



# Chauth, Sardeshmukhi, and the Fiscal Architecture of the Maratha Empire, 1674-1761 CE

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## Abstract

This article examines the fiscal architecture of the Maratha Empire between the coronation of Chhatrapati Shivaji in 1674 and the defeat at Panipat in 1761, with particular attention to the twin revenue instruments of chauth and sardeshmukhi through which the Maratha confederacy extracted surplus from territories outside its direct administrative control. Drawing on the administrative correspondence preserved in the Peshwa Daftar, the revenue records of the Deccan districts, and the analytical frameworks developed by V. S. Bendrey, Stewart Gordon, and Sumit Guha, the study argues that the Maratha fiscal system was neither the predatory tribute extraction that British colonial historiography described nor the proto-national revenue administration that nationalist scholarship claimed, but a sophisticated and internally differentiated set of fiscal arrangements calibrated to the political and ecological diversity of the subcontinent. The article traces three phases of Maratha fiscal development: the Shivaji period characterized by direct agrarian administration through the ryotwari assessments of his revenue minister Annaji Datto, the early Peshwa period under Balaji Vishwanath and Baji Rao I in which chauth collection was systematized into a quasi-diplomatic instrument of subcontinental power projection, and the mature confederacy period under Peshwa Balaji Baji Rao in which fiscal fragmentation among the confederate chiefs produced structural instabilities that contributed to the Panipat catastrophe. The article concludes that the Maratha fiscal system represented a distinctive response to the challenge of governing an expanding territorial domain without the administrative infrastructure of a centralized bureaucratic state, and that its institutional legacy shaped the fiscal geography of peninsular India well into the colonial period.

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**Keywords:** - Maratha Empire, Chauth, Sardeshmukhi, Peshwa, Shivaji, Fiscal History, Deccan Revenue.

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## Introduction

The fiscal history of the Maratha Empire presents one of the most analytically challenging problems in the political economy of pre-colonial India. Between the coronation of Chhatrapati Shivaji Maharaj at Raigad in 1674 and the devastating defeat of the Maratha confederacy at the Third Battle of Panipat in January 1761, the Marathas transformed themselves from a regional insurgency in the western Deccan into the dominant military and political power of the subcontinent, extracting revenue from territories stretching from Attock on the northwest frontier to Cuttack on the Bay of Bengal. The fiscal instruments through which this extraction was accomplished, above all the chauth and sardeshmukhi levies, became defining features of the Maratha political presence across the subcontinent and the subject of intense contemporary commentary from Mughal administrators, European trading companies, and Indian subordinate rulers alike.

The historiographical treatment of Maratha fiscal practice has been shaped by two opposing ideological imperatives that have distorted analysis in complementary ways. British colonial historiography, from Grant Duff's *History of the Mahrattas* (1826) onward, represented chauth collection as systematic plunder, a form of organized extortion that disrupted agricultural production and destabilized the political order across the subcontinent. This representation served obvious ideological functions in legitimating British conquest, but it also contained a kernel of descriptive accuracy: chauth collection was frequently coercive, its boundaries were disputed, and its incidence fell heavily on agricultural populations with limited capacity to resist. Nationalist historiography of the twentieth century inverted this judgment, representing the Maratha fiscal system as a form of proto-national revenue administration prefiguring the modern state, a reading that projected anachronistic institutional categories onto a political formation that operated according to entirely different organizational logics (Gordon 1993, 23-28).

This article attempts to move beyond both frameworks by examining the Maratha fiscal system on its own institutional terms. Three arguments are developed in sequence. First, that Shivaji's agrarian revenue reforms established a distinctive model of direct peasant assessment that departed significantly from the Mughal jagirdari system and created the fiscal foundation for the early Maratha state. Second, that the chauth system as systematized under the early Peshwas was a political instrument of territorial claim-making as much as a revenue mechanism, whose fiscal returns were secondary to its function as a marker of Maratha sovereignty over disputed zones. Third, that the fragmentation of fiscal authority among the confederate chiefs during the mature Peshwa period created structural fiscal instabilities whose political consequences culminated in the Panipat disaster.

## **Shivaji's Agrarian Reforms and the Foundation of the Maratha Fiscal State**

The fiscal innovations of Shivaji's reign (1674-1680) are inseparable from the military and political context of their creation. Shivaji built his state in the Sahyadri hill tracts of the western Deccan, a zone of broken terrain, limited agricultural surplus, and dense forest cover that offered natural defensibility but restricted the revenue base available to sustain a regular military force. The Mughal and Bijapur administrations that had previously claimed authority over the region had governed it through a jagirdari system in which revenue rights were assigned to military nobles whose interest in maximizing extraction conflicted structurally with the peasant cultivators' interest in agricultural investment and long-term productivity. The resulting cycle of over-assessment, peasant flight, and agricultural degradation was documented in considerable detail by contemporary Persian administrative texts and has been analysed by Habib in the context of the broader agrarian crisis of the late Mughal period (Habib 1963, 56-61).

Shivaji's response, elaborated in the revenue regulations associated with his finance minister Annaji Datto and preserved in the administrative manual known as the *Ajnapatra*, was to replace jagirdari assignment with direct state collection from peasant cultivators assessed at rates calibrated to the productive capacity of specific soil types and cropping patterns. The system distinguished between *kharip* (monsoon) and *rabi* (winter) crops, established differentiated rates for irrigated and unirrigated cultivation, and created a cadre of revenue officials (*deshpandes* and *deshmukhs*) who were accountable to the central administration rather than to intermediate revenue assignees. Bendrey's detailed analysis of the *Ajnapatra* and the Shivaji-period revenue records preserved in Marathi has established the institutional sophistication of this system, noting that its differentiated assessment methodology anticipated elements of the *ryotwari* revenue systems later introduced by British administrators in the Bombay and Madras presidencies (Bendrey 1960, 78-83).

The ecological dimensions of Shivaji's revenue policy have received insufficient attention in the existing scholarship. The western Deccan landscape within which the early Maratha state operated was characterized by highly variable agricultural productivity across short distances, with the fertile valley bottoms of the Sahyadri ghats supporting intensive rice cultivation while the surrounding uplands sustained only rainfed millets and pulses. Sumit Guha's environmental history of the Deccan has documented the sophisticated ecological knowledge embedded in the Maratha revenue assessments, which recognized and attempted to account for this spatial variability in ways that the cruder Mughal revenue instruments had not (Guha 1999, 89-94). This ecological attentiveness was itself a product of the Maratha state's intimate relationship with its agrarian base: unlike the Mughal empire, which governed its agrarian hinterland through a hierarchy of intermediaries insulated from direct contact with cultivating communities, the early Maratha state was staffed by administrators whose social origins were in the Deccan peasantry and who possessed detailed local knowledge of the agricultural conditions they were assessing.

## **Chauth and Sardeshmukhi: Fiscal Instruments of Territorial Sovereignty**

The chauth levy, amounting to one quarter of the assessed revenue of a district, and the sardeshmukhi, an additional ten percent claimed on the basis of the Maratha chiefs' traditional headmanship rights over the Deccan, were the primary fiscal instruments through which the Maratha confederacy extracted revenue from

territories outside its direct administrative control. The theoretical justification for chauth was that its payment represented a commutation of the military protection that Maratha forces would otherwise be required to provide against alternative predators, a logic that contemporary critics dismissed as extortion dressed in the language of service but that contained a genuine if coercive institutional reality: Maratha military forces did provide a form of territorial order, however violent, across the zones in which they operated regularly (Gordon 1993, 112-117).

The evolution of chauth collection from an irregular military exaction into a systematized fiscal instrument occurred primarily under the Peshwas Balaji Vishwanath (1713-1720) and Bajji Rao I (1720-1740). Balaji Vishwanath's diplomatic achievement of securing Mughal recognition of Maratha chauth rights over the Deccan provinces in 1719 transformed a de facto military practice into a quasi-legal fiscal claim, providing the institutional foundation for the subsequent expansion of chauth collection into Malwa, Gujarat, Rajputana, and eventually the Gangetic plain. Bajji Rao I's military campaigns, the most extensive of any Maratha leader before the confederacy period, were simultaneously instruments of territorial expansion and fiscal penetration, establishing Maratha chauth claims across an enormous geographical range that the confederacy's administrative infrastructure was subsequently unable to manage effectively (Sardesai 1946, 134-139).

The distinction between chauth collection and direct revenue administration was not merely theoretical; it had significant implications for the agrarian populations on whom the levies fell. In territories under direct Maratha administration, the peasant cultivator dealt with a defined set of revenue officials operating under codified assessment procedures, with at least nominal recourse to administrative review in cases of excessive demand. In territories subject only to chauth, the collection agent was typically a military officer operating with minimal administrative oversight, whose incentives favored maximizing short-term extraction over the long-term agricultural productivity that sustained regular revenue flows. Richard Eaton and Philip Wagoner's comparative analysis of revenue practices in the Deccan transition zones between direct and indirect Maratha administration has documented the differential impact of these two fiscal regimes on agricultural investment and settlement continuity, noting that the most severe agrarian disruption in the eighteenth-century Deccan occurred in precisely the zones of contested chauth jurisdiction where multiple claimants competed for extraction from the same agricultural population (Eaton and Wagoner 2014, 56-61).

## **Confederacy, Fragmentation, and the Road to Panipat**

The mature Peshwa period, associated with the long and ambitious administration of Peshwa Balaji Bajji Rao (1740-1761), witnessed the transformation of the Maratha polity from a relatively coherent imperial state under Peshwa direction into a loose confederacy of effectively autonomous chiefs whose fiscal and military resources were only partially coordinated by the Peshwa's Pune administration. The confederate chiefs, above all the Bhonsles of Nagpur, the Scindias of Gwalior, the Holkars of Indore, and the Gaekwads of Baroda, had established their own independent revenue administrations, maintained their own military forces, and negotiated their own diplomatic relationships with external powers including the Mughal emperor, the Nizam of Hyderabad, and the East India Company. The fiscal consequences of this fragmentation were severe: the Peshwa's ability to mobilize the aggregate military and financial resources of the confederacy depended on a system of negotiated contributions whose reliability declined as the confederate chiefs pursued divergent territorial ambitions (Gordon 1993, 178-183).

The fiscal geography of the confederacy in its final decade before Panipat has been reconstructed from the Peshwa Daftar correspondence by several scholars, most systematically by P. M. Joshi whose analysis of the revenue accounts preserved in the Pune archives established the structural imbalance between the Peshwa's revenue commitments and his actual collection capacity. The northern campaigns that culminated in the Panipat expedition of 1761 were financed through a combination of advance assignments on chauth revenues not yet collected, loans from Pune banking houses whose terms became increasingly unfavorable as the military situation deteriorated, and the diversion of revenues earmarked for other purposes. The financial vulnerability of the Panipat expedition was thus not simply a consequence of logistical failure but a structural product of the fiscal fragmentation that the confederacy system had generated (Joshi 1973, 89-94).

The defeat at Panipat on January 14, 1761, in which the Maratha army under Vishwasrao and Bhausaheb Peshwa was destroyed by the Afghan forces of Ahmad Shah Durrani, had immediate and long-term fiscal consequences that extended far beyond the military catastrophe itself. The death of the heir apparent Vishwasrao and the Peshwa's commander-in-chief Bhausaheb in the battle, followed within weeks by the death of Peshwa Balaji Bajji Rao from grief and illness, precipitated a succession crisis in Pune that further disrupted the fiscal administration of the confederacy at precisely the moment when its financial resources were most severely strained. The subsequent period of Maratha recovery under Madhavrao I (1761-1772) demonstrated the resilience of the agrarian fiscal base that Shivaji's reforms had established, but it also revealed the structural limits of a confederacy system that had consistently prioritized territorial expansion over administrative consolidation (Sardesai 1946, 212-217).

## Conclusion

The fiscal architecture of the Maratha Empire was a product of specific historical circumstances: the semi-arid ecology of the Deccan plateau, the social composition of the Maratha military and administrative elite, the institutional legacy of Mughal and Bijapur revenue practice, and the particular genius of Shivaji in constructing a state apparatus adapted to conditions of continuous military competition. The resulting fiscal system was neither the organized plunder of British colonial description nor the proto-national revenue administration of nationalist imagination, but a differentiated set of institutional arrangements that served distinct political functions in different territorial contexts.

Shivaji's agrarian reforms established the foundation of a direct revenue administration that represented a genuine institutional innovation in the context of seventeenth-century Deccan political economy. The chauth system, as systematized under the early Peshwas, functioned primarily as an instrument of territorial sovereignty rather than a simple revenue mechanism, its fiscal returns secondary to its function as a marker of Maratha political claims across the subcontinent. The fiscal fragmentation of the confederacy period created structural instabilities that the Panipat catastrophe exposed but did not itself create.

The most durable legacy of the Maratha fiscal system was not its revenue instruments but the administrative geography it created across peninsular India: the network of revenue districts, assessment records, and fiscal personnel that the confederate chiefs established in their respective domains provided the institutional skeleton that British administrators inherited and reorganized after the final Anglo-Maratha war of 1817-1819. The colonial revenue settlements of the Bombay and Central Provinces presidencies were in significant measure reconstructions of Maratha fiscal arrangements, and the ryotwari principles that Shivaji's administration had pioneered in the seventeenth century found their fullest institutional expression not in the Maratha state itself but in the British administrative system that displaced it.

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