Baroda Pedhi Company

Commercial and industrial activities in the 1880s created a demand for credit in Baroda. Since resources were limited, the Baroda government decided to create an official source of institutional finance. Hence, the Baroda Pedhi Company was formed in 1884. It had a small capital base of Rs 3 lakh divided into 600 shares of Rs 500 each and was meant to provide short-term loans against metals and goods. The pedhi was managed by a five-member board of directors including the district collector or 'sirsuba' who was its ex-officio president.

The pedhi did brisk business initially. Later on, it was observed that with its narrow capital base and shaky financial position, it could satisfy only the needs of petty borrowers. Baroda Pedhi was liquidated after the birth of Bank of Baroda as visualized in the maharaja's order of December 20, 1907. Much before Sayajirao Gaekwad II and III introduced the concept of banking, informal yet well-oiled financing machinery was in place in the 18th century.

It was the earliest form of banking and finance wherein moneylenders and ijardars (rent-collectors) used to collect money from people and also extend loans. The unorganized Potedari system was the most accepted form of finance business during the Peshwa and Gaekwadi rules. Rich merchants, who used to lend money to the kings, were known as potedars.

There were five principal houses of potedars in the state: Haribhakti, Gopalrao Mairal, Ratanji Kahandas, Lallu Mangal and Samal Bechar. Brothers Hari and Bhakti were the most influential potedars in the 18th century.

The four potedars (clockwise from top left) V D Thackersey, Maganbhai Haribhakti, Lallubhai Samaldas, Chimanlal Nagindas