

## THE ECONOMIC TRANSITION OF INDIA DURING THE MUGHAL REGIME

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**Abstract:** The terminology, Mughal or Mogul indicates a successful business tycoon who has built for himself a huge and monopolistic territory in one or more specific industries. The practice appears to have an obvious indication to the extensive and rich domains built by the Mughal kings in India. The Indian subcontinent backed 25% of the world's GDP during the Mughal epoch. It is no doubt that India was a significant economic power with business connections as far as Rome and China. The present investigation is aimed to study the economic transition in India during Mughal period. The research study is based on the secondary data obtained from websites, journals, books and footnotes. Results clearly indicate that Mughal invaders created turbulence in the country but they did carry away the stolen goods back to their countries as they lost association with their Central European countries and made India their home. They let the economy flourish. From the 15th to 18th century, the Mughal Empire continued a powerful agricultural and trade-based economy with remarkable military technology. As a predominantly countryside empire, agricultural production was at the center of the Mughal economy. Most of the subcontinent was come together under the Mughal Empire. India again became the leading economy by 1700, producing about a quarter of global GDP, in the late 18th century. The Mughal kingdom had a prosperous trade manufacturing economy, with India making about 25% of the world's industrial output up until 1750, creating it the most significant manufacturing center in international trade. But, under British ruling, the subcontinent experienced deindustrialization along with fast economic and population growth which resulted in India's share of the world market declining from 24.4% in 1700 to 4.2% in 1950, and its share of global manufacturing production declining from 25% in 1750 to 2% in 1900.

**Keywords:** Mughal Regime, Economic Transition, Medieval Period.

**Introduction:** The history of trade and industry of Indian subcontinent starts with the Indus Valley Civilization (3300–1300 BC). During Indus Valley Civilization the economy appears to have depended extensively on overseas trade (notable being Indus-Mesopotamia relations). The Vedic period saw countable elements of precious metal being employed for trade. The term *Nishka* appears in this sense in the Rig-Veda. [1] The post Vedic period started codifying the Indian people based on caste, a social stratification that created a hierarchy of priests (Brahmins), warriors (Kshatriyas), merchants (Vaishyas) and laborers (Shudras). [2] Approximately, around 600 BC, the Mahajanapadas issued punch-marked silver coins. This period was witnessed by rigorous business activity and urban development. By 300 BC, the Maurya territory had combined most of the Indian subcontinent. The resultant political harmony and military protection permitted for a widespread economic system and improved trade and business, with improved agricultural productivity. Conferring to the Balance of Economic Power, Indian nation had the major and most progressive economy for most of the interval between the 1st century and 18th century. [3]

**Methodology:** The present manuscript is based on a secondary data on the political and cultural history of Mughal regime in India during medieval period. Information was also obtained from web sites and articles addressing history and cultural activities of Mughal Empire. Selected references to the articles reviewed can be found in the Appendices of the working document. These articles have been released or published by governments, international institutions, research centres and universities, associative, or private sources. In addition, many press releases have been reviewed on a regular basis. Meetings with experts and researchers have also been a useful source of information and have provided opportunities for exchanging views.

**Results and Discussion: Mughal Empire:** Mogul kingdom was a province in the Indian subcontinent, established in 1526. As the majority of the Indian subcontinent was reunited under the Mughal Empire, it has become the biggest financial system and manufacturing power in the world. By 1700, the Mughal Empire, produced about a quarter of global GDP and dominated over the century. [4] The economy of Mughal India's (1526–1858) was wealthy into the early 18th century. [5] Parthasarathi estimated about 28,000

tonnes of bullion (mainly from the New World) poured into the Indian subcontinent between 1600 and 1800, equating to 20% of the world's manufacture in the period. [6] During the Mughal kingdom, Indian subcontinent was the global leader in manufacturing, producing 25% of the world's industrial output up until the mid-18th century. [7], [8]

The annual revenue of royal leader Akbar the Great's treasury, in 1600, was estimated to be £17.5 million (in contrast, to the tax take of Great Britain two hundred years later, in 1800, totaled £16 million). In 1600, it was estimated to be the second biggest in the world, after China. [9] In the late 17th century, the Mughal domain was at its climax and had extended to take in roughly 90 percent of South Asia. It imposed a standardized traditions and tax-management system. In 1700, the exchequer of the Emperor Aurangzeb reported annual revenue of more than £100 million, or \$450 million, more than ten times that of his contemporary Louis XIV of France [10] while controlling just 7 times the population.

Mughal India had become the world's largest economy during 1700 A.D, ahead of Qing China and Western Europe, holds roughly 24.2% of the World's populace, and producing about a quarter of world output.[4] India's GDP expansion improved under the Mughal realm, exceeding growth in the past 1,500 years. [11] The Mughals were responsible for building a widespread highway system [5] creating a standardized currency, and the amalgamation of the country. [12] The Mughals approved and standardized the rupee currency introduced by Sur Emperor Sher Shah Suri. [13] The Mughals issued millions of silver coins, with purity of at least 96%, without degradation until the 1720s (Richards, John F. (12003) [14]. The kingdom met international demand for Indian agricultural and industrial products (Richards, John F. (1996). [1]. Cities and towns boomed under the Mughal Empire, which had a relatively high degree of urbanization (15% of its populace lived in city centres), which is more urban than Europe at the time and British India in the 19th century. [15] Several cities had a residents between a 25,000 to 50,000 people, while some including Agra (in Agra Subah) crowded up to 800,000 people [16] and Dhaka (in Bengal Subah) with over 1 million [17] About 64% of the employees were in the primary sector (including agriculture), while 36% were in the secondary and tertiary sectors. [18] The workforce had a higher percentage in

non-primary sectors than Europe at the time; in 1700, 65–90% of Europe's workforce was in agriculture and in 1750, 65–75% was in agriculture. [19]

**Agriculture:** Mughal administrators made their way to rural areas, and along with local leaders, advised villagers to plain forests for agricultural and harvesting various goods for market. Soon Mughal cultivators were increasing and exporting big amounts of highly prized agricultural commodities, for example sugarcane, tobacco, cotton, indigo, opium pepper, ginger, and even silk. The Mughal rulers prepared rules to bring in income by taxing these agricultural goods. Intellectuals and officials studied many years of creation in order to estimate uniform tax rates. Farmers and village dwellers paid excise on their goods with silver or copper coins. As farming lands extended in the 17th and 18th centuries, economic growth of Mughal Empire boomed, and the wealth came to be worth hundreds of millions of rupees per year. The Mughal economy complemented agricultural output with international trade. India had for centuries been the center of Indian Ocean trade. However, by the 16th century, with Europeans linking the world through sea-lanes, India became incorporated into the international

network. Indian agricultural production increased significantly. [5] By the mid-17th century, Indian cultivators had begun to broadly grow two crops from the Americas, maize and tobacco. Bengali peasants learned techniques of mulberry cultivation and sericulture, establishing Bengal Subah as a major silk-producing region. [20] Agriculture was advanced compared to Europe, exemplified by the previous common use of the seed drill. [16] The Mughal administration stressed agrarian restructuring, which began under the non-Mughal Emperor Sher Shah Suri. Akbar adopted this and added more reforms. The Mughal administration supported the construction of irrigation systems, which shaped much higher crop yields and harvests. [5]

Akbar introduced a new land revenue system, a new revenue reform system called *zabt*. He reinstated the tribute system with a fiscal tax system based on a standardized currency. [20] The revenue scheme was influenced in favour of higher value cash crops such as cotton, indigo, sugar cane, tree-crops, and opium, providing state encouragements to grow cash crops, adding to rising market demand. [20]. Under the *zabt* scheme, the Mughals

performed extensive cadastral surveying to assess the cultivated area. The Mughal regime supported greater land cultivation by offering tax-free periods to those who brought new land under cultivation. According to a confirmation cited by economic historians Immanuel Wallerstein, Irfan Habib, Percival Spear, and Ashok Desai, per-capita agricultural output and standards of consumption in 17th-century Mughal India was higher than in 17th-century Europe and early 20th-century British India. [21]

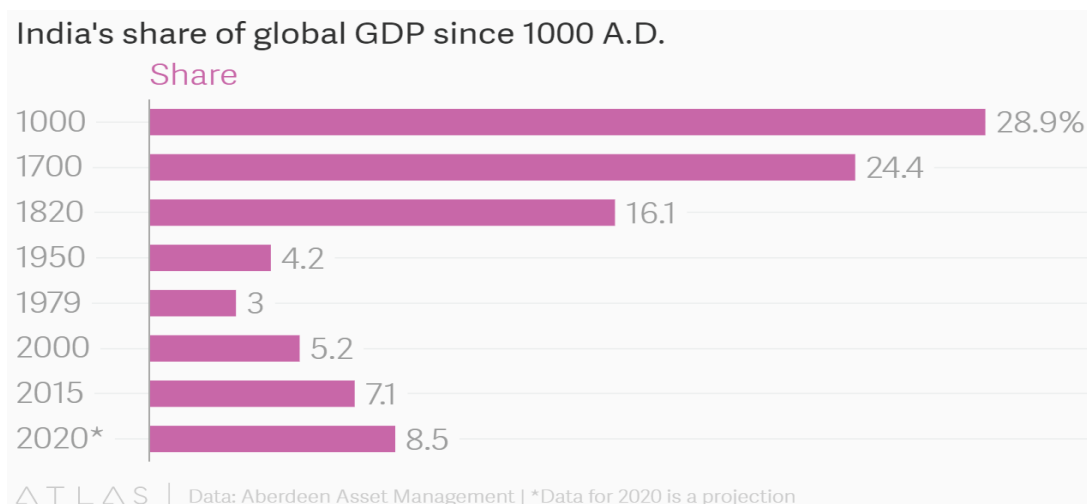
**Manufacturing:** Mughal India was one of the significant industrialized centers for intercontinental trade until 18th century. [8], [22] Textiles, shipbuilding and steel were the major industries in Mughal India, which produced many processed products like cotton textiles, yarns, thread, silk, jute products, metal ware, and foods such as sugar, oils and butter. [5] This expansion of industrialization has been referred to as a form of proto-industrialization, similar to 18th-century Western Europe prior to the Industrial Revolution. [23]

Many European countries imported products like cotton textiles, spices, peppers, indigo, silks and saltpeter (for use in weapons) from Mughal India [5]. Most of the European style becomes more and more reliant on Indian textiles and silks. From the late 17th century to the early 18th century, Mughal India credited for 95% of British trades from Asia, and the Bengal Subah region by itself accounted for 40% of Dutch imports from Asia. [24] On the contrary, requirements for European goods in Mughal India were less. Exports were restricted to some woolens, unrefined metals and a few luxury items. The business disparity caused Europeans to export huge amount of gold and silver to Mughal India to pay for South Asian imports [1]. (Schmidt, Karl J, 2015). Indian commodities, particularly those from Bengal, were also exported in huge quantities to other Asian markets [20].

The key industrial manufacture was yarn textile manufacturing, which comprised the production of piece goods and chattels, calicos and muslins, accessible unbleached in a diversity of colours. The cotton textile industry was accountable for a large part of the realm's global trade. [5] The most significant hub of cotton manufacture was the Bengal Subah province, predominantly

around Dhaka. [25]. Bengal single-handedly accounted for more than 50% of textiles and around 80% of silks imported by the Dutch ((Om Prakash, 2006). Bengali silk and cotton textiles were exported in huge quantities to Europe, Indonesia and Japan. [12] Mughal India had a big shipbuilding industry, mainly in the Bengal Subah province. The great economic historian Indrajit Ray rough calculation revealed that shipbuilding output of Bengal during the sixteenth and seventeenth centuries at 223,250 tons per annum, compared with 23,061 tons manufactured in nineteen colonies in North America from 1769 to 1771. [12].

**Conclusions:** Indian subcontinent accounted for more than a 25% of the world's GDP during Mughal regime. This percentage initiated declining following the arrival of British power over the Indian Territory. An extreme efficient system of administration set up by Mughal made possible to create a friendly environment for trade and commerce. It is to be noted that per capita income in ancient times was low all over the place, because productivity was essentially a job of the size of the labour force. In 1500, China and India were projected to have GDP of around \$100 billion, PPP terms, with US dollar taken at its 2015 rate. Around this time, the Delhi Sultanate was in its last age of time in power, along with few Hindu kingdoms. In 1700, India, most of it under Mughal rule, is thought to have dragged ahead of China again. The Cambridge historian Angus Maddison writes in his book, *Contours of the World Economy 1-2030 AD* that India had the largest economy until 1000 AD with a GDP share of 28.9 per cent in 1000AD. It was during the 1000 AD-1500 AD that India began to see a fiscal escalation with its maximum with 20.9 per cent GDP growth rate being under the Mughals. In the 18<sup>th</sup> century, India had gone beyond China as the largest economy in the world. India accounted for 25% of the world's manufacturing output in 1750, but declined to 2% of the world's industrial production in 1900. [7] Britain put back India as the world's major textile producer in the 19th century. [27], [29] In terms of urbanization, Mughal India had a higher percentage of its population (15%) living in urban centers in 1600 than British India did in the 19th century. [15]



**Fig. 1:** Data: Aberdeen Asset Management | \*Data for 2020 is a Projection

A number of economic historians claimed that in the 18th century existent salaries were falling in India, and were "far below European levels. [28] This has been disputed by others, who opposed that actual salary drop occurred in the early 19th century, or possibly beginning in the late 18th century, largely as a result of "*globalization forces*".[26] Clingingsmith and Williamson [29]. argue that India deindustrialized, in the period between 1750 and 1860, due to two very different causes, before reindustrialization. Between 1750 and 1810, they recommend the loss of Mughal sovereignty permitted new dictatorial kings to revenue farm their conquered populations, seeing tax and rent demands increase to 50% of production, compared to the 5–6% extracted in China during the period, and levied largely to fund regional warfare. Combined with the use of labour and livestock for martial purposes, grain and textile prices were driven up, along with nominal wages, as the populous attempted to meet the demands, reducing the competitiveness of Indian handicrafts, and affecting the regional textile trade. Then from 1810 to 1860, the expansion of the British factory system drove down the relative price of textiles worldwide. As the concurrent transport revolution dramatically reduced transportation costs, and in a sub-continent that had not seen metalled roads, the introduction of mechanical transport exposed once protected markets to global competition, hitting artisanal manufacture, but stabilizing the agricultural sector.

The Mughals who come from Islamic countries as abductors but continued to live as Indians. They incorporated their individuality as well as the

group's identity with India and became intimate from it. Mughals being foreign was never a discussion point until quite recently, so well had they integrated and assimilated into the country they had made their own.

There was no reason for it either since Akbar onwards all was born in India with many having Rajput mothers and their "Indianness" was complete. The majority of the Mughals tight nuptial associations with Indian leaders, especially Rajput. They employed them in higher posts. The Kachhwaha Rajput of Amber normally held the highest military posts in the Mughal army. According to a French explorer Francois Bernier, the Mughal Empire was the richest and most influential domain in the world from 16<sup>th</sup> century to 18<sup>th</sup> century. He also remarked, "Gold and silver come from every sector of the world to Hindustan. This is almost not surprising to consider that Sher Shah, and the Mughals had encouraged business by constructing the roads, river transport, sea routes, ports and eliminating many domestic taxes and fees. Indian handicrafts were developed. There was a healthy export business in factory-made goods such as cotton cloth, spices, indigo, woollen and silk cloth, salt etc. This occupation was conventionally in the hands of the Hindu wholesaler class who organized the trade. According to Sir Thomas Roe, "trade was conventionally in the hands of the Hindu merchant class who controlled the trade. Bernier also wrote that the Hindus influenced "almost completely the trade and prosperity of the country "while the Muslims mainly held high administrative and army posts. [30]



It is historically meaningless to ascribe India's ancient, middle Ages and pre-industrial revolution periods' top GDP rankings to either 'Hindu' or 'Muslim' rule. It was a function of India's high population.

In addition, note that it will have taken 550 years (1500 to 2050) for China and India to lead the world in GDP terms again. However, it is very doubtful India will take up number one spot in near future. In popular news terminology, Mughal or Mogul denotes a successful business magnate who has built for himself a vast (and often monopolistic) empire in

one or more specific industries. The usage seems to have an obvious reference to the expansive and wealthy empires built by the Mughal kings in India. Jeffrey G. Williamson [1], who was an Emeritus professor of Harvard University argued that India gone through a stage of deindustrialization in the latter half of the 18th century due to the fall down of the Mughal Empire. According to Williamson, the collapsed reduced the agricultural productivity, which hike up food prices, then nominal wages, and then textile prices.

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