

# Commerce and Taxation in South India – A Historical Perspective

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(This article is a reprint- Courtesy: Vaichariki, a Journal of Bharathiya Vidya Mandir)

## Abstract

This Study deals with commerce and taxation in our Country with special reference to the Deccan, through centuries from the earliest time. It also traces the system immediately after westerners entered and established their trading posts. It draws references from historical

Indian treatises on Governance, inscriptions & chronicles left by foreign traders and also from ancient Tamil History as well as Literature. There were days when Tamil Nadu was a mighty maritime force and the rulers had good regulations, trade guilds, infrastructure and security measures in place. Foreign countries were vying to trade with India and particularly with Tamil Nadu !!

## Introduction

Kautilya's Arthashastra talks about overseas trade and declares that the State, in order to flourish, should keep good relations with countries that can be traded with. Kautilya talks about a set of principles for taxation which is remarkably similar to present day concept! In fact Kautilya recognizes an ideal taxation system that would neither hurt the ordinary man nor shall leave the State poor. This was the same principle that was adopted all over the Country. South India also followed these basic principles. Thus commerce and taxation were well established activities in India from even before Common Era.

Early Pandiyas and Cholas excelled in foreign trade during their reign. Sangam literature is resplendent with details of ships and harbours of Tamilagam. A Purananuru poem (Puram 30:10 – 15) describes that the large ships entered the harbour with full load and without having to lower their sails, which indicates that the State maintained the harbour's depth and the back-up space for the cargo. There was also a procedure by which the imported goods were given

seals of approval before being taken into the Country.

The main economic activities other than agriculture were textiles and pearl fishery. Pearl fishery in Korkai was known to the earliest Greeks and other foreigners. Barter trade was the standard transactions inside the Country and gold was exchanged for pepper and other spices as value for foreign trade <sup>[1]</sup>. The most brisk foreign trade was with Rome especially after the finding of the seasonal winds by Hippalus in the first century. The numismatic evidence especially of Rome is plenty to show their volume of trade with India.

## Early Literary references

This barter trade is recorded in Sangam literature and Pattinappalai (185 – 193) which says that different commodities from different areas of the Country arrived at the town market place and the trade was brisk.

Horses were imported from Arabia and Marco Polo states <sup>[2]</sup> "Cail(Kayal) is a great and noble city . . . and it is at this city all ships touch that come from the West, as far from Hormos, and from Kis and from Aden

and all Arabia, laden with horses and with other things for sale, and this rings a great concourse of people from all around the Country, and so there is great business done in this city of Cail"

Early mention of the maritime history and sea trade of the Coromandel Coast is found in the Periplus of the Erythrean Sea. It says [3] "among the market-towns of these countries, and the harbours where the ships put in from Damirica and from the north, the most important are- in order as they lie, first Camara, then Poduca, then Sopatma; in which there are ships of the Country coasting along the shore as far as Damirica; and other very large vessels made of single logs bound together, called sangara; but those which make the voyage to Chryse and to the Ganges are called colandia and are very large. There import into these places everything made in Damirica and the greatest part of what is brought at any time from Egypt comes here, together with most kinds of goods that are brought from Damirica and those carried through Paralia."

"About the following region, the course tending toward the east, lying out at sea toward the west, is the island Palaesimundu, called by the ancients as Taprobane. The northern part is a day's journey distant and the southern part trends gradually toward the west, and almost touches the opposite shore of Azania. It produces pearls, transparent stones, muslins, and tortoise-shell."

#### The glorious period of Cholas

In the entire maritime history and heritage of India, the most glorious chapters are those that deal with the maritime ventures of Chola rulers. Several inscriptions and copper plates testify to this. Merchant guilds flourished as the Chola rulers expanded their reign beyond the shores of India. Till about the 12<sup>th</sup> Century, the Tamil Country, with its long sea front, enjoyed sea trade with both the East and the West. Trade flourished during the rule of the Cholas,

Pandyas, Pallavas and Cheras. The Sinhala chronicles Rajavaliya and Mahavamsa, speak of the trade between Tamizhagam and Sri Lanka through the sea and declares that Tamil sailors and merchants enjoyed the patronage of various Sinhala Governments.

References to the overseas trade and maritime history of Tamil Nadu have been found in inscriptions in eastern countries as well. An inscription found in Wat Kong Thom in the Thailand is considered to be the first Tamil inscriptio in the Brahmi script of the 3<sup>rd</sup> or 4<sup>th</sup> Century outside India. This stone records the migration of a Tamil goldsmith from South India. The flat rectangular stone has on its one side eight Tamil Brahmi letters, reading Perumpattan Kal. Perum means big and Pattan means goldsmith and therefore it means that the stone was the touch stone of a goldsmith of some stature. The second Tamil inscription found belongs to the 9<sup>th</sup> Century and comes from Takua Pa, north of Krabi, southern Thailand. This inscription gives clear evidence of the activities of the Tamil merchants in Southeast Asia, according to Prof Noboru Karashima.

#### Merchant Guilds and other systems

About Ainutruvar, there are plenty of inscriptional evidences which have been well analyzed by various scholars and recorded. Among the guilds, it appears that responsibilities shouldered by the Ainutruvar were the gretest. The merchant guilds that maintained trade contacts with foreign countries in 11<sup>th</sup> to 13<sup>th</sup> centuries were known as Thisai Ayirathettu Ainnutruvar and Nanadesis. They took active part in internal and external trade. They controlled commercial activities and assumed importance and therefore had some men of armed force with them to protect the commodities. They had protected

warehouses. The guilds had imposed upon themselves certain voluntary tax called Pattanappagudhi or a part of the trade profit for the port town, which was indeed a remarkable self imposed and voluntary responsibility. The commodities on which these imports were levied show a large variety<sup>[4]</sup>.

The merchants were highly disciplined and had strict regulations of the trade. This has been recorded in the Sangam literature, and Pattinappalai (206- 218) declares that the traders acted with absolute honesty.

Incidentally, it is understood from the inscriptions of the merchant guilds found in the temple of Veetriruntha Perumal in Ponneri, in Tiruvallur District and assigned to 11-12 Century CE, that Mylapore was a seaport. The inscription records a grant for making Kattur into a Veerapattinam (that is, a safe place for foreign merchants). In return, the Nanadesis agreed to collect a cess from the merchants who brought their vessels to Mylapore port.

Maduraikanchi and Pattinappalai are the two Sangam works that describe the markets in cities such as Maduari. The morning and evening bazaars were known as Nallangadi and Allangadi respectively. The State played an important role by maintaining proper infrastructure. Roads and ports were maintained through taxes collected from the trade. To collect revenue from commerce, the State installed customs check posts (Sungachavadi), both in the highways and ports (this is confirmed by sangam poetry when it says Puli poriththu puram pokki meaning the tiger seal was affixed before the cargo left the port, which shows the strict control on imported goods) work of monitoring and assessing the goods.

About the merchant guilds, K A N Sastri says, "They are mentioned in many early South Indian inscriptions and in a Tamil inscription at Takua-pa (Siam), of the reign of Nandi Varman III, Pallava. The fact that this merchant guild had established itself on the opposite coast of of the Bay of Bengal with sufficient permanence for it to be put in charge of a Vishnu temple and a tank gives a clue to yet little known chapter in the annals of our ancient politics and commerce <sup>[5]</sup>."He adds, "The merchant guilds were not affected by the political changes as they were very strong and conducted business with other countries, where they had even foreigners as members".

One important aspect of the organization of these guilds was that it transcended the political divisions and was therefore not affected by the internal strife and wars. The other most known and well functioning guilds from very early times were Manigramam and the Nanadesis.

Kakatiya records show that merchants of the home Country were known as Svadesabeharalu (Svadesa- home Country beharalu – vyaparulu – vyaparis) while merchants from other countries were referred as Paradesabeharalu. If the group was having more than one foreign Country then they were referred to as Nanadesis. Often the second lot was a group of merchants from another Country who had not only arrived to do busiuness but also on a holy yatra. That meant there was certain amount of business combined with pleasure. Among the powerful guilds were the Nandesis, comprising merchants from various countries having their branches also in many countries and who played a positive and predominant role in the international trade. The word manigramam itself appears to be a corruption of Vanika Gramam, which literally means an association of merchants.

An inscription found in Mangalam in Madurai district, assigned to 4<sup>th</sup> century B. C. refers to a term *nikama* indicating that a merchant guild existed even then. Inscriptions from Alagarmalai and Pugalur mention *Vanigan* meaning a merchant. It appears that these merchants traded in different commodities like cloth (*aruvai*), salt (*uppu*), oil (*Ennai*) and even gold (*pon*). The guilds had been empowered in deciding matters of common interest and the cess to be levied as and when required.

The *Ainnutruvar*, according to Sastri, were the most celebrated of the medieval South Indian merchant guilds. Like the great kings of that age they also had their own *prasasthi* (eulogy - glorification of personalities) which recounted their achievements and traditions. They were the protectors of the law of the noble merchants (*Vira Bananju dharma*) and this *dharma* was embodied in 500 *vira sasanas*, or edicts. Their flag had bull as their symbol, and claimed descent from Vishnu, Maheswara and Jina. They traversed land and sea routes penetrating all countries of the six continents. They traded in elephants, bloodstock, sapphires, moonstones, pearls, rubies, diamonds, lapis lazuli, (a relatively rare semi precious stone that has been prized for its intense blue colour) and other precious stones. In the Chola Country they had their own settlements called *virapattinams* meaning protected harbours.

#### Evidence from Ancient Inscriptions

The next ancient inscription is from Lobo Toewa, Barus (Baros) and was briefly mentioned in the Madras Epigraphy Report 1891-1892 by E. Hultzsch, Epigraphist to the Government of Madras. In 1932, Prof. K. A. Nilakanta Sastri, on the basis of Hultzsch's note, published an article titled 'A Tamil Merchant Guild in Sumatra'. The

fragmentary Tamil inscription describes about *Nanadesa Thisaiyayirathu Ainnutruvar* literally meaning the five hundred from four countries from different thousand directions.

The text of the inscription has been rendered in English by Y. Subbarayulu in his article 'The Tamil Merchant Guild Inscription at Barus, Indonesia: A Rediscovery'. According to the rendering, merchant guilds from Tamil Nadu functioned successfully even in such remote places.

Professor Karashima writes that two until then unnoticed Tamil inscriptions were examined in 1992 and in 1994 by a team headed by him. "One was from Nakhon in Thailand; this belongs to either 1183 or 1283. No king is mentioned in this stone. It is about a donor *Danma Senapathi*. The other was found in the National Museum of Jakarta. This is written part in Tamil and part in Old Javanese." Yet another inscription from Pagan in Myanmar is also related to a merchant guild of South India. The text relates to a Vishnu temple constructed there.

However, the most interesting inscription is one in China; dating to the 13<sup>th</sup> Century, and engraved on two stones. T.N. Subramaniam introduced non-Chinese readers to this inscription discovered in 1956 in Quanzhou (Canton), a famous medieval port in South China. The inscription clearly states that one *Sampandapperumal*, who was also known as *Thavachakravarthikal*, built a temple; the idol installed was named after the king of the place, *Chekachai Khan*, (son of Kublai Khan?), and the temple was duly named *Thirukkaneeswarar* temple. At the very best, the existence of a Hindu temple in Quanzhou and its Tamil reporting goes to indicate the existence of trading links between South India and China.

Therefore it can be seen that South India was equally well advanced in systems, both in commerce and International trade and the details of the administration in South India during the early days can be

well understood from the various Tamil inscriptions, literature and numismatic evidence.

#### Administrative & Revenue frame work

In the early times south India was divided into various divisions and as was practiced elsewhere in the Country; the smallest administrative unit was the village. A number of villages constituted a Kotram or Kottam. Thaniyur (independent town) was however a big village. A number of Kottams together constituted Valanadu and several Valanadus grouped together became a mandalam. In most inscriptions the places are noted as belonging to a certain region or mandalam thus geographically establishing the place's identity.

The village was a self contained unit with agriculture as the main profession of the people. Cottage industries flourished as well, as many tools and implements were necessary for the villagers to perform the agricultural activities and Purananuru, of Sangam age confirms this by mentioning occupational castes of the people. The monumental reports of Madras Epigraphist, show us the structure of Administration in South India.

The source of income to the King was tax from the agriculture and it was normally one sixth of the produce. It is worth noting here that this was the same rate mentioned even in Sanskrit texts of those days! In purananuru we have a poem that mentions how an unrighteous king trying to collect more taxes would harm the Country.

Systematic land Survey was introduced during Chola period. Chola king Kullothunga undertook an extensive survey in 1089 and recorded the extent of lands and their assessment. The boundaries of the villages were identified for the purpose of land

taxation and revenue officials made responsible for the collection of taxes. The revenue records were carefully maintained and updated periodically. The duties of revenue officials included recording of receipts and expenditure of the temples and procuring land for temples. They attested important documents drawn up by the local governing agencies such as village councils. They were also seen to purchase land on behalf of village assemblies, which are recorded in inscriptions. They were able solve disputes among villagers and acted as magistrates and several local bodies also enjoyed the privilege of collecting taxes.

Similarly in the Pandiyan kingdom, land tax formed the chief item of revenue for the State. This was referred to as Kadamai. Land taxes were fixed on the basis of actual measurements and yields. Temples, public places, cremation grounds, tanks and roads were exempted from taxes. The other taxes were levied on various other trade and professions. Articles were taxed on their values, like oil, (Ennai Vari) pearls, (Muthuvanam) ghee, pepper, ((milagu tharagu) salt, (Uppayam) betel leaf etc., The weavers paid a tax called Tari Irai.

Saleable goods were assessed for tax and this was called Vali Ayam. While the tax from shops were known as Angadi pattam, the exported and imported goods were taxed and were known as Aeru Sathu and Irangu Sathu

According to Pandiyan history, the sources of royal revenue apart from taxes were - tributes, custom duties, and tolls. Land tax paid in money or in kind was as said earlier, a part of the income. There was an income tax which was levied as one sixth of one's earning. Tributes were also paid by the feudal subordinates. The items of expenditure to the King were the

maintenance of various services and supporting artists and poets. The infrastructure building was also a heavy expenditure for the King.

From a record found from Idayaththur of Maravarman Sundara Pandiya I of his twenty first regnal year, we understand that the collectors of revenue were called achchuppetra Perala. In the same inscription there is also a reference to Avani-kalam (verse ten) or registration office <sup>[6]</sup>. In another record the treasury of an important official of the State Kangaiya-Raya is mentioned.

A definite distinction is made between the demands of the royal treasury and other local requirements regarding the tax payments. However it was also true that when the central power became weak the local tax collection became quite oppressive! According to an inscription the people of Virayachchilai had to sell away their lands to pay off the heavy tax imposed by a certain Thirunelveli Udaiyan, a local chieftain.

The Pallavas had their system of taxation and salt production was exclusively the right of the State. A term Aparampara balivadham has been used at that time which meant "the necessity to supply bullocks in relief for the travelers, official and others, which is one of the incidences of the village life" according to Dr. Krishnaswami Aiyangar. Ilamputchi was a tax or duty on the professional toddy drawers. Similarly there was a tax called Idaiputchi that was levied on the cattle breeders.

Only in Pallava administration, we see a tax on Brahmins called Brahmana rasakkanam which meant according to Dr C Minakshi, cash or fee payable by the Brahmin to the king. Kallanakkanam was a money to be paid to the king for conducting a marriage. This may be said as Kalyana Kanikkai. Vishakkanam was another levy for the

maintenance of the village headman. There was a Paraikkanam which was a tax according to Dr Minakshi, levied on the washerman for using the waters. This is compared to Cholas Vannaraparrai – a tax on the washerman's stone. There was a levy on sellers of clothes termed as Puttagavilai. However there is an argument that this may mean a rent on the temporary sheds. There was a Pattigaikanam meant to be a tax on boatmen. Taragu was a brokerage fee. In the case of oil produced, the fee was Sekku. Similarly for looms there was a levy called Tari. The tax on Fisherman was called Pattinaseri – since the right of fishery was sold for a definite sum payable to the king, it was consequently made payable to the donee – in this case, the temple <sup>[8]</sup>.

Thirumukkanam was an amount payable for a Royal letter; probably cash payment had to be made for bringing the royal writ as a sort of postage or conveyance charge. There was a Kattikanam, a tax imposed for manufacture of the profession which manufactured or produced swords, knives or other arms.

Manru padu was a levy (it is seen in Chola time also) that accrues from fines etc., from a court.

Under all the Kings of South, both the land as immobile property and its produce, were taxable. The land tax was known as Irai or Karai and tax of the produce was known as Vari. Remissions were granted by the King when the cultivation was affected either by failure of rains or during famines. There were standards for measuring land and the produce. The inscriptions also indicate that the Kings donated lands to Brahmins, poets and Educational Institutions which were tax-free. Lands thus given to Brahmins were known as Brahmadeya. Such grants were exempted from taxation and recorded in inscriptions.

Silappadikaram says that the management of taxation was by a body called kavidi. According to V. R. R. Dikshitar <sup>[9]</sup> "from the

circumstances in which the term is mentioned, it is reasonable to assume that the kavidi was the chief finance minister whose headquarters was at the capital and whose chief duty was probably to see that the revenues due were collected in season and in the proper way. The kavidi can be compared to the sannidhata or the samaharta of the Arthashastra. According to the Silappadikaram he is one of the five chief officers of the State. who advised and were advised in turn by the King on great affairs affecting the kingdom. Alumbil Vel seems to have been the finance minister of Cheran Senguttuvan. The king ordered him to go with his establishment Aayakkanakkar round the Country and proclaim in his name remission of taxes in honour of the founding of the temple to Kannaki <sup>[10]</sup>."

#### When the Westerners Entered

Towards the later years of 16<sup>th</sup> and 17<sup>th</sup> centuries, the southern part of the peninsula was subjected to the arrival of the Westerners with an eye on trade in the beginning and later on colonization. The Madurai region was then ruled by the Nayaks; their taxation system had different elements; besides land tax, there was a plough tax, which requires the owners of the land to furnish the Nayak with one labourer free of charge, for every plough they owned. They needed to pay ferry tax for the upkeep of the public ferries on the rivers; the kaval-vari, for security purposes. (The State provided kaval – protection) There was a Ther Uliyam (Car service) which required each village provide a fixed quota of men to drag the great temple cars.

When the Maraththas came to power, things became difficult as Ekoji, the Maraththa king levied as tax at the rate of four fifths of the produce. With different portions of the Tamil Country becoming smaller divisions under local chiefs, the taxation became more intense. Smaller areas were leased; in 1742 the province of Dindigul was leased by the Raja of Mysore to one Bikri Venkata Rao; in 1755 Madura proper and Tinnevely were leased by Colonel Heron to Mahfuz Khan for

fifteen lakhs of rupees and in 1758 to Muhammad Yusuf for five lakhs; in 1772 Haidar Ali leased Dindigul to his brother-in-law Mir Sahib and in 1784 Tipu Sultan leased it to Mir Sahib's nephew Saiyad Sahib. These transactions led to taxations of the public sometimes to intolerable levels. This has been explained by Colonel Fullarton in his report <sup>[11]</sup>-"The established practice throughout this part of the peninsula has been. to allow the farmer one half of the produce of the crop for the maintenance of his family and for the re-cultivation of the land; while the other is appropriated to the Circar. In the richest soils, under the cowle of Haidar, producing three annual crops, it is hardly known that less than forty percent of the crop produced has been allotted to the husbandman. Yet renters on the coast have not scrupled to imprison reputable farmers. But should the unfortunate ryot be forced to submit to such conditions, he has still a long list of cruel impositions to endure. . . ."

The gazetteer refers to the transition time when the region of Madurai, came under the East India Company from the representative of Nawab of Arcot. Mr Hurdis became the collector of Dindigul, and obtained the revenue account from the officials of the then Nawab. He retained the customary rates of assessment and avoided any sweeping changes. He had sent reports to the company and they indicate the following land tenures <sup>[12]</sup>. (1) Sirkar or ordinary Government land, (2) Hafta Devastanam, (land given for the upkeep of seven temples including Minakshi, Alagar, Tirupparangunram etc. (3) Sibbandi Poruppu, (land in the occupation of individuals belonging to the establishment of the great Minakshi temple) (4) Jivitham, (held by the military peons) (5) Poruppu villages,(originally granted to Brahmins) (6) Church Maniyams, (generally belonging to the temples) (7) Chattram, (land for rest houses) (8) Ara-Kattalai, (lands added to the temple property) (9) Ara-Kattalai villages, (10) Ardha maniyam, (land granted for payment of half price) (11) Palaiyam and (12) Inam.

The settlement department began operations in 1818 and submitted a scheme in 1884. This was the beginning of the English take over of the revenue in its entirety.

Thus it can be seen that as early as several centuries before, Tamil Country had in place rules and regulations for commerce and trade, both internal and external with a proper system of taxation and the king took care of the citizens. In the medieval times, when the Country was fragmented and ruled by chieftains, the taxation system became a huge burden for the people. This happened only for a few brief periods.

But when the westerners entered and started the colonization by fair or foul means, the local chieftains harassed the people to almost unbearable levels, on a perennial basis.

The great Nation bowed itself to the westerners and succumbed to their dictates.

#### References

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