

HINDU TEMPLES IN BIHAR AND ORISSA: SOME ASPECTS OF THE MANAGEMENT OF THEIR MONETARY ENDOWMENTS IN EARLY MEDIEVAL TIMES

The study of economic functions of the Hindu temple in early medieval and medieval times has received the attention of many scholars in recent years and a good number of articles covering diverse aspects of the temple economy have been published. However, the majority of these have, by and large, dealt with the functions of the south Indian temple while studies on the economic activities of the north Indian Hindu temple have been few. This disparity may possibly be due to the very nature of the data available from the two regions. Thousands of inscriptions found at south Indian temples yield a wealth of information useful for such studies and the information they offer is so rich in detail that sometimes even a few records found at a single establishment appear adequate for a comprehensive study.

In contrast, the north Indian temple offers little promise for studies of that nature. Apart from the number of inscriptions found at north Indian temples being markedly less, the information they give is too scanty for any detailed study. However, interestingly, even this limited amount of information seems to reveal that many a Hindu temple in north India played no less an important role in the general economy than their counterparts in the south.

This paper attempts to assemble and analyse a limited amount of information available on a little known but very important aspect of the economic functions of the Hindu temple in two adjoining areas of north India, Bihar and Orissa, in the early medieval times. Comprising a large section of eastern India, Bihar and Orissa are the only areas in the whole region where epigraphic and supportive literary data pertaining to the management of religious monetary endowments can be found.

Although India had a long-standing tradition of making religious benefactions, there is no definite evidence to ascertain the exact date of the earliest donations made in favour in Hindu temples. Some inscriptions of the Kṣaharāt-Kṣatrapas of western India, who ruled in the early centuries of the Christian era, refer to some grants made to gods and *brāhmaṇas*, but provide no other details.¹ From the time of the imperial Guptas, however, clear and more informative data is found in inscriptions about the nature and also the value of most grants.² These inscriptions, found again in western and central India, refer to several donations of land and money to a number of deities, and in effect, to the temples dedicated to those deities. From about the seventh century A.D. onwards a large number of inscriptions, generally found in almost every corner of the subcontinent, and in south India in particular, record the donation of various types of assets of economic value such as land, houses, building-sites, livestock and money.³ Yet, the large majority of these records register the granting of land or the transfer of some fiscal rights over villages, and most of this type of grants belong to the period after the eighth century A.D.

In the whole of eastern India, only Bihar and Orissa have yielded records of monetary endowments to Hindu temples and no such records have been found in West Bengal or Bangladesh. It is also noteworthy that none of the Orissan grants recording money endowments is assignable to a period earlier than the twelfth century, and in Bihar, only three inscriptions belonging to the period prior to the twelfth century refer to money endowments. This is a very significant phenomenon in view of the fact that evidence of the donation of the other types of assets such as land and livestock is abundant throughout the early medieval period.

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1. *Epigraphia Indica* (herein after *E.I.*), VIII (1905-6) p. 82 ff. 11. 2ff.
 2. J.F. Fleet (ed.) *Gupta Inscriptions, Corpus Inscriptionum Indicarum*, III, London, (1888) p. 54, 11.17-19 and D.C. Sircar, *Select Inscriptions Bearing on Indian History and Civilization*, I, Calcutta (1942) p. 319, 11. 4 ff.
 3. P. Niyogi, *Contributions to the Economic History of Northern India from the tenth century to the twelfth century A.D.*, Calcutta (1962) p. 287 ff.

The scarcity of records of money endowments may be attributed to the rapid decline in trade and monetary activity in many parts of northern India, particularly after the Gupta times. The thriving overseas trade that India had experienced during the pre-Gupta times gradually dwindled under the Guptas; after about the sixth century A.D. many parts of northern India saw very little overseas trade.⁴ Consequently, coinage became rare and gold coins disappeared almost completely as a medium of exchange in northern India until they reappeared sometime after the tenth century. Even internal trade appeared to have suffered under these circumstances; cowree-shells and silver tokens, along with copper coins, became the most widely used medium of exchange.⁵ A significant revival of India's trade with the outside world can be seen only from about the tenth century A.D.⁶ and it is significant that all the Orissan inscriptions recording monetary endowments belong to this period. Hence, the relative popularity of the practice of making monetary grants for religious purposes could be directly related to the changes taking place in the field of trade during the latter part of the early medieval period.

Despite the fact that Orissa and Bihar together yielded not less than twenty-five inscriptions recording monetary endowments to Hindu temples, they are in no way comparable with the hundreds of south Indian inscriptions of the same type which contain a wealth of detailed information. Nevertheless, this limited number of records from Bihar and Orissa are useful in studying at least certain vital aspects concerning the founding and the maintenance of monetary endowments to Hindu temples in this part of the

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4. For discussions on this matter see, R.S. Sharma, *Indian Feudalisms.*, p. 67-68 and L. Gopal, *Economic Life in Northern India, c. A.D. 700-1200*, New Delhi, (1965) p. 175 ff.
 5. See V.K. Thakur, 'Economic Changes in Early Medieval India (c.A.D. 600-1200)' in *D.D. Kosambi Commemoration Volume* ed. L. Gopal, Varanasi, (1977) p. 189-91.
 6. R.S. Sharma, *Perspectives in Social and Economic History of Early India*, New Delhi (1983) p. 187 ff.

subcontinent, and also the manner in which the interest on these deposits were calculated - aspects not brought to light by any other source.

According to the inscriptions recording the earliest known monetary grants to religious institutions, the usual arrangement was to deposit the money with guilds of artisans of traders or similar institutions engaged in monetary activity. The interest accruing from these deposits was to be used for the performance of the intended religious function.⁷ This type of endowment though intended for religious purposes, was actually a private arrangement between the donor and the guild concerned, and most probably the religious institution was not directly involved in the management of the benefaction. This method of creating endowments with guilds and similar institutions appear to have continued even in the period under review, for at least three inscriptions from Orissa refer to this type of grants. A Bhubaneswar inscription⁸ of the time of king Anantavarman Coḍagaṅga (A.D. 1114) of the Eastern Gāṅga dynasty records that a certain Virāṇḍi deposited a sum of five gold *maḍhas*⁹ with eight persons described as residents of the brahmana sector of the village Allataḍa, for the maintenance of a perpetual lamp at the Liṅgaraja temple at Bhubaneswar. Another instance of investing money with the residents of a village is referred to in an inscription (A.D. 1142) from the Kedaresvara temple at Bhubaneswar.¹⁰ This record mentions that the inhabitants of the village Nāgagarbhā in the Paimḍā *viṣaya*, headed by the village chief Śanda, received a sum of five *maḍhas* of gold from *rajan* Pramādi, the younger brother of the ruling monarch, for the maintenance of a perpetual lamp. It is quite likely that the mention of the village inhabitants here is in fact a reference to the village council of a similar representative body of the village.

7. *E.I.* VIII (1905-6) p. 78, 4 and p. 82 ll. 2-7.

8. *ibid.*, XXX (1953-54) p. 32, inscription no. 2, ll. 3-9.

9. A well known gold coin in circulation in the Eastern Ganga kingdom, which included a large part of present state of Orissa. See D.C. Sircar, *Studies in Indian Coins*, Delhi (1968) p. 65.

10. *E.I.* (1953) p. 94-95, ll. 3 ff; also see ll. 5-6.

However, one of the major and most important developments in the creation money endowments in this period is the direct involvement of the temples in the transactions, in other words, instead of money being deposited with guilds or village councils, the temples themselves began to accept money deposits on condition that the intended religious functions were performed using the interest earned on the capital. This arrangement, which was well known in the Buddhist monasteries of western India in the pre-Gupta times¹¹, seems to have gained wide popularity in the Hindu temples only in the post-Gupta period. What is significant in this development in accepting direct monetary grants by the temples is that it marks a major turning point in the whole approach and the nature of their involvement in economic affairs. Unlike in cases where money was deposited with non-religious bodies such as guilds and village councils, the depositing of money in the temple itself committed the institution concerned to engage itself in profit-earning pursuits to be able to pay interest on the deposits. Unfortunately, hardly any direct evidence is available either from Orissa or from Bihar as to the particular economic pursuits in which the money was invested. It is evident that some of the religious institutions were actively engaged in the cultivation of land under their control.¹² As agriculture was the mainstay of the economic system it is quite likely that the temples invested their money in agriculture.

In his study of the monetary endowments and the livestock redistribution of a Tanjore temple during the Cola period, G.W. Spencer¹³ has shown that large sums of money deposited in the temple were used by its authorities to purchase livestock such as cows, ewes and she-buffaloes. These animals were then distributed among shepherds, who in turn had to supply specific quantities of ghee and milk

11. P.V.B. Karunatilaka, 'Buddhist Monasteries in North India: Their Economic Functions in Early Medieval Times', *Kalyani: Journal of Humanities and Social Sciences of the University of Kelaniya*, Vols. III & IV (1984-85) p. 86.

12. *ibid.*, 98-99.

13. G.W. Spencer, 'Temple Money lending and Livestock Redistribution in early Tanjore' *Indian Economic and Social History Review*, V. (1968) p. 277-294.

to the temple. Thus this produce was the interest received by the temple on its investments. Milk and ghee were two major items in the daily offerings at Hindu temples, and ghee was also required in the preparation of food and for lighting lamps. It is evident that Hindu temples in Bihar and Orissa, too, had been endowed with bullocks, she-buffaloes, ewes etc.,¹⁴ and presumably these institutions also had to distribute their livestock among shepherds of the area, like their counterparts in south India, and probably they also invested their money in livestock-breeding, which was no doubt a lucrative venture.

Some North Indian religious institutions, especially those in western and central India, were investing their trust funds in several other areas of economic activity. For instance, the Ahar stone inscription from Uttara Pradesh contains some interesting information as to how the temple of Kankeśvaridevi, in the city of Tatthanandapura, invested its money in profitable pursuits. This inscription, which consists of several entries belonging to the period between 864-904 A.D., shows that the managing committee of the temple took out several apartments on 99 year lease with the money belonging to the temple, and that the rent collected from those houses was spent for regular worship of the deity.¹⁵ Although we come across references to houses and building-sites owned by religious institutions in eastern India,¹⁶ it is not certain whether all of them had been bought by the temples themselves or were mere donations by pious patrons.

It is also interesting to note that many contemporary Buddhist monasteries in eastern India, which carried similar economic responsibilities like the Hindu temples, were actively participating in several economic activities. In addition to getting their land cultivated through several means, they were also investing the funds at their disposal

14. *Journal of the Bihar Research Society*, LII (1966) p. 63-65.

15. *E.I.*, XIX (1937-8) p. 51-62, documents, 2,4,8 and 10.

16. *ibid.*, p. 279-283 and *E.I.* XXIII (1935-6) p. 65-66.

in purchasing leases, entering into business contracts etc.¹⁷ Therefore, it is very likely that the Hindu temple in Bihar and Orissa, too, like the contemporary Buddhist monasteries in the region and the Hindu temples in other parts of the subcontinent, invested their funds in different economic pursuits to earn interest.

The information available in some records from Bihar and Orissa is useful in understanding certain aspects of the procedure followed in the creation of and the maintenance of money endowments for religious purposes. The Markaṇḍeśvara temple inscription of the time of Anantavarman Coḍagaṅga¹⁸ for instance refers to seven persons who were witnesses to the founding of a monetary endowment at the temple. The names of the seven are given with their titles; these titles being *mudrāhasta*, *pasāpātaka* or *pasupālaka* and *karāṇa*.¹⁹ The titles of these persons indicate that they were actually officials in temple administration. The *mudrāhastas* may have been the officials in charge of temple seals and the *karāṇa* must have been the temple scribe.²⁰ The *pasāpālaka* or *pasupālaka*²¹ were a group of *brāhmanas* associated with Saiva temples, and the term *sammāvāji*²² may be taken to mean another group of temple priests. The above mentioned Alagum inscription of the time of Coḍagaṅga also refers to an instance where money was handed over to the authorities or protectors (*pālanādhiḱarīna*)²³ of the village temple, to create a monetary endowment for the maintenance of a perpetual lamp at the temple.

17. Karunatilaka, *op.cit.*, p. 102-103.

18. *E.I.* XXXIII (1959-60) p. 185, ll. 7-9.

19. *ibid.*, ll. 3-4.

20. *Karāṇa* usually means a scribe, but in this instance, the word appears with the prefix 'sri' which seems to indicate a special status. Perhaps he was the chief scribe of the temple.

21. For interpretation of this term see, *E.I.*, XXXIII (1959-60) p. 183 and also K.C. Mishra, *The Cult of Jagannatha* Calcutta (1971) p. 224.

23. *E.I.* XXIX (1951-52), p. 47-48, l.4.

A twelfth century record from Bihar, the Gaya inscription dated in the 'lapsed reign' (*gata-rajya*) of king Govindapāla,²⁴ also speaks of a similar procedure. This inscription, which records a monetary grant to a *maṭha* of god Viṣṇu, mentions the names of seven witnesses, two of whom are described as servants of god Viṣṇu, meaning temple priests (*pujāharis*)²⁵. The particular mention of these as servants of god Viṣṇu implies that the others were not priests of the temple though they, too, along with the other *brāhmaṇas*, were residents of a penance-grove (*tapo-vana*) probably belonging to the *maṭha*. This inscription has, in addition to the original grant, an endorsement at the end of the record, mentioning that a sum of sixteen *kaśāpāṇas* was paid as interest on the capital of sixty *kaśāpāṇas*. The names of two persons who witnessed the handing over of the annual interest are also given.²⁶ This shows that the payment of interest as well as the founding of an endowment was done in the presence of witnesses.

The law-books of the early medieval times and the preceding period contain various laws pertaining to money-lending and interest payments between individuals but they pay little or no attention at all to similar transactions between individuals and institutions involved in accepting money-deposit for purpose of paying an interest on the capital. Nor is it possible to obtain any information from the law-books about the manner in which the temple money deposits were maintained. Therefore it is difficult to ascertain as to what particular methods were followed or by what sort of rules and regulations these money-deposits were governed. However, some data available in the donatory inscriptions are useful at least to a certain extent, in filling this obvious gap in the information found in the law-books.

The Puri Mārkaṇḍesvara Temple inscription is one such record that provides valuable information concerning the

24. *ibid.*, XXXV (1963-64) p. 238 l. 15.

25. For the meaning of the term see D.C. Sircar, *Indian Epigraphical Glossary*, p. 265.

26. *E.I.* XXXV (1963-64) p. 238.

manner in which religious monetary endowments established with individual financiers were maintained and administered. According to this record²⁷ three persons namely, Bhīmadeva, Ruda (Rudra?) and Hari, accepted some money from three temple priests (*pūjākaris*) named Hari, Vandau and Vāsu, for the maintenance of a perpetual lamp at the temple of Mārkaṇḍeśvara. The inscription then goes on to say that Bhīmadeva's son Nāna, relieved himself of the obligation of maintaining the lamp by refunding the deposit. This implies that Nāna had become responsible for the deposit of money made with these three persons including his father, who are described in the record as *sādhu*. It is quite probable that Nāna became responsible for the deposit after his father's death. D.C. Sircar, who edited the inscription, thinks that the reason why the responsibility fell upon Bhīmadeva's son was that Ruda and Hari, the two persons along with whom Bhīmadeva accepted the original deposit, were either sons or brothers of Bhīmadeva. Yet, it is also possible that if the term *sādhu* used to describe the three persons can be taken to mean 'a merchant', as has been suggested by Sircar himself,²⁹ it is possible to argue that Bhīmadeva, Ruda and Hari were not necessarily relatives but only business partners. Perhaps, after the death of the other two, or their giving up from business for some unknown reason, the responsibility over the deposit may have fallen upon Bhīmadeva, and that responsibility in turn was passed on to his son Nāna.

However, the most important fact that emerges from the above statement in the record is that the descendants of a person or those who inherit the business interests of a person who accepted a deposit were liable to honour the agreements of that particular person. On the other hand, the fact that Nāna could relieve himself of the obligation of providing for the maintenance of the lamp by refunding

27. *ibid.*, XXXIII (1959-60) p. 185, ll. 3-4.

28. *ibid.*,

29. D.C. Sircar, on the strength of the *Lekhāpaddati*, translates this term as 'a merchant'. See *E.I.*, XXXIII (1959-60) p. 183 and *Indian Epigraphical Glossary* p. 284 and 285.

the deposit indicates that, though the son was considered responsible for the father's business agreements, it was not obligatory on the son to continue the agreement indefinitely.

As the purpose of creating a monetary endowment was to ensure the performance of certain religious rites or functions using the income derived from the deposits, the duties and functions thus to be performed and the manner in which they were to be carried out are also stipulated in some records. For example, one of the Puri inscriptions of the time of Coṣagaṅga (A.D. 1114/15) stipulates that a financier (*śreṣṭhīn*) who accepted a money endowment should provide as interest 200 measures (known as *kaṛaṇḍī*) of oil every month for the maintenance of a perpetual lamp at the Markaṇḍeśvara temple.³⁰ It is also evident that the interest was sometimes paid in cash to the temple authorities, as is mentioned in the Gaya Inscription referred to earlier. According to this inscription the interest on the deposit made with the *maṭha* of Gaḍhādhara was actually calculated and paid in cowree-shells, which were known as *kaṇḍaka-puraṇas* a well-known medium of exchange at the time.³¹

The Gaya inscription also furnishes us with some valuable information on the rate of interest paid on funds deposited with religious institutions. It states that a sum of sixteen *kaṛaṇḍas* were paid as annual interest on a sum of 50 *kaṛaṇḍas* deposited with the *maṭha*.³² Thus the annual rate of interest in this instance was 32 per cent. The Bhubaneswar inscription of Pramādi (A.D. 1142) is another record that refers to interest payment on a religious money endowment. According to this, the inhabitants of the village (most probably the village council) of the village of Nāgagarbha in the Paimdā *viṣaya* (in Orissa) received five *maḍhas* of gold from prince Pramādi for the

30. *E.I.* XXXIII (1959-60) p. 185, ll. 6-7.

31. For the use of *kaṇḍakas* as a medium of exchange in the early medieval times, see R.S. Sharma, *Indian Feudalism*, pp. 65-66.

32. *E.I.* XXXV (1963-4), p. 238, ll. 14-15.

maintenance of a perpetual lamp at the temple of Kedāresvara.³³ It also reveals that the villagers had to pay a monthly interest of five *padas*, being a *pada* on each *madha* so deposited. If the term *pada* is taken in its literal meaning of 'a quarter', it would suggest that an amount of one and a quarter gold *madhas* was to be paid every month as interest. Then the rate of interest appears to have been twenty five per cent per month, or 300 per cent per year. Yet, when compared with the 32 per cent annual rate of interest in the above mentioned Gaya inscription, the 300 per cent seems quite an excessive rate.

However, it is not quite clear from the Bhubaneswar inscription what was precisely meant by the word *pada*. Though it could be taken literally to mean a quarter, it is also possible to argue that it need not necessarily mean a quarter of a gold *madha* coin. As. D.C. Sircar³⁴ has argued, it can also mean a quarter of a standard silver coin or some other currency prevalent in Orissa. In fact there is evidence to believe that a coin known as *pada* was actually in circulation in many parts of northern India during early medieval times.³⁵ Nevertheless, even if there existed a coin known as *pada* in Orissa, we are as yet unable to determine its value against the Orissan gold *madha*. On the other hand, if *pada* could be taken to mean a quarter of a silver *madha* coin which, according to M.M. Chakrawarthy³⁶ was one fifth of the value of the gold *madha*, it shows that one and a quarter silver *madhas* was the monthly interest, amounting to 60 per cent per year.

If the interest was 300 per cent, which is the rate calculated based on the first interpretation, it is certainly an exorbitant rate for a religious money endowment, and even the 60 per cent is a substantially high rate. Yet, such exorbitantly high rates of interest were not totally unknown to the ancient Indian law-givers. For instance, Kautilya prescribes a 60 per cent annual interest on loans given to

33. *ibid.*, XXX (1953-4), p. 90, ii. 3-7.

34. *ibid.*, p. 92.

35. B.N. Puri, *The History of the Gujaraṅga-Pratīhāras*, Bombay (1957) p. 136.

36. cited in D.C. Sircar, *Studies in Indian Coins*, p. 65 and pp. 97 ff.

persons engaged in ordinary trade, and 120 per cent on loans given to traders who travel through jungles.³⁷ An excessively high rate of 240 per cent is recommended on loans made over to sea-faring merchants.³⁸ Yājñavalkya too, recommends similar rates on loans given to those engaged in similar business.³⁹

Vijñāneśvara, the eleventh century commentator on Yājñavalkya, while approving the above rates, explains that on account of the risks involved in such trades the merchants could lose not only their capital but also their lives, in the event of a ship-wreck or on being attacked by robbers or wild beasts.⁴⁰ The early medieval mathematical treatise *Bhājarāṅga* of Bhāskara-cārya, though not belonging to the category of law books, refers while elucidating certain mathematical problems, to interest rates ranging from 21 to 162 per cent per annum.⁴¹ The rates mentioned in the *Līlāvati* of the same author vary from 36 to 60 per cent.⁴² It is quite likely that these works refer to actual rates of interest prevailing at the time for, as L. Gopal⁴³ has rightly pointed out, it is difficult to believe that the author would have used unrealistic examples to explain mathematical problems.

Although the law-books recommend very high rates of interests on loans, the evidence from inscriptions does not seem to corroborate that information. For instance, as D. Sharma⁴⁴ has shown after a careful study of mainly donatory inscriptions from the Cāhamāna kingdom which flourished

37. *Arthasātra of Kauṭilya*, III:11.

38. *ibid.*

39. *Yājñavalkya-smṛti*, II:38.

40. *Mitākṣarā on Yājñavalkya*, (ed. and tr. J.R. Gharpure, Bombay (1914 and 1936) II:38.

41. *Bhājarāṅga of Bhāskara-cārya*, pp. 232-248.

42. *Līlāvati of Bhāskara-cārya*, ed. H.C. Banerji, Calcutta (1893) pp. 31-37.

43. L. Gopal, *Economic Life in Northern India*, pp. 233 ff.

44. D. Sharma, *Early Chauhan Dynasties*, Delhi (1959) p. 301.

in western India from tenth through twelfth centuries, the rates of interest paid on religious money endowments ranged between 30 and 33 per cent per annum. According to some tenth century Cola records the annual rates paid on religious money endowments in the Cola kingdom varied from 15 to 40 per cent.⁴⁵ A stone inscription in the Visṇu temple at Ukkal in Tanjore dated in the twenty ninth regnal year of Rajaraja I, reveals that a village assembly paid 500 *kaḍis* of paddy per year on a deposit of 100 *kaḍis* of paddy.⁴⁶ Here the annual rate of interest was 50 per cent. This shows that at least in certain instances interests charged even on religious money endowments was relatively high. It is interesting to note that in the cases where the high rates of 40 and 50 per cent were paid on capital, the deposits had been made with local village assemblies. Perhaps the village assemblies were capable of paying higher interests on deposits made with them because of the more lucrative economic and administrative affairs carried out by them.⁴⁷ Thus, in the light of this evidence the 60 per cent rate of interest suggested in our interpretation of the evidence in the Bhubaneswar inscription of Pramadi would not seem abnormal. Here too the depositary was a village assembly, as was the case in the two Cola grants.

On the other hand, even the 32 per cent annual interest mentioned in the Gaya inscription is considerably higher than the rates we come across in some of the Cola records. But when compared with the average rates of between 30 and 33 per cent in the Cahamana records and 25 to 40 in many of the Cola inscriptions, the 32 per cent rate of the Gaya inscription has to be considered as a normal rate of interest for religious money deposits. However, it is also noteworthy that there is a surprisingly wide difference between the rates of interest recommended by the early medieval law-givers

45. *South Indian Inscriptions*, III (1929) p. 241, ll. 5 ff; p. 270, ll. 25 ff. Also see R.S. Sharma, *Perspectives in Social and Economic History of Early India*, pp. 199-200.

46. *South Indian Inscriptions*, III (1929) p. 9, ll. 1-3.

47. For the functions of village assemblies in south India during this period, see A. Appadorai, *Economic Conditions of South India*, I, Madras (1936) pp. 135 ff.

and those mentioned in the religious grants. One can always argue that the law-books speak only of hypothetical situations, while the inscriptions reflect the reality. Yet it must also be noted that most of the law-books often refer to interest rates in the context of their discussions on the lender-debtor relationship based on the system of money lending between individuals. Therefore the laws or conventions governing religious money deposits or the rates of interest paid on such deposits may not have been their prime concern.

Moreover, as far as money deposits are concerned, money lending is only the second step in the process of earning interest, as the depository has to lend that at a higher interest or invest the capital to earn an income greater than that which he is supposed to pay back to the depositor. Hence, the interest rates mentioned in the law-books may not necessarily reflect the interest paid on money deposits, and this would perhaps explain the difference between the excessively high rates of interest mentioned in the law-books and the relatively modest rates borne out by the evidence from inscriptions.

Thus it is clear that, although a general discussion on the rates of interest is possible, it is not an easy task to arrive at any definite conclusions in this regard, mainly for want of more precise evidence. It is also difficult to generalize on this point on the basis of the very limited amount of evidence available to us, for interest rates could vary depending on regional, historical, economic and many other considerations. The fact that even in the Cola kingdom itself, from where we get relatively more data, the rates of interest varied between 5 and 40 per cent, highlights the futility of generalization.

Despite the regional variations and other circumstances that could have affected the rates of interest, it is clear, as R.S. Sharma⁴⁸ has pointed out, that throughout the early medieval period interest charged on loans in many parts of the sub-continent generally remained fairly high. Although

48. R.S. Sharma, *Perspectives in Social and Economic History of Early India*, pp. 197 ff.

this is a conclusion based mainly on evidence from law-books, the epigraphic evidence we have cited above also points to a similar trend. The earliest inscriptional evidence for ascertaining rates of interest on religious endowments prior to the period under review are those from the Kṣaharāta-kṣatrapa inscription, but their information is insufficient and inconclusive for an extensive study. Yet in several instances the rates of interest calculated on those money deposits appear to have been twelve per cent per year,⁴⁹ and this is certainly much lower than the 30 to 60 per cent rates we come across in many monetary endowments of the early medieval period. Though it is difficult to give a straight account for this phenomenon, it can still be related in broader terms to the major developments in the economic system of the time. The Kṣaharāta inscriptions, which reveal a low rate of interest, belong to a period when the Indian subcontinent, the western sea-board in particular, was reaping the benefits of a thriving overseas trade.⁵⁰ Hence it may be assumed that this trade, which was heavily in favour of the Indians, generated conditions very much conducive to the rapid growth of a money economy in which money lending occupied a prominent place. In this situation it is possible that the interest rates remained low as a consequence of the large amount of money available for lending purposes and the possible competition prevailing in the field of monetary activity.

However, the gradual but rapid decline in trading activity from about the time of the Guptas paved the way for broad changes in the general economy. With the decline in trade money supply became scarce, which in turn affected every aspect of monetary activity. Thus the general decline in trade and the resulting near stagnation of large scale monetary activity must have contributed to create a greater demand for money, thereby making the interest rates rise and remain high throughout the early medieval period.

P.V.B. KARUNATILAKA

49. *ibid.*, p. 199.

50. G.L. Adhya, *Early Indian Economics*, Bombay (1966) pp. 177 ff.