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A Study on the Role of Currency in Indian Society

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ABSTRACT

The economic and social advancement of Indian society has been significantly influenced by currency. The evolution of currency illustrates significant shifts in India's economic, political, technological, and social institutions, from prehistoric metallic coins and conventional systems of exchange to contemporary paper money and digital payment systems. With a focus on its roles as a store of wealth, a medium of exchange, a measure of worth, and a tool for promoting economic activity, this research explores the role and significance of currency in Indian society. The historical evolution of Indian currency, from prehistoric coinage to the colonial era and the post-independence monetary system, is also taken into account. It looks at how money affects employment, trade, agriculture, taxes, savings, investments, and household consumption. The evolving nature of financial transactions via banking, electronic payments, mobile banking, and digital payment systems is given particular consideration. The study also looks at how currency and social change, financial inclusion, economic inequality, and shifting consumer patterns are related. The results imply that money is a significant institution that affects daily social interactions and the larger process of economic development, rather than just being an economic tool. The study comes to the conclusion that while the modernisation of India's monetary system has improved the effectiveness and scope of economic transactions, it has also brought up new issues with regard to financial literacy, digital access, security, and economic inequality.

Keywords: *Currency, Indian Economy, Coinage, Rupee, Financial Inclusion, Digital Payments, Social Change.*

INTRODUCTION

One of the most significant institutions in the social and economic advancement of Indian civilisation is money. From prehistoric metal money to contemporary paper money, coins, bank deposits, and digital payments, the monetary system has changed dramatically in response to shifting social demands, political structures, economic conditions, and technological advancements. Currency is more than just a means of transaction; it is a symbol of a society's political power, economic structure, cultural norms, and technological progress.

The history of money in India dates back to the prehistoric era, when punch-marked coins were utilised for trade. Coins from the Mauryan, Gupta, Sultanate, and Mughal eras represented the power and economic strategies of the governing classes. India's monetary system saw significant changes throughout the colonial era, mainly as a result of the rupee's growth and the spread of standardised currency. Following independence, the Reserve Bank of India assumed a pivotal role in monetary policy and currency control. The development of digital payment systems, mobile wallets, banking, and electronic payments over the past few decades has further changed the purpose and significance of money in daily life.

Trade and commerce, setting prices, collecting taxes, paying wages, building wealth, and fostering economic growth are all made possible by currency. By influencing people's purchasing power and access to products and services, it also affects social ties and living conditions. Money is necessary for households to pay for necessities including food, housing, healthcare, education, and transportation. It gives firms the foundation for employment, investment, production, and trade.

Currency plays a part in more than just official economic transactions. Alongside more conventional forms of credit and exchange, money transactions have steadily grown in significance in rural India. The monetisation of rural markets and agricultural activity has been aided by currency. At the same time, disparities in people's capacity to fully engage in the monetary economy have been brought about by disparities in income and access to financial services. Therefore, studying currency is a crucial way to comprehend India's social and economic progress.

Another significant feature of modern Indian society is the shift from cash to digital payments. Transactions are now quicker and easier thanks to digital banking, mobile banking, cards, the Unified Payments Interface (UPI), and other electronic payment methods. Additionally, they have promoted the formalisation of economic activity and increased financial inclusion. But problems such as cybercrime, digital literacy, unequal access to technology, and the digital divide remain significant obstacles.

As a result, researching the function of money in Indian society offers a chance to look at how money, the economy, politics, technology, and social life are related. It clarifies how monetary institutions have shaped Indian society and how shifting forms of money still have an impact on people's daily lives.

ROLE OF CURRENCY IN INDIAN SOCIETY

Money has always been central to the economic development of human society. The monetary system developed by the Mughals in India was characterised by its central feature, viz., a centrally directed system of coinage which was the core of the Mughal economy. The imperial coinage was without precedent in quantity and quality. The Mughal rulers considered the right to strike sikka (or the coin) the sole prerogative of the sovereign. Both these factors acted as deterrents to the growth of the economic activities of the European trading companies in India, which had to depend on the realm's mints for their supply of cash. Factors such as a positive balance of trade, the lack of a market for European goods in India and the difference in metal prices between India and Europe made it necessary for these companies to import precious metals to fund their investments in India. They then either sold the imported bullion to Indian dealers or took it to the imperial mints and had it turned into current coins for their own use.

The dramatic decentralisation of India's sovereign authority had begun by the start of the eighteenth century. "A period of transition in which India had to pass through the strain and agony with rapid decline in her economic condition" is how the century is characterised. Some historians believe that the steep collapse in the Indian economy, which had reached its "lowest ebb" by the middle of the eighteenth century, is comparable to the decline of the Mughals' central authority.Others use a "region centric" approach to refute this "empire-centric" viewpoint, pointing to the precolonial regional economies' growth as proof of the Indian economy's vitality. As a result, the Indian economy of the eighteenth century has been characterised in a number of ways, including stability, progress, and decline. Through an examination of the current monetary situation in India, this work contributes to this discussion.

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During the eighteenth century, a variety of regional empires emerged throughout India, each with its own unique currency, as a result of the later Mughal rulers' weakness. As a result, by the middle of the century, the Indian money market was a very confusing picture, with a wide range of coins in circulation that were of various kinds, denominations, minted at various locations, on various dates, and had no consistent standards of fineness or weight. The East India Company's trading dealings in India were severely hampered by this circumstance. According to K.N. Chaudhuri, "the multiplicity of rupees and other coins had very serious implications for a trading organization that was constantly trans shipping money and goods from one part of India to another and was in the position of having to make very large disbursements in local currencies."

The East India Company's money supply drastically decreased as a result of "the cessation of the import of bullion, chiefly silver, from England after 1757," which made matters worse. The grant of Diwani of Bengal, Bihar, and Orissa (1765) marked the beginning of the East India Company's political rise, which began with their first posts in Madras (1639). As a result, the East India Company was forced to implement a number of currency reforms in order to deal with the situation during the second half of the eighteenth century due to the company's increasing need for money for trade, investments, and other civil and military expenses. These actions included, on the one hand, obtaining the minting rights from the Mughal ruler and/or the local authority, obtaining charters authorising the circulation of coins struck by its own mints, etc., and on the other hand, introducing bimetallism, reducing the threat of balta (agio or discount charged by the money changers), etc. The administrators of the East India Company had by now realised that its accounting and trade were likely to remain in a condition of perpetual chaos unless a process for currency standardising was discovered.

Thus, the adoption of a "uniform currency" throughout the regions under their control was the undercurrent of the East India Company's currency policy, which progressed through the stages of "Prohibition," "Concession," and "Administration" of minting operations. The East India Company managed to unite its Indian holdings into three separate presidencies by the end of the seventeenth century: Madras, Bombay, and Bengal, each headed by a Governor or the President. The Governor of Bengal was elevated to the position of Governor-General of Bengal with specific oversight authority over the other two presidencies following the enactment of the Regulating Act of 1773. Since then, the Bengal presidency has been in the forefront of the effort to create a single currency for all of its territories, and the Madras and Bombay presidencies have followed suit.

Acts XVII and XXI of 1835, which established a uniform and universal coinage for the East India Company's territories, were the result of a series of regulations for currency reform passed by the Supreme Government of the Presidency of Fort William in Bengal starting in 1793. Therefore, one of the most crucial components for a better understanding of the effects of the shifting monetary system on various aspects of the Indian economy during the period under review is the study of the currency reforms implemented by the East India Company through its various Regulation Acts, etc.

Despite the great significance of the topic, the current level of study in this area is inadequate. While there have been some excellent studies on the currency system, financial institutions, money market, and credit networks during the sixteenth and seventeenth centuries, comparable studies have rarely been conducted for the pivotal period of British rule's expansion and consolidation in India, which had a significant overall impact on the Indian economy. In 1858, Edward Thomas included a "Note on the History of the Gold and Silver Currencies of India" with the edited and annotated version of James Prinsep's Useful Tables. He came to the realisation that this was "a subject with which much misunderstanding and some misrepresentations have taken place" while discussing the era of British influence on Indian currencies. Edgar Thurston attempted to publish a "History of the Coinage of the Territories of the East India Company in the Indian Peninsula" later in 1890 while compiling a list of the coins in the Madras Museum. He focused largely on the Madras mint's records. His "Note on the History of the East India Company Coinage from 1753-1835" was published in 1893.

An overview of the published economic literature reveals that the study of the currency under British rule has been conducted either from the numismatic point of view, where the study is primarily aimed at detailed description of coins, including the inscriptions, weight, fineness, assay, process of minting, varieties, denominations, etc., or from the point of view where the role of currency has been analysed as an essential input for the trade, commerce, and revenue. Both of these perspectives are covered in the study. It is not often that the two methods coincide. The study of the 'process' is typically disregarded in the works that are available, despite the fact that the 'system' is always analysed. This is another point of contention.

Capt. F. Pridmore, C.H. Biddulph, Michael Mitchner, Peter Snartt, K.W. Wiggins, Paul Stevens, and Shailendra Bhandare are some of the individuals who have contributed to the first group. In the second group, the writings of Bal Krishna, J.C. Sinha, N.K. Sinha, H.R. Ghoshal, Holden Furber, C.U. Wilson, S. Bhattacharya, Sushil Chaudhary, K.N. Chaudhuri, Sushil Chaudhary, K.N. Chaudhuri, Irfan Habib, Asiya Siddiqi, Aziza Hasan, Om Prakash, P.J. Marshal, C.A. Bayly, John Deyell, and others may be considered a record. It is possible to make particular notice of the names of two works in the second category. Within the context of the English trade that took place in Gujarat and Bengal during the seventeenth century, B.S. Mallick has published his research on the function that the currency system and indigenous fiscal practices played. Although it is restricted in its breadth, the research that D.B. Mitra conducted on the monetary system that existed in the Bengal Presidency between the years 1757 and 1835 is based on some archival documents that have not been accessed before.

Despite the fact that there is no room for doubt regarding the absolute necessity of any of the two historical approaches, it is generally agreed upon that the history of India's money during the time of British rule ought to be investigated separately and independently on the basis of the original sources. As a result, the purpose of this study is to incorporate the numismatic data that is currently available into the general monetary framework that developed during the time that the East India Company was in power. The investigation of a variety of internal and external influences that were active in the process of constructing the monetary structure during the time period under consideration has also been carried out with the intention of gaining an understanding of the function that currency played in the process of colonisation in India.

CONCLUSION

The study comes to the conclusion that money has had a significant impact on how Indian society has developed politically, socially, and economically. The development of currency, from the first punch-marked coins to the contemporary Indian rupee and digital payment systems, reflects the shifting character of daily life, trade, and governance. Market expansion, trade and industry strengthening, agricultural exchange facilitation, and the establishment of banking and financial institutions have all been made possible by it.

Currency is now more than just a means of commerce in independent India; it is a tool for financial inclusion, monetary stability, and economic planning. Modern banking, electronic transactions, and digital platforms like UPI have completely changed how people and businesses handle their finances, making payments quicker, more transparent, and more accessible. The formalisation of the economy and the participation of formerly marginalised groups have been greatly aided by these changes.

The report does acknowledge that significant obstacles still exist, but. The advantages of a quickly changing monetary system are nonetheless limited for many segments of society by economic inequality, inflation, unequal access to banking services, digital illiteracy, and cyber fraud. To guarantee that all citizens benefit from contemporary currency, it is imperative to close the digital divide and raise financial literacy.

All things considered, money is a potent social institution that affects production, consumption, savings, investment, and social mobility in addition to being a financial tool. Its historical development and current metamorphosis show how crucial it is to fostering economic expansion and influencing Indian society's future.

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