup>44</sup>

General Report dated.15<sup>th</sup> February,1808, Vol. No.14, p.158.

<sup>45</sup>

W. Wilburn, *Oriental Commerce*, London , 1815, p.32.

1796<sup>46</sup>. The value of the Malabar *fanams* remained unaltered throughout the first half of the 19<sup>th</sup> century and 3 ½ new gold *fanams* constituted one rupee and 4 old gold *fanam* made one rupee. 5 silver *fanams* were equivalent to one rupee. One silver *fanam* was equivalent to 10 *fanams*(*Madras Fanam*). 3 ½ rupees were equivalent to one *star pagoda*. The old verary *fanam* was equivalent to 4 *annas* and one new verary *fanam* was equivalent to 4 *annas* and 3 pies. Three *annas* and 3 pies made one silver *Fanam*<sup>47</sup>. These *annas* and pies were issued from the Madras mint.

In Malabar there was a large number of coins of lower denominations. Abundance of small coins was considered to create problem for the administration and also for the people. There were Bombay copper *pice*, 12 ½ *pice* to one old gold *Fanam* and 14 ½ *pice* to one new gold *Fanam*. Ten Bombay *pice* were equivalent to one silver *fanam*<sup>48</sup>. In Tellicherry during the first decade of the 19<sup>th</sup> Century there were 2 copper coins called *tar* and *pice*. Two *tars* were equivalent to one *pice* and 10 *pice* constituted one silver *fanam*<sup>49</sup>. 5 silver *fanam* constituted one Bombay/Surat /Arcot rupee. In Calicut 16 silver *tars* constituted one gold *fanam*. Both copper *pice* and *tars* were coined in England. After Malabar *fanams*, the Bombay copper and Bombay *pice* were the most accepted coin current in Malabar at the rate of 50 to a rupee. Wilburn reported that during the first decade of the 19<sup>th</sup> century in Tellicherry ,there were two kinds of *fanams*. One was a small gold coin with considerable copper and silver alloy and other a silver coin<sup>50</sup>. Milburn reported that even

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<sup>46</sup> B. ORP, 5<sup>th</sup> March, 1801, Vol. No. 2276, p. 2593.

<sup>47</sup>

Spencer. J. Smee and A. Walker' *Report on the Administration of Malabar* (Second commissioner's report) 1801, Calicut, 1910 p. 37. Logan, *op.cit.*: Vol. No. I, p. 673.

<sup>48</sup>

Second Commissioners report, *op.cit.*, p. 38, K.P. Padmanabha Menon, *op.cit.*, Vol. No. II, p. 407.

<sup>49</sup>

W. Milburn, *op.cit.*, p. 322. According to Buchanan it was *Tarrum*, Buchanan, *op.cit.*, p. 540.

<sup>50</sup>

*Ibid.*, p. 323. This gold coin could be the *Connannore* gold coin mentioned in the first Joint commissioners

though in the official rate of exchange, 350 rupees was equivalent to 100 *star pagoda*, while buying goods in Malabar 450 rupees needed for 100 *star pagoda*<sup>51</sup>. However the researcher did not come across any such information pertaining to *Star pagoda* rupee exchange value.

In the Palakkad region of the Malabar district the most acceptable coin was *Palakkad Kass*. It was a copper coin of small denomination. The right to mint the coin was auctioned every year and was given to the highest bidder. In 1801 it was given for Rs.2700<sup>52</sup>. The *Kass* was issued in the beginning of the Malabar month of *Chingom* (August/September) and its value was 22 *Kass* to the verary *fanam*<sup>53</sup>. The person farming the coinage fixed his own particular stamp on the coin. The value of the *Kass* to the *Fanam* at this rate existed till the month of *Makarom* (January/February). In that month there was a fair in which people disposed of their *Kass* at the rate of 24 *Kass* to the *fanam*. The rate of the *Kass* would after the conclusion of the fair sale or exchange further fall in another fair and pass for 26 or 28 *Kass* to the *fanam*. After the conclusion of the fair, the sale or exchange of this *Kass* became free and common to all and the new and old *Kass* indiscriminately passed at one and the same rate<sup>54</sup>. According to Buchanan the value of the *Kass* in relation to the *fanam* was 40<sup>th</sup> part of the *Fanam* towards the end of the year<sup>55</sup>.

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report (No.6&7), and probably minted by the Arakkal Royal family of *Connannore*. There was no later mention of this gold coin in Malabar records.

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Wilburn, *op. cit.*, p. 324.

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Warden. T. Report of 1801, *op. cit.*, P.11.

53

*Verary fanam* here mentioned must be new *fanam* as Buchanan had reported that only new *fanam* was current in the Palakkad region. Buchanan, *op. cit.*, P.345.

54

Warden, T.1801 Report, *op. cit.*, P.12. During the period from *chingam* to *Kumbam* (7 months) every person wishing to exchange *fanam* in the bazaar was required to receive it from the farmer at the *Kass* at which his *Kass* might be current at that time. The new farmer usually bought the *Kass* of the old farmer at rate of 150 old to 100 new gold *fanam*, and he is liberty to take it wherever he can find them passing in the Malabar bazaar's. The old *Kass* he either re-coins a new- or reserves them till the month of *kumbom*, when new and old passing without distinction

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Buchanan, *op. cit.*, P.353.

Thomas Warden in 1803 gave the exchange rate of silver *Fanam* and Palakkad *Kass*<sup>56</sup>

Tellicherry silver *Fanam* 17 ½ = 1 *star pagoda*

Palakkad copper *cash* 490 = 1 *star pagoda*

42 Madras *Fanams* = 1 *Ikery pagoda*<sup>57</sup> or *star pagoda*<sup>58</sup>

H.S. Graeme in 1822 reported that there were large numbers of small coins in Malabar than were necessary. Many of them looked similar to each other in appearances but differed in value. Only experienced people (merchants and *Shroffs*) could differentiate them. Many of the coins were not received into the treasury. People from the lower strata of the society like cultivators, petty traders and agricultural laborers were subjected to great deal of fraud by money changers and tax collectors<sup>59</sup>. A common inhabitant or a tenant receiving a coin in the course of the sale of his produce found that coin was not received in the treasury. Then he was forced to change it with *Shroffs*, at a loss, for some other coins which were accepted by the treasury<sup>60</sup>. Mr .I. Vaughan, the Principal Collector suggested to withdraw these coins and to impress them with same stamp fixing a value. Graeme's recorded that there was little objection to the introduction of Madras rupees, *fanam* and *cash*. Apart from this, there were 10 numbers of silver *fanams* in circulation in Malabar during early 1840's. They were

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<sup>56</sup>

T. Warden's letter to the BOR dated 4<sup>th</sup> November, 1803, M.Vol. No. 2233,p.12.

<sup>57</sup>

*Ikery* was the old name for Bednore and the *Ikery pagoda* was valued at 4 rupees.M.Vol.No.1666-B, p.418.

<sup>58</sup>

In the Madras Presidency 80 *cash* constituted one (Madras) *Fanam*, and 42 *Fanam* was equivalent to 3 ½ rupee = one *star pagoda*. East India company and other companies kept 12 (Madras) *Fanams* to one rupee. But the natives took 12 *Fanams* and 60 *cash* to a rupee and 44 *Fanams* and 50 *cash* for a *star pagoda*. The bazaar rate of *Star pagoda* fluctuated between 35 to 45 *Fanams*. The *star pagoda* was a gold coin

<sup>59</sup>

Graeme's report on Malabar, op. cit., 1822, par.1344.

<sup>60</sup>

*Ibid.*, par.1344.

1. Old Tellicherry *fanams* (coined in 1799),
2. New Tellicherry *fanams* (coined in 1805),
3. Pyche silver *fanams* (minted by Pyche Raja),
4. Cannannore *fanams* (Arakkal Royal family),
5. Pondicherry *fanams*,
6. Old Bombay *fanams*,
7. Bombay *fanams* (of subsequent coinage),
8. Danish *fanams* (Another coinage),
9. Danish *fanams* (of different period),
10. Danish *fanams* (Again of different period).

No specific period was given for the Danish *fanams*. Out of the silver *fanams*, new Tellicherry, Cannannore and old Bombay silver *fanams* were the description of *fanams* most in circulation in Malabar. The others were very rare specially no.5, 8, &9<sup>61</sup>. This information revealed that in the 1840's, silver *fanams* coined in 1799 and in 1805 were still in circulation, showing how Malabaris continued to show their infatuation for silver *fanams* coined almost 40 years back. The scholar has not come across any information about the silver *fanams* that were minted after 1805. The exchange rate of old and new gold *fanam* did not undergo any change even in 1819

It was reported that the foreigners no longer found it profitable to bring their merchandize to Malabar market so long as the coin in which they were paid was inferior in quality and many of them were fake. Likewise the commanders of the ships, who did not want goods in return for their cargo, would not accept Malabar *fanams*<sup>62</sup>. Malabar's trade with the Coramandel coast, northern parts of India, Persia, Arabia, China, and Europe was

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<sup>61</sup> 61

<sup>62</sup> Ibid; par1346.

<sup>62</sup>

Wye, J .W., *op.cit.*, p,20.

all paid in cash for their commercial transaction. But the case with Canara specially was different as Malabar imported more than what it had exported to Canara. For this, remittance was made in coins which were current in Malabar and Canara. Because of the latter's proximity, most of the regional coins current in Malabar and Canara were almost the same. But Malabar's trade with Bengal was unfavorable, particularly during the last decade of the 18<sup>th</sup> century and at the beginning of the 19<sup>th</sup> century. Malabar imported more than what it had exported to Bengal. Since the coins current in Malabar were not acceptable in Bengal, there arose the problem of remittance. It was reported that money could be remitted only at a loss of 8-10% which formed the profit of the *Shroffs* and the wealthy men, who arbitrarily fixed a value on the Malabar coins and the commission on the bills<sup>63</sup>. This was an impediment to Malabar's trade with Bengal.

This topic is taken here for study as this can be considered as a vital point for discussion in the present study. The District Collectors of Malabar had given information about the exploitation of peasants by the revenue officers and *shroffs* in the payment of land tax in gold *fanams* and the big illegal business carried over by the revenue officers and treasury *shroffs*. In 1819 the District Collector reported that out of five species of new gold *fanams* only three were received in the treasury and two were rejected. The appearance of these coins and the mark on it were so much alike that only experienced *shroffs* could distinguish them<sup>64</sup>. The ignorant were easily cheated by the *shroffs* who only knew the relative value of these coins. The *parbuthies* (Village officers) from experience could differentiate them. Poor *ryots* who were ignorant and incapable of differentiating the coins were exploited by the revenue officers and money changers. These *ryots* were very often

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<sup>63</sup>

Joint Commissioner's report, *op.cit.*,p..248.

<sup>64</sup> Letter from the Collector of Malabar to the Board of revenue,BORP, 27<sup>th</sup>-September, 1819,Vol. . 833,p.8411, par. 8-9.

obliged to pay from 1 to 8 percent above the land tax.<sup>65</sup> For example, a *ryot* when sold his produce got 100 *fanams*. But the *parbuthy* refused to take the *fanam* on revenue payment saying that these *fanams* were of 2<sup>nd</sup> or 3<sup>rd</sup> sort and then fix a value 7 or 8% below its actual value. Apart from this, he demanded a premium for passing this *fanam* to the treasury. The *ryot* was unable to find new *fanam* or in doing that again he would be subject to additional imposition, and would pay the premium<sup>66</sup>. The above receivable three coins had different values. The collector reported that the first sort *fanam* seldom reach the treasury as it was shared between the *parbuthy* and taluq *cutchery* officers. The revenue officers would in connivance with the treasury *Shroffs* used to push inferior coins into the Company's treasuries<sup>67</sup>. The silver *fanam* was counterfeited which affected its value. The impression on them was very coarse and was easily counterfeited. In the neighboring Canara 5 ½ *fanam* was equivalent to one rupee instead of usual 5 *Fanams*. The Collector informed the BOR that the rejection of Bombay currency would be harmful to the interest of Malabar as it had extensive trade with Bombay<sup>68</sup>. The peasants were also exploited by the merchants when their produce were sold or when the merchants advanced money to the peasants (putting out/ advancing system) for their produce like pepper, coconut and other *spices*. When the merchants advanced money to the peasants for their produce, they usually benefited in two ways, (1) by arbitrarily fixing a value for the coin in which the payment was made (2) By getting the produce at a cheaper price due to putting out system (advance payment).

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<sup>65</sup> *Ibid.*, par.10.

<sup>66</sup>

<sup>67</sup> *Ibid.*, par.12.

<sup>67</sup>

<sup>68</sup> *Ibid.*, par 13.

<sup>68</sup>

*Ibid.*, par.14.

The *Shroffs* played a very important role in the currency system of Malabar due to large number of coins and its varying and fluctuating rates of exchange. They earned enormous profit in money changing and trade in currency mainly by manipulation. The government rate of exchange was not acceptable to the *Shroffs* and they fixed their own market value on each of the currencies based on very complicated calculation which was very often based on the intrinsic value of the currency. Peasants, ordinary people and petty traders never understood the mechanism involved in fixing the value of coins and simply paid what the *Shroffs* demanded. They fixed a premium on coins which were in high demand and exchanged certain other coins, which were not in demand, at a discount. Perhaps no other establishment played such an important role in the economic activities of a region, in its trade and commerce and day to day activities of its people as that of the *shroffs*. In Malabar there were several types of gold *fanam*, which the ordinary people could not differentiate and their ignorance were exploited by the *Shroffs*. Presence of large number of fake coins was a blessing in disguise for the *Shroffs* as exchanging it was another source of income for the *shroffs*. Most of the *Shroffs* of Malabar were from the *Chetty* community, followed by the Konkan Brahmins and few Gujarathis. The government appointed *shroffs* in the district and taluq treasuries for testing the currencies and fixing its value. Very often they join hands with the revenue officers in fixing an arbitrary rate for the currency in which the peasants paid their revenue. The multiplicity of gold *fanams* and other gold coins in Malabar provided ample opportunities for the *shroffs* to exploit not only the ignorant *ryots* and common man but also the government itself. Further, this reflects the magnitude of problems created in the economic life of Malabar by numerous coins of different intrinsic value. Petition from one of the former *shroffs* of the Calicut treasury to the BOR throws light on the activities of the *shroffs* and the abuses that was going on in that treasury. Apart from the taluq and village officers, the *Shroffs* employed in the district

treasuries were also involved in cornering good quantity of gold coins by substituting them with inferior coins. It had been alleged by one Madur Boodam Chetty, the former *shroff* and inhabitant of Calicut, Bisram Singh, the present *shroff* of Calicut treasury had great influence over the Principal Collector of the district. The *shroff* very often misused this influence. It was alleged that Bisram Singh took for himself the good gold coins coming from the revenue collection.<sup>69</sup> He paid the *Malikana* (pension) of the Rajas in other inferior coins. In this way he got a profit of about Rs.2,000 per annum. Bisram calculated that the *shroff* annually earned a profit of 15 to 16 thousand rupees by indulging in the above malpractices<sup>70</sup>

In Malabar, apart from the gold and silver *fanams*, Bombay rupees and Bombay copper *pices*, there were several other gold and silver currencies of other regions in circulation which were accepted in the treasuries. They were the *Hydree*, and *Sultany*<sup>71</sup>, *Ikery fanams*: and several other gold, silver and copper coins<sup>72</sup>. The gold coins were *Ikery*, *Bahadry*, *Sultany*, *Ahamada*, *Portonovo* and *star pagodas*, *Venetians*, headed *Venetians*, old and new *verary Fanam*, old and new Bombay *Mohur*, *Inoidores* or gold plates, *Anundry* and *Inahoned Shaur Inade*. Silver coins were Spanish dollars, Company rupee, *Chellavary*

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<sup>69</sup> Petition from Madur Boodam Chetty, former *shroff* of Calicut, to the BOR, Fort. St. George, M. Vol. No.2269, p.185.

<sup>70</sup>

Ibid., p.186.

<sup>71</sup>

During Hyder's conquest, about the year 1774, there were two gold fanams only. (1) *Cannannore* and (2) *Verary fanam*. When Hyder's government had been established he ordered that *Verary fanam* should be stamped on one side 'H' in Persian letter and be called *Hydree fanam*, although not different in value. After Hyder's death Tipu ordered in 1786/1787 the coinage of *Hydree fanam*, and the discontinuance of *pagodas*, thereafter introducing *Sultany pagodas* and fanams- 3-1/8 to a rupee or 12 1/2 to a *Sultany Hoon* or *pagoda*. (Second Commissioner's Report, op. cit., P. 38) Logan, op. cit., Vol. No. I, P.648.

<sup>72</sup>

Letter from the Mint-Master, Fort St. George to the Principal Collector of Malabar, dated 29, June 1807, M. Vol. 2179. P.87.

and Arcot rupee<sup>73</sup>, *Inadar* single rupee and silver *fanams*. Copper coins were Bombay copper *pice* and Palakkad copper *Kass*. Fifty Bombay copper *pices* =1 rupee. 140 Palakkad *Kass* was equal to one rupee. Surat, Company and Pondicherry rupee got the same value and silver in make.

As early as 1807 the Accountant General of the Madras Presidency had complained to the Malabar Collector that Malabar had too large a number of coins in circulation and that it should be reduced. Accordingly the government by a Proclamation ordered that *Ikery*, *Venetians*, *Headed Venetians*, *Inahoned Shaur Inader*, gold coins and Spanish dollars, Pondicherry rupees, *Chellawary* and *Arcot rupees* of silver would be considered to have ceased and they would neither be issued from nor received into any of the Public treasuries after 20<sup>th</sup> ,November ,1807<sup>74</sup>. But from Mr. Clementon's report it appears that around 1839 AD a good number of above gold coins, which were withdrawn from circulation had continued to circulate in Malabar<sup>75</sup> even though they were not accepted in the treasuries. This clearly demonstrated, that even if the British India government did not accept certain coins in to the treasury, they continued to be used by merchants, shopkeepers and common people in their commercial transactions.

The government policy of withdrawing certain coins from circulation particularly in Malabar, created problem in the payment of taxes and in the payment of wages to the troops. The Tellicherry rupee was withdrawn from circulation in Malabar in

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<sup>73</sup> Edgar Thurston, *History of the coinage of the territories of the East India Company in the Indian peninsula*. (Madras 1870 ), P.36. According to Thurston ,Arcot rupee was issued from Arcot by the English Company and by the French at Pondicherry. The former was current for 30 strivers and the latter was 1-3% better than the former. Arcot rupee was a silver coin, later coined at Fort.St.George, and weighed about 176.4 grains and contained 166.477 grains of fine silver. Its sterling value was 23 ¼ d. It was divided into 16 *annas* or 192 *pies* like other rupees.

<sup>74</sup>

From the diary of Commercial Resident, dated 30<sup>th</sup>, October 1807, M.Vol,2136, Treaties and engagements –XX, op; cit., Part II, CCLXIII, P.377.

<sup>75</sup>

P. Clementson, *op .cit.*, p..28

1807<sup>76</sup>. Since it was withdrawn from circulation of the district without informing the Military paymaster great inconvenience was felt by the troops, and the paymaster was left with a large sum of Tellicherry rupees<sup>77</sup>. Remitting coins current in Malabar to other places artificially enhanced the value of the coin. The same difficulty was experienced when *Chelwany* (*Chellavary*) rupee was withdrawn from circulation without informing the Commanding officer of the troops of Malabar and Canara<sup>78</sup>. When a coin is withdrawn from circulation then it would not be accepted and issued out of treasury, where as it would be current in the market. Withdrawal from circulation would not artificially enhance a coin value while scarcity or high demand of a coin would enhance its value. The old gold *Fanam* was prohibited from circulation in Malabar from December 1838 by the order of the Accountant General of Fort St.George<sup>79</sup>. Within 7 months of this act 21,528 Spanish dollars of the value of about Rs.47,274 and 3,98,616 old gold *fanams* valuing Rs.99,654 had been accumulated in the Malabar treasuries. The withholding of old gold *Fanam* acted prejudicially in Malabar in two ways. It kept locked a part of the circulating capital, peculiar to the district and gradually rendered the new gold *fanam* in current in Malabar. By 1838 there were about 3,12,137 old gold *fanams* of the value Rs.89182 was lying in the treasury<sup>80</sup>. Similarly the stoppage of issuing of the old Bombay copper *pice* from the Malabar treasuries, which was the only component of silver *fanam*, adversely affected the

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<sup>76</sup> .

This Tellicherry rupee could have been issued by the English East India Company from the Tellicherry factory. M.Vol. No. 2178, p.130.

<sup>77</sup> .

Extract from the minutes of the Governor in Council in the *Military* Department. March 1807, M.,Vol. . 2178, P.131.

<sup>78</sup>

Letter from Torbes, Commanding in Malabar and Canara to the *Military Secretary* dated 23<sup>rd</sup>. August 1807, M,Vol,2178, p.132.

<sup>79</sup>

Letter from the Principal Collector of Malabar to the Accountant General dated 8<sup>th</sup>; August, 1839.M, Vol. .8347, p.19.

<sup>80</sup>

*Ibid.*, p.328

value of the silver *fanam* current in Malabar<sup>81</sup>. The silver *fanam* after the withdrawal was only received in the bazaar, in payment of articles purchased, at 9 ½ old *pices*, whereas the established rate was 10 *pices*. This involved a loss of 5% in a rupee. This severely affected the poor people<sup>82</sup>.

Even before the above order of the Accountant General of the Madras presidency in 1838, the government treasuries in Malabar in 1824/25 refused to receive gold *fanams* in the payment of taxes. The Malabar Collector in his revenue report of 1824/25 had reported that with great difficulty he was able to persuade the government and revenue treasuries of Malabar to accept the gold coins of Malabar, which were arbitrarily rejected during the payment of revenue without assigning any reason. According to the Assay master these coins were of intrinsic value superior to many coins received by the treasuries and *shroffs*<sup>83</sup>. No one was able to give a satisfactory reason for this rejection of gold *fanams*. Once again gold *fanam* was accepted by the treasuries and *shroffs*.

P. Clementon, the Principal Collector of Malabar in 1838 reported that in consequence of the scarcity of the gold coin the price of gold had gone up by 8-9% above what existed in 1806. The price of silver started to drip down by 5% until the assimilation of currency in 1835<sup>84</sup>. Silver in bullion was taken to Coimbatore and other eastern districts and sold there for Company's rupees (old Madras currency). This coin was in great demand for

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81

The Bombay copper *pice* was withdrawn by the order of the Accountant General of Fort St. George. Letter from the Malabar Principal Collector to the Accountant General, January, 1838, M, Vol. .8343 P.93.

82

Letter from the Principal Collector of Malabar to the Accountant General,, Fort St.George, 9<sup>th</sup> ,November, 1838, M.Vol. No. 8345, p.19.

83

Revenue settlement report from the Collector of Malabar for the fusly 1234(1824/25) to the Board of Revenue, M.Vol. No.4805, p. 316.

84

P.Clementson's report.*op.cit.*,para. 26.

the purchase of cloth. Mr. Clementson had reported that the currency of Malabar had not undergone any change. The coins peculiar to the district and its value corresponding to Bombay rupee did not undergo any change.

New or veraroy gold <i>Fanam</i> 3 ½	=	1 Rupee
4 old gold <i>Fanam</i>	=	1 Rupee
5 silver <i>Fanam</i>	=	1 Rupee
50 Bombay copper <i>pice</i>	=	1 Rupee
10 Bombay copper <i>pice</i>	=	1 silver fanam

It is reported that around 1825 a *great deal of gold coin such as old and new gold mohurs bahadry and sultany, Ikeri and Venetians* were in circulation in Malabar with the following exchange rate.

1 Old Gold Mohur	=	16rupees.
1 New Gold Mohur	=	15 Rs.
1 <i>Bahadry,Sultany,Ikery pagods</i>	=	4 1/8 Rs
1 Venetians	=	5 Rs.

In 1838 M.Clementson reported that most of the above coins had disappeared and available few could be procurable against a premium only. In 1830 gold *mohurs* worth ten lakh of rupees were shipped from Malabar to Bombay. Clementson reported that disappearance of this gold coin did not adversely affect the resources of the country. The introduction of Company's rupees (whole-half and quarter) in 1835 had eased the situation<sup>85</sup>.

The Bombay Government withdrew old copper *pice* and substituted it with new copper *Pice* of the same value. Fifty old and new Bombay copper *pice* were equal to one rupee, and this was the copper in general circulation in Malabar. Apart from this there

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<sup>85</sup>

*Ibid.*, para.27.

was the copper *Kass* of Palakkad (Palakkad *Kass*) 112 of which were equal to one rupee. Bombay *pice* was entailing a loss of 2 Bombay *pice* upon exchange with each rupee. In 1838 then Principal Collector Mr. Clementson said that the withdrawal of old Bombay copper *pice* would be harmful to the *ryots* as they still had large amount of it with them. Moreover the re-coining of old Bombay copper coin into new would cause heavy loss to the government<sup>86</sup>. The recall of old Bombay *pice*, which was to be replaced by half and quarter *anna* and *pice* did not satisfy the Malabar people<sup>87</sup>

**STATEMENT SHOWING THE RATE OF EXCHANGE OF NEW COPPER COIN**

**AT THE PRINCIPAL TOWNS OF MALABAR IN A.D.1838 IN BUYING &SELLING A RUPEE<sup>88</sup>**

	Palakkad		Kootanad		Calicut		Tellicherry		Cannannore	
	Buying	Selling	Buying	Selling	Buying	Selling	Buying	Selling	Buying	Selling
1/4 Anna	32- 0	32 -0	32 -1	32 -0	32 -0	31 -9	32 -3	32 -0	32 -0	32 -0
1/2 Anna	64 -1	64 -0	64 -1	64 -0	64 -0	63 -1	64 -6	64- 0	64 -0	64 -0
One rupee	0- 193	0-192	0 -193	0-192	0- 192	0 -190	0-194	0-192	0 -192	0 -192

*Travancore Chakram* was not acceptable to the people of Malabar. The silver in the *Chakram* was inferior. The bazaar exchange rate for *chakram* was 1 Company rupee = 29 ¼ to 29 ½ *chakram*. But the official exchange rate was 28 ½ *chakram* to one rupee<sup>89</sup>.

The Madras Presidency government tried to reform the currency system for a long time since the introduction of Rupee *anna pice* which replaced *star pagoda –fannam-*

<sup>86</sup>

Letter from P.Clementson to the Deputy Accountant general fortSt.George, 30<sup>th</sup> August 1838,M..Vol. . 7137, p.152.

<sup>87</sup>

Clementson report., *op.cit.*, para-28.

<sup>88</sup>

1-Letter from Mr.P.Clementson, Collector of Malabar, to the Board of Revenuedated.11<sup>th</sup>,November A.D.1838,M,Vol. 7137, p.242.

<sup>89</sup>

Letter from the Principal Collector of Malabar to BOR dated 4<sup>th</sup> January, 1840, M.Vol. No.7139, p.4.

*cash*. But the Malabaris had special infatuation for Malabar *fanams* and next to that they struck to Bombay currency of Bombay rupee and copper *pice*. H.V .Connolly, the District Collector of Malabar had reported in July 1843 that the local coins of Malabar were the subject of much correspondence between the Malabar Collectors and the authorities at the presidency<sup>90</sup>. He referred to a letter addressed to the Accountant General of the Madras presidency under date 7<sup>th</sup> ,August, 1827 A.D. by then Principal Collector of Malabar; Mr. Sheffield. This letter gave a detailed account of Malabar's local currency. It was shown in that letter that the revenue settlement of the district was originally made in gold *Fanams*, which afterwards was converted to rupee at 3 ½ new gold *Fanams* and 4 old gold *Fanams* per rupee<sup>91</sup>. It was at these rates they had been received in and issued out of treasuries for a number of years. Mr. Sheffield forcibly recommended the necessity of allowing the continuance of these local coins and the impracticability of withdrawing them with out heavy loss to the Government in re-coining them. Mr. Conolly in 1843 endorsed the view taken by Mr. Sheffield in 1827.A.D. and pleaded that if the Government wanted to replace the *Fanams*, with Company rupees and *annas* it should be done gradually. In such an event he wanted his treasury should be supplied with large quantities of double and single *annas* otherwise the want of small silver coin would be felt by the public. In December 1843, in reply to the Accountant General's letter dt.31<sup>st</sup> October 1843, Mr.Conolly , the principal Collector of Malabar stated that as per the Accountant General's above mentioned letter, he would discontinue the issue of old and new gold *Fanams* as soon as he received small silver coins (*Annas*) for one lakh rupees which was remitted through the ship H.B. "*Thalia*"<sup>92</sup>.

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Letter from Mr .H. V. Connolly, Principal Collector of Malabar to the Accountant General, Madras Presidency ,dated 13<sup>th</sup> July,1843, M.Vol,7142, p.182.

<sup>91</sup>

*Ibid.*, p.183.

<sup>92</sup>

*Ibid.*, p.184.

Further replying to a query the Collector had provided the value of the average annual silver and gold coins received into his Calicut treasury for the three years 1836/37, 1837/38, 1838/39, as follows:

New Gold <i>fanams</i>	Rs. 3,90,000 <sup>93</sup>
Old Gold <i>fanams</i>	Rs. 11,000
Silver <i>fanams</i>	Rs. 2,95,000
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Total	Rs.6, 96,000
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The above figures demonstrate that new gold *Fanam* was the most accepted and current coin in Malabar followed by silver *Fanam* in the late 1830's and the old gold *Fanam* was on the phase out stage. The Collector in the same letter estimated that one fourth of the above amount or Rs.1,74,000/ was in circulation and eight times as much or say 12 to 15 lakhs of rupees be fairly estimated as the value of local coins in possession of the Rajas and others in the district. Out of this 2/3<sup>rd</sup> might be in new gold *fanams* and nearly the whole of the remaining third was in silver *fanams*<sup>94</sup>. The gold *fanams* in circulation in Malabar during 1830's were coined on or before 1796 and silver *fanams* coined on or before 1805 as there was no mention about the minting of these coins after the above years. The government policy of sending the gold coins to Bombay and the natives' act of melting this gold coin created scarcity for gold coins in Malabar in the 1840's.

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93

Letter from Mr. Connolly, District Collector of Malabar dated 27<sup>th</sup>, July, 1843, to the Accountant General of the Madras Presidency, M, Vol. 7142, p.294.

94

*Ibid.*, p.295.

From the beginning of the 1840's there appeared scarcity of gold coins in Malabar. The Principal Collector reported that a large portion of the gold *fanams* had been melted down leading to the scarcity of the gold coin in Malabar around 1843 .A.D.<sup>95</sup>. It was reported that the gold coin had become so rare that it bore a premium of from 6 to 10%, according to the relative intrinsic value of the *fanam*<sup>96</sup>. It was not clear whether the increase in price of gold led to the melting down of gold coins by the public and the *shroffs*, which subsequently led to the scarcity in gold coins or an increase in consumption of gold by an increasing population led to the melting of gold coin and scarcity in it. It was around this period the government had decided to withdraw gold coin from circulation. And also there was considerable remittance of gold and silver *Fanam* to Bombay in the early 1840's without corresponding remittance back to Malabar. Gold *Fanam* had become so rare in circulation that its remittance into the treasury was as poor as shown below

Remittance of gold *Fanam* into the Malabar treasuries in<sup>97</sup>

Fusly 1249 (1839/40)	Rs. 25,605
Fusly 1250 (1840/41)	Rs. 6,591
Fusly 1251 (1841/42 )	Rs. 662
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Total	Rs. 32,858
Average	Rs. 10,952
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By every year the remittance of gold coin into the treasury was shrinking as demonstrated from the above table. The availability of gold coins in the treasury in 1843

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<sup>95</sup>

*Ibi.*, p.295.

<sup>96</sup>

*Ibid.*, p.296.

<sup>97</sup>

A.D was only Rs.715. Thus gold coin was disappearing from circulation from the beginning of 1840's and it could be attributed to the above mentioned factors. The remittance of gold *fanam* in to the Tellicherry treasury by the end of 1830's was very trifling showing that the circulation of gold *fanam* had become very negligible in north Malabar by that period. In 1837 there were only 3 *Sultany pagoda* and 170 old gold *fanams* (Rs.42-4-7) and 2,528 new gold *fanams* (Rs.722-4-7) and 86,847 silver *fanams* (Rs.17,374) in the Tellicherry treasury showing that gold *fanams* were being phased out of circulation in north Malabar. However silver *fanams* continued its circulation in north Malabar<sup>98</sup>. The absence of gold *fanam* in the treasury did not mean that gold coin was totally out of circulation from Malabar. The gold coins could be with wealthy people like Rajas and chieftains and big merchants. Moreover, as explained earlier, the syndicate of revenue officers and *shroffs* would have diverted the gold coins from treasury to the money changers or traders in coin. Moreover a good amount of gold coin was shipped out of Malabar by the government agencies to Bombay as part of financial adjustments without reciprocal return in gold coins leading to shortage in that coin. Melting and hoarding of gold coins due to the increase in price of gold from early 1840's also had contributed to the scarcity of gold coin. By the middle or even end of 1840's Malabar gold *fanam* lost its importance as the favourite coin of Malabaris. The unified British India currency was not a favourite of Malabaris. But this currency would have definitely found its way slowly to Malabar with the disappearance or scarcity of gold coins.

A large portion of the revenue of Malabar was annually sent in specie to Bombay. The average remittance from Malabar to Bombay was about 12 lakh rupees<sup>99</sup>. This included current and non current coins. In April 1818 the Accountant General of Fort St. George asked the Malabar Collector to hold in readiness for shipment to Bombay the largest amount in current and non current coins. He was further reminded that not a rupee

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<sup>98</sup> M.Vol.No. 7493, p.93.

<sup>99</sup> J. Sullivan's Report, *op. cit.*, P.21.

should unnecessarily be retained from the service of Bombay government<sup>100</sup>. The Malabar Collector in 1817 sent to Bombay, treasure worth Rs.14,80,696 which constituted current coins worth Rs.14,76,887 and 90% of them were gold coins<sup>101</sup>. This remittance of the treasure from Malabar to Bombay was a result of financial adjustment between the Madras and Bombay governments. But Mr. J. Sullivan, the Principal Collector of Malabar, in his 1841 report cautioned the Madras government of the injury being done to Malabar commerce because of this remittance. To quote him “that something was radically wrong in this financial arrangement” was proved by the facts (among others) Viz., that in 1833/ 1834 while there was an export of government treasure from Malabar of Rs.10,16,129 to Bombay, in the same year there was an import of private treasure to Malabar from Bombay to the tune of Rs. 6,32,504. The amount of drafts from Bombay in that year upon Malabar treasury did not exceed Rs.35,000. In 1835/36the public remittance to Bombay from Malabar amounted to Rs.10,10,376 while the import from Bombay was Rs.4,27,592 and the drafts were for Rs.35,800<sup>102</sup>. In 1840/41 Company exported to Bombay silver coins worth Rs.8,75,000 without any corresponding import of treasure<sup>103</sup>. In 1841/42 the Company’s export to Bombay was exclusively in treasure, gold coins worth Rs.13,93,000 silver Rs.13,82,500, and copper coins worth Rs.10,500<sup>104</sup>. There was no import of treasure in that year. In 1844/45 the Company exclusively traded in treasure and exported to Bombay silver worth Rs.4,40,223<sup>105</sup>. Absence of gold coin in that treasure was an indication that gold coin

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<sup>100</sup> Letter from the Accountant General ,Fort St.George,dated ,29<sup>th</sup> ,April,1818,to the Principal Collector of Malabar,M.Vol.No. 2195, p.603.

<sup>101</sup> Letters from Bombay Castle Treasury Committee to Malabar Collector. Figures taken from M.Vol.No. 2193, P.349; M.Vol. No. 2194, P.597. M.Vol. No.2195, P.63.

<sup>102</sup> J.Sullivan’s Report, *op.cit.* ,p.22.

<sup>103</sup>

M.Vol. No.7904, pp.210-17.

<sup>104</sup>

M.Vol. No.7905, p.21.

<sup>105</sup>

M.Vol. No.7906, p.157.

was either out of circulation by that period or was deliberately paid into the treasury neither by the public nor the revenue officers by 1845. This heavy drain of precious metals, gold *fanam*, from Malabar, had affected the economy and trade of commerce of Malabar. To some extent the drain in gold and silver was compensated by limited imports of silver and gold from the Red Sea. Since only a portion of these came in the shape of current coins, there was a constant tendency towards the artificial enhancement of the value of that coin in which all the revenue was paid. The vacuum in the currency of Malabar due to the withdrawal of gold and silver *fanam* was filled by the Bombay and Madras currencies. The problem in depending on the Bombay currency was the presence of counterfeit coins in it. Gold coin was not only a currency but also a medium of the savings and investment of the people of Malabar. As a coin its remittance (drain) could have been replaced by other currencies but shortage of gold and silver coin deprived the Malabaris of a coin for which they had special likening.

The Madras government took several steps towards unifying and improving the Presidency's currency system. Had there been a uniform currency, it would have saved the government and traders of the expense of re-coinage, in case of remittance of money from one part to another, where the currency of former would be considered merely as bullion, excepting at mints<sup>106</sup>. This unification of currency, of course, would have been at the expense of the livelihood and profit of a large number of *shroffs*, whose profit, in a considerable degree, depended upon the variety of different coins in circulation<sup>107</sup>.

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106

Holt Mackenzie's evidence before the Select Committee on the affairs of the East India Company, 28 February 1832 Session (B.P) , Book No.7, P.37.(IUP)

107

Major-General Sir John Malcolm's evidence before the Select Committee on the affairs of the East India Company, 1832 Session, VI- Political & Foreign, *East India Company* (Printed 16 ,August 1832).

According to the proclamations of 1806 and 1808, denominations of 5, 3, 2 and single *fanams* (here Madras *fanams*) with inscription in Persian, Telugu, and Malayalam were minted<sup>108</sup>. Apart from *fanams* the government issued double *dubs*, 24 of which were equivalent to one rupee and single *dubs* 48 of which constituted one rupee, half *dubs* 96 of which made one rupee and quarter *dubs*, 192 of which to a rupee. None of the above coins were ever mentioned as current in Malabar. In addition to the above coins 40, 20, 10 and 5 cash were also issued. From December 1807 to 1811, apart from the above coins, the 5, 2 and single *fanams*, 4 *annas*, 2 *annas*, double, single, half, quarter and one eighth of rupees were coined in the Madras Mint<sup>109</sup>. A proclamation on 9<sup>th</sup>, June, 1812 stated that the coinage of double rupees, half and quarter *pagodas* should be discontinued. But according to E. Thurston these coins continued to be in circulation and issued and received at all public treasuries, even during the later quarter of the 19 century<sup>110</sup>. The Accountant General of Madras presidency asked the government of the Presidency to withdraw from circulation the old and new Madras *fanams*.

A major reform in the currency system of the Madras Presidency was introduced by a proclamation dated 7<sup>th</sup>, January, 1818. This was issued by the Governor in Council of the Madras Presidency, as per the direction of the Court of Directors. According to the declaration, Madras Silver Rupee constituted the standard coin of the Madras Presidency and all public accounts were converted into Rupee, *Annas* and pies (One rupee = 16 *annas*, 1 *anna* = 12 pies,) from *star pagodas*. The exchange rate was Rs.350 per 100

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<sup>108</sup>

E. Thurston, *History of East India Company Coinage*, (Calcutta, 1893, P.13. According to him the mention of the 3 fanam was a mistake as he could not find the above fanam, P.8.

<sup>109</sup> E. Thurston *.History of the Coinage of the territories of the East India Company in the Indian peninsula*. (Madras 1890) P. 44.

<sup>110</sup>

*Ibid.*, p. 53.

*star pagodas*<sup>111</sup>. Hereafter all government payments were made in rupees. According to the new reform the new coinage of Silver was consisted of the following coins Rupee, Half Rupee, Quarter Rupee, Double *Anna*, and *Anna* and its content, alloy and weight is given in the chart below<sup>112</sup>. The government also issued gold Rupee, 15 silver rupees constituted one gold rupee. Gold coin consisted of Rupee, Half Rupee and Quarter Rupee of the following weights given in the chart. A copper coinage of 12 *pice* for one *anna* was also issued<sup>113</sup>. The coinage of *Star pagoda* was discontinued from 1818 but continued to be accepted in to the treasuries at the existing rate. Till 1818, the Malabar revenue accounts were kept in *Star Pagodas/ Hoons, fanams* (Madras) and cash. Usually the Malabar ryots paid the land taxes in gold (in south Malabar) and silver *fanams*(north Malabar) equivalent to the value of *star pagodas*. At the Presidency, these accounts were converted into *star pagodas*, Madras *anams* and cash.

In the Madras Presidency 80 cash constituted one (Madras) *Fanam*, and 42 *fanams* were equivalent to 3 ½ rupee =one *star pagoda*. The *star pagoda* was a gold coin and weighed 52.56 grains and the gold was 19 ½ carat fine and contained 42.048 grains of fine gold. East India Company and other companies kept 12 (Madras) *fanams* to one rupee but the natives took 12 *fanams* and 60 cash to a rupee and 44 *fanams* and 50 cash for a *star pagoda*. The bazaar rate of *Star pagoda* fluctuated between 35 and 45 *fanams*. It has been reported that the introduction of quarter *anna* and half *anna piece* of the Madras mint was not acceptable to the people of Malabar as they were accustomed to Bombay *pice*<sup>114</sup>.

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<sup>111</sup> Letter from the Accountant General of Fort St. George to the Malabar Principal Collector, 6<sup>th</sup>, March, 1818, and 6<sup>th</sup> June, 1818, M, Vol, 2195, Pp.433,533. The Imperial Gazetteer, Vol.IV, p.516.

<sup>112</sup>

Proclamation by the Governor in Council, Fort St. George, Public Department, dated 7<sup>th</sup> January, 1818, p.150.

<sup>113</sup>

*Ibid.* p.151.

<sup>114</sup> Examination of the *Shroffs* of Malabar, M. Vol. No.7137, p.29 dated February 1838. Letter from Mr. Clementson, P.C. of Malabar to the Accountant General of Fort St. George, dated 8<sup>th</sup> February -1836, M. Vol. No.7135, p.19.

In 1829 the currency of Bombay was equalized with that of Madras by the adoption of Company (Arcot) rupee of 180 grain rupee (165 grain pure silver and 15 grain alloy), with half rupees, quarters, eights and sixteen in portion. The sixteenth was *anna* and eighth the double *anna*. The new coinage of gold consisted of rupees, halves and quarters of the same weight and fineness as the silver rupee. The coinage of *pagoda* was discontinued<sup>115</sup>. The new gold rupee, valued at mint price of gold in England, was worth Pound 19s 4d. and the silver rupee was worth 1s.11.4d.

A step further in the unification of British Indian currency was achieved when in 1835 by the declaration of the Governor- General in Council, a uniform currency was introduced for the whole of British India<sup>116</sup>. The Madras rupee the value of which was nearly equal to that of Farukkhabad rupee was adopted as the new Indian coin. Irrespective of all these measures the Malabar continued to use the traditional *fanams*. In 1838, Clementson, then Principal Collector of Malabar, reported that the currency of Malabar had never undergone any change irrespective of the unification of currency<sup>117</sup>. He had given the coins peculiar to the district viz., new gold fanam, silver *Fanam*, Bombay rupee and Bombay copper *pice*. The exchange of the above *fanams* to rupee remained unchanged. But compared to 1807, there was a considerable reduction in the number of the other coins current in Malabar.

## PREMIUM

Since all the coins which were currently in circulation in Malabar were metallic, the availability and the fluctuating price of the base metal of the coin or the scarcity or demand of a particular coin made them put a premium on that particular coin. In 1801 it was

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<sup>115</sup> MacLean, Glossary of the Madras Presidency, op.cit., vol .No .III, p.571.

<sup>116</sup> *The Imperial Gazetteer of India*, Vol. No.IV, p.516.

<sup>117</sup> J.Sullivan's Report , op., cit., p.28.

reported that in *Cannannore*, the Company's (Bombay) copper *pice* bore a premium of 6% and upwards, as it was the only coin received at par with silver *fanam*<sup>118</sup>. During 1805 there was a scarcity of silver *Fanam* at *Tellicherry*, *Cannannore*, and *Kuttumparampa*<sup>119</sup>. This caused great inconvenience to the public and troops. In order to bring back the silver coins into circulation, the northern Collector ordered the *shroffs* to give a premium of 1% on the exchange of silver *Fanam* with *Porto-Novo pagoda* and *Bombay Gold Mohurs*, the coins of most enhanced rate. In fact the actual premium in the market for the exchange of the above coins was 2-4%<sup>120</sup>. The *shroffs* did exchange of the coins at a lower premium, because they were afraid of the government.

The local coins of Malabar, gold and silver *fanams*, were not current in any other district except the rupee at Bombay. Here the rupee mentioned was probably the *Tellicherry rupee*. So far the researchers have come across only one instance, when there was a mention of the *Tellicherry rupee*. The *Madras Presidency coins* such as *star pagodas*, *gold Mohurs*, the Company's or *Madras rupees* always bore a high premium in Malabar. Once it was as high as 14%. But the current rate (in 1838) was from 3 to 10%. There was a great demand for these coins, because it was eagerly bought by the merchants when it made its appearance in Malabar for the purpose of sending it to *Coimbatore* and *Salem* with which Malabar had extensive trade in cloths<sup>121</sup>.

The premium payable for the exchange of one rupee was some times  $\frac{1}{4}$  or  $\frac{1}{2}$

*Bombay copper pice* of 50 per rupee is here referred to and the rupee mentioned here was

<sup>118</sup> Hodgson's Report, *op. cit.*, P.57.

<sup>119</sup> The Principal Collector T.Warden got the permission of the Governor in Council to coin *silver fanam* because of its scarcity at *Tellichery* under a government seniorage of 1%. And he was reminded not to mint more coins than necessary. General Report, 15<sup>th</sup>, February, 1805, Vol. No. II, p.27. (Para 163 and 165).

<sup>120</sup>

Letter from the Northern Division Sub-Collector to the Principal Collector of Malabar, 26<sup>th</sup>, July, 1805, M, Vol, 2196, p.35

<sup>121</sup>

P.Clementson's Report, *op. cit.*, P.6.

the Bombay rupee<sup>122</sup>. This applied to both filed and unfiled rupees. The quarter *anna* was only received in the bazaar as a 3 quarter Bombay *pice* and the pie as a quarter of Bombay *pice*<sup>123</sup>. Both filed and unfiled coins were current and accepted in the Market. The maximum deficiency in the weight of a filed rupee was  $\frac{1}{2}$  to  $\frac{1}{3}$ <sup>rd</sup> of a new gold *Fanam* in ten rupees. The *Fanam* was six grains of torry weight. The premiums for both were the same.

## DISCOUNT

Sometimes the coins in Malabar were also passed at a discount. These coins were mostly clipped or filed<sup>124</sup> and were of Bombay origin. For example the *shroffs* appointed by the Bombay government to examine their remittance to Bombay, refused to take the *chapee* and *Solakee* rupee except at a discount of 3%. Thereafter the Malabar revenue officers also refused to accept them in revenue payment<sup>125</sup>. As a consequence of this restriction the *ryots* were compelled to exchange any rupees of this description at a loss of 2-6%. Thereupon the government of Madras directed the Malabar Collector to accept the above rupees in revenue collections<sup>126</sup>.

## RATES OF EXCHANGE

In the absence of a uniform currency, and because of the abundance of currencies, there was always a fluctuation in the rates of exchange for the same currency in the same district and in the adjacent districts. This led to a two-tier exchange rate, one the government (established) rate for the payment of wages to the troops and other employees

<sup>122</sup> - Evidence given before the Collector of Malabar by the *Shroffs* of Calicut, M.Vol.No.8343, p.95.  
<sup>123</sup>

Evidence given by Sarapady Row Chetty, Ondiyar Balasamy Chetty and 3 others before the Principal Collector of Malabar, dated 21<sup>st</sup>, February 1838, M.Vol.No.7137, p.29.

<sup>124</sup> The marks of several coins were nearly affected. The government, in order to ensure the legal value of these coins, instructed the revenue officials to punch or cut with a file the edge of all suspicious coins, which bear upon them a proof of sterling value. These coins were some time rejected in payment and were not current in the bazaar. H.S.Grame's report, op. cit., Para.264. Calicut *shroffs* evidence, op., cit., M, Vol. . 8348, 1838, P.95.

<sup>125</sup> Revenue dispatch from England to Madras, 23<sup>rd</sup>, October 1833, Vol. No. 13, P.43.

<sup>126</sup> *Ibid.*, p.44 .

of the revenue and other establishment, receiving taxes, commutation rates (rates at which the tax in kind was converted into cash) and for disbursement of coins to other places and for the bills of exchanges. The other was the bazaar rate of exchange fixed by the *shroffs* and traders, who were reluctant to accept the government rate of exchange.

These different rates of exchange had exposed the commercial class as well as the common people to the vexations of continuous variations. The rate of exchange was fixed by the Governor-in-Council with the advice of the Board of Revenue, and then the list was sent to the district Collectors. This rate usually did not take into consideration local conditions (as fluctuations) even though different rates of exchange prevailed in different districts of the Presidency. The unnatural (here the researcher means that with respect to their intrinsic value) distinction of currencies must have aggravated the fluctuations of exchange and by the charge of recoinage which frequently was a burden on the commerce<sup>127</sup>. It is reported that the value of coins, particularly gold coins, underwent daily and almost hourly fluctuations<sup>128</sup>. The coins were received at different rates and the rate was seldom, if ever, fixed entirely with respect to their intrinsic value<sup>129</sup>.

The demand and exchange rate for different coins fluctuated so widely presumably on the arrival of visiting ships from different regions. In the months of November, December and January merchants who had bought cloths from Manapara and Palayamcotta, exchanged for Venetians, Porto-Novo *pagodas* and *star pagodas*, the silver *fanams* which they had received in payment for their merchandize<sup>130</sup>. The merchants of Cottar (in Travancore) if they expected ships from Bengal, then they would demand Sicca rupees and they demanded ducats from the Muscat boats<sup>131</sup>. From November to March large

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<sup>127</sup> Holt Mackenzie's evidence on the affairs of the East India Company, 1832 Session, *op.cit.* (British Parliamentary Papers) Book.no.7. p.37.

<sup>128</sup> B.Hodgson's report, *op.cit.*, p.59.

<sup>129</sup> General report, Vol. No.14, *op.cit.*, p.158.

<sup>130</sup> J.Strachey's Report, *op. cit.*, p.45.

<sup>131</sup> Ashin Das Gupta, *op. cit.*, p.83. Ducat was a European coin. Its weight was almost same as *pagoda*. The value of ducat was Rs. 4, while that of *pagoda* was about Rs. 3 ½ (Galletin, *op. cit.*, P.84).

quantities of rice were imported from Canara and Bombay and Surat rupees, *Bahadry hoons* and copper pies were in demand. The *shroffs* and others availed themselves of the demand<sup>132</sup>.

### MACLEOD'S –RATE OF EXCHANGE

Major William Macleod, the first Principal Collector of Malabar, had arbitrarily changed (reduced) the rate of exchange (value) of gold *fanams* and other coins in which tax was paid. This created trouble due to (1) interfering with the bazaars rate of exchange. (2) from rectifying with the bazaar rates without making a deduction to the *ryots*, equivalent to the loss occasioned by the difference in old and new rates, in the tax payment. During this period revenue was collected in *fanams* whereas in the bazaar, where the agriculturalists sold their produce, the rupee was the general standard of exchange<sup>133</sup>. On 31 August 1802, Major William Macleod, fixed (on erroneous data) the exchange rate of twenty three current coins, then issued and received into the public treasury, as they were rated in the district of Coimbatore. The table so promulgated lowered the value of gold *fanams* (new) from 3 ½ to 4-7/32 a rupee i.e., a reduction of 20%, and of silver *Fanam* from 5 to 5 ½ a rupee i.e., 10% lower than the original rate<sup>134</sup>. In other words this act of Macleod had increased the revenue liability on those *ryots* who paid in gold *fanam* by 20% and 10% in silver *fanams*, while the producers got in the market for their produce the old established rate of 3 ½ gold *fanams* and 5 silver *fanams* per rupee, because the shop keepers ignored the proclamation<sup>135</sup>. The *ryots* who paid in *fanams* which was converted into pagoda at too high a rate found that their payment fell short of government calculation. As a result of this increased the exchange rate of the *star pagoda* the *ryots* had to pay more gold *fanams*. The nominal revenue in *pagoda* was higher than the actual revenue in *fanams*. Macleod made

<sup>132</sup> Strachey, J., *op. cit.*, P. 45.

<sup>133</sup> This action of Major Macleod got the sanction of Governor-in-council, General Report, 8<sup>th</sup>, October 1802, Vol. No.8, P.23, Par, 175..

<sup>134</sup> Logan, *op. cit.*, Vol.I, P.543.

<sup>135</sup> Logan, *op. c it.*, P.544.

the *ryots* pay 14 ½ *Fanam* instead of old rate of 12 ¼ *Fanam* per *star pagoda*. (*Star pagoda* and *Fanam* were the currency in which the revenue accounts were kept in the Madras presidency). The government suffered heavy loss due to alteration in the value of coins<sup>136</sup>. Macleod ventured into this measure because of his presumption that Malabar *fanams* were over-valued by the government and thereby the government incurred losses by accepting revenue in gold *fanams* at an exorbitant value against the *star pagodas*.

The new rate of exchange took effect from 15<sup>th</sup>, May, 1802. When the *ryots* paid their revenue in *fanams* to the treasuries, they were told that according to the new rate of exchange they had to pay more. The result was an organized resistance, during the early part of 1803 and the Collector abruptly resigned. The new Collector Rickards established the old rates of exchange<sup>137</sup>.

The exchange operated uniformly against the Malabar district in so far as the *Fanam*, one of the worst gold coins in India, containing parts 17.50 of copper and 29 of silver, was so dear to the Malabaris. Old *veraray Fanam* was equal to 4 *annas*, new *veraray* was equal to 4 *annas* 7 *pies* and one silver *Fanam* was equal to 3 *annas* and 3 *pies*. Because of the difference in the rate of exchange that existed in Malabar and other adjacent districts for the same coin, the merchants particularly the *shroffs* used to send coins from one district to other districts, where they expected a profit due to the different rate of exchange. This resulted in a great trade on coins, which in some cases, amounted to 25% of the total commerce of the districts<sup>138</sup>.

A tax on the transit of these coins was a profit to the government. There existed a difference in the rate of exchange between *Porto-Novo pagoda* and Bombay gold

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<sup>136</sup>

<sup>137</sup> Letter from Rickards to the BOR dated 2<sup>nd</sup>, June 1803, M, Vol. 2312, p.5.

<sup>138</sup> *Ibid.*, p.545.

<sup>138</sup> General Report, Vol. No. 13 & 14, P,103, Par, 657.

*Mohur*. For example in Canara the exchange rate of gold *Mohur* was Rs. 15 while in Malabar it was Rs.16. Similarly the rate of exchange of *star pagodas* for *Porto novo pagodas* in Coimbatore was 100:108, whereas the rate in Malabar was 100:116<sup>139</sup>. The result was a great commerce in the *star pagoda*. In order to establish the Coimbatore rate of exchange in Malabar, the government had sent one lakh of *star pagodas* to Malabar at the rate of 120 *Porto novo pagodas* to 100 *star pagodas*. This was 4 *star pagodas* higher than what was obtained in Malabar. Therefore the government's profit was 4000 *Porto novo pagodas*. In order to pay for the *star pagodas*, the government called back from circulation the *Porto novo pagodas* at the rate of 117 *pagodas* and 27 *fanams*, which was one *Porto novo pagoda* and 27 *fanams* higher than the existing rate of exchange i.e., 116. Therefore the net profit of government in this transaction was 2847 *Porto novo pagodas*<sup>140</sup> (4000-1153= 2847). Here the government acted as a money changer and trader trying to exploit a favourable rate of exchange.

The sufferers of the different rate of exchange for the same coin were the government employees. The government rate of exchange very often did not match the bazaar rate of exchange and it created problems for the Company's servants and in other transactions. The gravity of the problem could be evaluated from a letter written by the northern division Judge and Magistrate to the Principal Collector of Malabar in 1816. In that letter he complained that the shop keepers in the bazaar refused to accept the *star pagodas*, the rate at which it was issued to him and rate offered by them was lower than one fixed by the government<sup>141</sup>.

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<sup>139</sup> *Ibid.*, P,103 . Report from the Board of Revenue to the Governor of the Madras presidency dated.15<sup>th</sup> February ,1805, ,BORP,Vol. No.211, p.170.

<sup>140</sup>

General Report, Vol. No.11, 31<sup>st</sup>, January ,1806, p.170, Par, 374.

<sup>141</sup> Letter from the Judge and Magistrate of northern *Zilla*, to the Principal collector of Malabar,dated.12<sup>th</sup> August,1816,M,Vol. 2192, p.121.

The worst sufferers of the different rates of exchange were the troops, who were removed from place to place and very often the government found it difficult to supply them with the local coins<sup>142</sup>. The troops at Cannanore were paid in gold *Mohurs*, *Bahadry pagodas* and Surat rupees. This meant considerable loss to the troops. The gold *mohur* was issued at 4 *star pagodas* and one rupee, or fifteen Arcot rupees at 12 *fanams* and 68 ½ cash each rupee, but in the bazaar the above rupee was current only at 12 *fanams* and 40 cash each (or at 50 Bombay copper *pices* of 20 cash each). This resulted in a loss of 5 Madras *fanams* and 28 ½ cash in each gold *Mohur*<sup>143</sup>. In the government rate of exchange one Madras *fanam* was equal to 80 cash whereas in the bazaar, it fetched only 79.8 cash thereby causing a loss of 0.2 cash in each Madras *fanam*. Now the total loss sustained by a sergeant, who was paid a salary of 372 Madras *fanams*<sup>144</sup> Or Rs.28 and 12 *Fanam* and 2 cash, during 1815 in Cannanore was as follows. The loss suffered by the sergeant was 10 *fanams* and 67 cash because of the difference in the rate of exchange of the coin in which the salary was made and its actual rate of exchange in the bazaar i.e.2.92% of his total salary. Apart from this loss, he suffered another loss when he exchanged gold *Mohur* for another coins. This was a loss of one Madras *Fanam* and 20 cash,<sup>145</sup> i.e.100 cash or 0.60% of the value of the gold *mohur*. Therefore when Rs.28 *Fanam* 12 and cash2 was exchanged, the total loss incurred by the sergeant was 174 cash or 2 Madras *Fanam* and 18 cash or 0.65% of his salary. Therefore the total loss suffered by the sergeant was 13 Madras *Fanam* and 5 cash or 3.57% of his total salary.

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<sup>142</sup>

Holt Mackenzie's evidence, *op. cit.*, p. 23.

<sup>143</sup> Proceedings of the Special Committee held by the order of Colonel Forbes, Commanding the Province of Malabar and Canara, under the instructions from the Commander-in-chief, to investigate the complaints of the men of His Majesty's 89<sup>th</sup> regiment on the subject of the loss experienced by the troops in coins issued to the troops at Cannanore dated 18<sup>th</sup> December 1815, M, Vol.,2193, P. 2 Madras *star pagoda* passed in the bazar at Cannanore for surat rupees 3-9*fanam* and 50cash. Arcot rupee was worth 1Surat rupee and 60 cash .M.Vol.No. 2193, p.7.

<sup>144</sup> *Ibid.*, P.6

<sup>145</sup> *Ibid.*, P.2.

In 1817 Mr.I.Vaughan, the Principal Collector of Malabar reported that there was always constant dispute about the value of the *fanams* i.e. the old and new *Fanam*, the former 4 to one rupee and later 3 ½ to one rupee in the treasury. There were 4 sorts of new *fanams*, which the *shroffs* say in every respect equal in value and containing a similar quantity of gold and smaller proportion of alloy and no less than 9 different kinds of old gold *Fanam*. Mr. Thomas Warden, during his tenure as the Principal Collector, refused to accept no more than 2 new gold *fanams* and 2 old gold *fanams* in his treasury. Because of this, the people of south Malabar experienced greatest difficulties in paying the revenue. He further said that the *shroffs* and money changers exploited the people and sought the permission of the Board of revenue to accept all this coins without discrimination<sup>146</sup>

The constantly changing rate of exchange for the currencies that were in circulation in Malabar was a source of constant confusion and exploitation. The sufferers were the *ryots* (peasants), small traders and common people. The *shroffs* and other money changers made huge profit from exchanging and trading in money.

### **BILLS OF EXCHANGE**

Bills of exchange had always been an essential part of commercial transactions which facilitated the transfer of funds between districts of the same Presidency or with places outside the Presidency. The number and availability of such bills depended on a variety of factors, mainly on the intensity of trade between the two places, on which the bills were drawn, and the funds needed by merchants in these places. For example, when bills were available on Bombay and Calcutta from Malabar, these were not procurable for places like Goa, because the Malabar merchants did not need any fund there, as Malabar's

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146

Letter from Mr. Vaughan ,Principal Collector of Malabar ,dated 1<sup>st</sup> September,1817, BORP,Vol.765, p.10144

trade with that place was very insignificant<sup>147</sup>. During the first decade of the 19<sup>th</sup> century bills on Bombay on 30 days sight were discounted at 7% against Malabar<sup>148</sup>. Before the unification of Bombay and Madras currency, the bills on Madras and adjoining districts bore a high premium, but after the unification, the profit derived by those who had trafficked in coins and bills or bills on Bank notes decreased and the bills were cashable in 1838 at a discount of 2 or 3%<sup>149</sup>.

The government as well as private traders issued bills on Malabar. Extensive transaction on bills and species was carried on between merchants residing in Malabar and Bombay and the adjoining districts of Coimbatore, Salem and Mysore<sup>150</sup>. Apart from these independent remittances by private merchants, Bombay government had drawn bills upon Malabar Collector's treasury, in favour of merchants to a large extent. During 1837/1838 the aggregate bills so drawn amounted to Rs.3,10,000 and in 1838 (up to 31<sup>st</sup> December 1838) the amount was Rs.3,88,000<sup>151</sup>. A good portion of the cash sent to Malabar went to Coimbatore and Salem for the purchase of cloths. As bills on Coimbatore and Salem were not easily procurable, money was sent by the coast Merchants to their agents in those districts by treasury persons. This practice was reported to be increasing with the increase in piece goods brought down from those places. Mr. Clementson, Principal Collector of Malabar reported that the practice was increasing with the increase in the quality of piece goods imported from these districts<sup>152</sup>. The merchants of Bombay and

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<sup>147</sup> Letter from Dinurs to T. Warden, Principal Collector of Malabar, 12<sup>th</sup>, April, 1809, M. Vol. 8333, P.173.

<sup>148</sup>

J. Strachey's Report, *op. cit.*, P.45.

<sup>149</sup>

P. Clement son's Report, *op. cit.*, P. 6.

<sup>150</sup>

*Ibid.*, p.6.

<sup>151</sup>

*Ibid.*, p.7.

<sup>152</sup>

Malabar complained about the delay they very often experienced in getting the fund released from the concerned treasuries, concerned for any delay blocked their capital for the time being<sup>153</sup>. By paying the money into the General Treasury at Madras, one could obtain a bill for any amount on any treasury inside the Company's territories. Similarly any official or common people would put money in any Collector's treasury and get a draft upon any other<sup>154</sup>. The bills drawn in the government treasury either in favour of private or government affairs, indicated the currency ( *Star pagoda, Pagoda, dollar, or rupee* etc) in which it was drawn, in which it was to be paid as well as the exchange rate of the currency which would be given to the party<sup>155</sup>.

In 1838 Mr. Clementson reported that mercantile transaction was extensively conducted on credit<sup>156</sup>. Mr. H. V. Connolly, the Principal Collector of Malabar, gave a detailed account of different aspects involved in issuing the bills by Bombay government on Malabar. Mr.H.V.Conolly had informed Mr. R. T. Webb, the Accountant General of Bombay in A.D 1846, that there was a practice of sending down money by sea to Malabar by merchants or their agents<sup>157</sup>. This was due to the non availability of Bills on during certain periods on the treasuries of Malabar at Bombay. Further this was to avoid the delay

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<sup>153</sup> P.Clementson's Report, *op. cit.*, P. 6.

<sup>154</sup> 6. Letter from the Acting Principal Collector of Malabar to the Accountant General of Fort St.George, 14<sup>th</sup>, November 1839, M, Vol. .,8347, p.139.

<sup>155</sup> Letter from the Assistant Collector, Tellicherry, to the Principal Collector of Malabar, 9<sup>th</sup>, September, 1839, M, Vol. .8347, p.3358 .

<sup>156</sup> Given in the Bombay Chief Secretary's bill upon James Vaughan, Malabar Principal Collector, 23<sup>rd</sup> January 1817, M, Vol. No. 2193, p.63.

<sup>157</sup> *Ibid.*, p. 7,par 32.  
<sup>154</sup>

Letter from Mr. H. V. Connolly ,the Principal Collector of Malabar to Mr. R. T. Webb, the Accountant General of Bombay, dated 18<sup>th</sup> August1846,M,.Vol. 7145, p.186.

in the realization of money. Independent of the bills being at 10 days sights, the post from Bombay to Malabar took 8 to 10 days. Thus a total of 18 to 20 days were taken before the amount of the bill could be realized<sup>158</sup>. However the Pattamaras, during fair season or when strong northerly winds prevailed, it took only 5 to 6 days to reach from Bombay to Malabar Coast. This afforded the merchants quick means of getting their funds. Moreover this method cost them little expense as the *pattemars* (big boats) generally belonged to the merchants themselves<sup>159</sup>. Thus private parallel money transfer was going on between Bombay and Malabar and mostly carried on the behalf of Bombay merchants and their agents in Malabar. This flow was more from Bombay to Malabar as Bombay merchants monopolized Malabar's external trade and Malabar exported more than what was imported. Since it was beyond the control of government agencies this type of money transfer also might have played a role in sending fake Bombay and Marathi currencies to Malabar.

Usually the bills were drawn in favour of the District Collector and paid within the date stipulated even in the absence of the Collector. There were only two subordinates treasuries in Malabar one at Tellicherry and another at Cochin. Depending on the availability of funds, the Collector permitted the merchants to draw the bill at either of them. Mr. Conolly in order to cut down the money realization period of the bills informed the Accountant General of Bombay that future bills should be issued at three days sight instead of ten days sight<sup>160</sup>. During the period of one year from August 1845 to July (ending) 1846 the money sent from Bombay to different ports in Malabar was as follows. Cannannore Rs.1,62,000, Tellicherry Rs.96,000, Vadakara Rs.1,500, Quilandy Rs.5,500

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<sup>158</sup>

*Ibid.*, p.186.

<sup>159</sup>

*Ibid.*, p.187.

<sup>160</sup>

*Ibid.*,

Calicut Rs.4,21,650, Tanur Rs.12,050,Ponnany 18,700,Chavakkad Rs.2000, Cochin Rs.47,400 total amount was Rs.7,66,800.<sup>161</sup> Calicut received the maximum fund from Bombay and was the important trading centre on the Malabar Coast where the Bombay merchants wanted to have more funds. This fund may not be exclusively for *trading* with Malabar district as a portion of the bills could be diverted to Coimbatore and Salem for the purchase of piece goods. The eastern districts exported the piece goods to Bombay from Malabar ports.

Apart from bills from Bombay, there was a practice of locally issuing the bills. At times these bills were dishonored. In 1793 Mr.Agnew ,the Collector General of South Malabar, issued a bill on the Atchin of Palakkad favouring Mr.Wesley ,the pay Master, which was not honoured by the Atchin. Then Mr. Wesley was compelled to take money from other source at a discount of 3%<sup>162</sup>. The Malabar Second Commissioners informed the Bombay Governor that the army personnel could make remittance by investing their money in the funds of the government by bill on government payable 30 days after sight. These bills were optionally deferrable and bore an interest from the expiration of the sight at 9% per annum or transferable by bills on supreme govt<sup>163</sup>. Some merchants of Malabar occasionally got bills issued on the Madras Presidency. One Bukia Towgee had received a set bills of exchange on the Madras presidency on 11<sup>th</sup> May 1798 from Sallah Bahandas on account of (1) Bemjee Sevjee for a set of bills for Rs.6000 (2) from Chocara Moosa for Rs. 3500, (3) from Manserjee Ratanjee , a toddy farmer of Tellicherry, for Rs.1250. There

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<sup>161</sup>

*Ibid.*, p.188.

<sup>162</sup>

Letter from Wesley to Agnew , 21<sup>st</sup> Feb.,1793,Palakkad,BOR,Vol. 734, p.743

<sup>163</sup>

Letter from Second Commissioners dated 25th June1799, to the Bombay Governor, Second Commissioners diaries (public) 1799.M,Vol. .1677-B, p.72.

was no mention about the exchange charge and duration of the payment, or on which treasury it was drawn<sup>164</sup>.

Usually Bills on London were issued at sights varying from 3 to 6 months. It was sometime not issued on London office of the English East India Company. For example, Mr. Thomas Warden, Principal Collector of Malabar, in his letter to the BOR, Fort. St. George, enclosed a set of Bills on London for Rs.10000/ on M/s Poacher &Co of London at six Months sight (being the 2<sup>nd</sup> installment of payment in discharge of Mr. Brown's debt to Honorable Company for the lease of *Randaterrah* plantation) at the exchange of 2 shilling and 2 pence per Bombay rupee<sup>165</sup>.

Mr. Murdock Brown had sent Rs.2000/- to Ayyakutty pattar, the accountant of Porladiri Raja of Kolathunad through one Payyan. Payyan was actually given Rs.2009 i.e. Rs.9/ could be the commission paid to Payyan. It is not sure whether *Payyan* was a carrier or Bill exchanger<sup>166</sup>. In May 1803 one Sooba Rayya took Rs.20,000 draft on Bhavany in Coimbatore<sup>167</sup>.

Bills were used by Malabar and Bombay merchants for transferring funds mainly for trade. Not much information about bills on London is available. Similarly there was scarcity of information about transfer of fund between Malabar and Madras through bills. However, with the improvement in piece goods trade fund transfer between Malabar and eastern districts like Coimbatore Salem, and Madurai had increased. The fact that there

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164

M.Vol. No.8182, p 232.

165

Letter from Mr.T.Warden to the BOR dated 8<sup>th</sup> February, 1815, BORP,Vol.669, p.1966.

166

Kadathanadu records,No,2, ,M.E.967-Edavam 20,(3<sup>rd</sup> , June,1791) Department of History, Calicut university,

167

M.Vol.No. 2312, p. 43.

was no reference of Bills on Mysore and Trichy and this may be due to Malabar's low volume of trade with these areas.

Malabar's century old free trade, especially the export of condiments, with different parts of India and other countries were responsible for the presence of large number of foreign and regional currencies in Malabar. They brought Bullion and specie. They were used for minting Malabar local coins. These coins continued to circulate even after the annexation by the English East India Company in 1792. The absence of a uniform currency even under the Company's rule perpetuated this situation. Malabar's tragedy started with the administrative control of Malabar by the Bombay Presidency<sup>168</sup>. Hereafter Malabar's overseas external trade was controlled by the big Merchants of Bombay or their agents on the Malabar Coast. Malabar's 80% of overseas external trade was channeled through Bombay and very often the payment was made in Bombay or Marathi rupees. The loss of Malabar's political independence was followed by their loss of commercial freedom. The Malabar traders had no other alternative but to yield to the whims and fancies of Bombay merchants. Hereafter Bombay currencies started to dominate the Malabar currency system. The negative aspect of this development was that many of the Bombay and Maratha rupees remitted to Malabar were fake and counterfeit.

This debased the Malabar *fanams* and created problems in trade and commerce and payment of taxes. This was partly due to the commercial ignorance of Bombay establishment in Malabar and partly due to willful activities of them. Putting Malabar under the Madras presidency since 1800 did not solve the problems. The Madras currency was not the favourite coin of the Malabaris. The Bombay currency continued to dominate Malabar due to latter's commercial proximity to Bombay. The Government policy of arbitrarily changing the government rate of exchange, withdrawing Malabar *fanams* from circulation,

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<sup>168</sup> Immediately after the annexation Malabar was put under the administrative control of the Bombay Presidency. It continued to be under Bombay till 1800 when it was put under the Madras presidency. Malabar ports could be easily accessed from Bombay than from Madras.

remitting Malabar gold coins to Bombay without reciprocal return of gold were some of the evils of the British administration of Malabar. The presence of numerous coins with daily changing exchange rate exposed the *ryots* (peasants), common people, petty traders and soldiers to the exploitation of the *Shroffs* and revenue officers and *shroffs*.

From time immemorial Malabar had trade relations with foreign countries and she should have revived bullion in return for the export of condiments. But there is no information about the fate of this bullion. Part of it should have been used for importing grains and other essentials in the pre-colonial period. Part of it should have been taken out by the Mysore rulers in the form of tribute and land tax. A portion would have been used by the locals for making ornaments for which no data is available. But during the British period a large number of gold coins were taken out in the form of remittance. This had led to the scarcity of gold coins in Malabar. Gold *fanams* were not only a currency but also a medium in which the savings and investment of the Malabar people were kept. As a coin, its remittance (drain) could have been replaced by other currencies but the shortage of gold coin deprived the Malabaris of a coin for which they had special liking. Malabar currency system was confused due to the presence of large number of currencies with almost daily fluctuating value. Some of the government policies and their ignorance about the system aggravated the problems. The presence of counterfeit Maratha currencies, government policy of arbitrarily fixing a high exchange rate for the currencies, suddenly withdrawing from circulation of current coins and remitting it to other places, remitting gold and silver coins to Bombay, as a part of tribute to London without reciprocal return, Government's refusal to receive Malabar fanams in the treasury in the payment of land tax, and government officers (Shroffs and revenue officers) fixing a low value for the fanams in which the ryots paid the taxes were some of the evils of the Malabar currency system. Government's attempt to solve some of the problems worsened the situation. The ultimate

sufferers of this confusion were cultivators, poor people, workers and petty traders. They were exploited by the tax collectors, Shroffs and big traders. The government failed to provide any relief to the people of Malabar from the ills of currency system.

A detailed study is needed to assess the role of *shroffs* in the economic system of Malabar, the role of Malabar traders in depriving the peasants of the produce by making use of different exchange and the putting out system, and how far the currency system was injurious to the interest of the peasants and the petty traders.