Working Paper No. 14/05

In What Way, and to What Degree, Did the Mughal State Inhibit Smithian Growth In India in the Seventeenth Century?

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This paper was originally written and submitted as a dissertation in partial fulfilment of the MSc Global History (LSE)

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1. Introduction

The academic controversy

The Aligarh Muslim University in Delhi provided the leading academic thinkers on the land revenue taxation system, among them sophistication of money and produce markets, land and labour markets were not well developed."[4] The debate continues.

Importance to global history

This is an important issue in economic history, covering a geographical area which may have contained a quarter of the world's population in 1600. Estimates vary, but Maddison assumes 135m in 1600 – 24% of his world population estimate.[5] It provides a further perspective on the Great Divergence debate, potentially adding another major Asian player alongside China, and it also throws further light on the Indian economy under British rule. Without knowledge of the preceding economy it is impossible to fully grasp how India was affected by colonialism. These are all areas of interest to global history.

Smithian growth

Adam Smith's main concern in *The Wealth of Nations* was the determination and establishment of the conditions of economic growth. The division of labour and gains from trade were at the heart of his thinking. He allows for some contribution from technology, but mainly sees economic development as coming about through market integration for commodities, capital and labour. This market integration was likely to be both within a country and also as a consequence of international trade. The process promotes commerce and helps accumulate capital. It usually results in moderate population growth, rising income per head and increasing urbanization. E.A. Wrigley points to the relationship between urbanization, economic growth and population increase, noting that Smith identified trade between town and country as "the great commerce of every civilized

[4] C.A. Bayly "State and economy in India over seven hundred years" *EHR* 38/4 (1985) p587
[5] A. Maddison, W*orld economy*, (OECD 2001) p241

society."[6] Smith also stressed the strategic importance of good transportation and distinguished between productive and unproductive use of any agricultural surplus. He provided a clear route by which a pre-industrial economy could increase its wealth. Regional specialization, good transportation, vigorous trade and an increasingly strong merchant class are all indicators of Smithian growth.

Broad approach

The broad approach taken has been an extensive review of secondary sources. The scope of this study does not permit coverage of all the areas of evidence concerning a general hypothesis which has dominated the literature of pre-modern Indian economic history. Such areas would include a review of Habib and Moosvi's statistical evidence, together with an assessment of a wide range of indica directly into the agrarian productivity of the Indian sub-continent.[7] Trade, manufacture and other taxes were much less important to the imperial revenues than agriculture, most estimates putting them at less than 10% of the total.

Regarding the weight of taxation, Richards's view is that food grains, such as rice and wheat, were taxed at around one third of the harvest, while cash crops such as tobacco, vegetables, sugar and indigo, which imperial officials wanted to encourage, were taxed at about one fifth. Habib, Moosvi and others believe that the state took a much higher proportion of the harvest, up to a half or more. Additional imposts and costs of collection may have added as much as 25% to this. In zamindar areas (local rural aristocrats, usually Hindu) there were further imposts over and above all of these.[8] This latter view has been enormously influential and must be examined in detail, because if true it greatly supports the argument that the aim of the state was to tax away the entire surplus, leaving the peasant at subsistence level, and impairing Smithian growth.

The fiscal system

The fiscal system depended on land revenue demands, revenues went in cash payments to the central military establishment (about 9%) and the salary bill of the mansabdars (the Mughal nobility who needed around 80%).[10] They in turn had to maintain an agreed military force, and to undertake civil duties. Rather than receiving cash payments from the treasury the mansabdars obtained salary assignments (jagirs) that permitted them to collect the assessed land revenues from specified areas and districts.

To collect the tax the Mughals mainly used the zamindars, who received an allowance of about 10% of the land revenue which they collected. A zamindar's domain could be just a few villages or a hundred or more.

The empire in northern India was divided into territorial units (parganas), each containing from 20 to 100 villages together with associated market centres and small towns. A leading zamindar was in charge of revenue collection in each pargana and an accountant was also appointed. There were similar appointments of headman and accountant for each village. Their lands were tax-free and they received about 2% each of what was collected. Very importantly the land revenue was demanded in cash. (The basic coin was the copper dam, with forty dams the equivalent of a silver rupee.)

The land revenue assessment, devised in Akbar's reign, was based on cadastral surveys which determined, field by field, the cultivated area, the crops grown, the average yields and the market prices for the spring crop (kharif – usually grains), and the autumn crop, (rabi – usually containing more cash crops). Whether or not the land was irrigated was taken into account. From all of this data the officials calculated a separate assessment for each field and summed these to come up with village quotas.[11] India consisted of tens of thousands of villages across an area the size of Western

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[10] S. Moosvi, *Economy of the Mughal empire c1595*, (Delhi 1987) p270
[11] J.F. Richar

Europe, containing perhaps one quarter of the world's population. It was expanding by warfare and diplomacy, taking into the empire one state after another, and it was governed by an early-modern regime with all the limitations of that period. Imposing such a taxation system and keeping it up to date would be a demanding task for a modern regime, and it has to be questioned whether this system was in effect an ideal, within a different reality, especially outside the Mughal heartlands in the frontier provinces.

The A'in-i Akbari

Fiscal data for the Mughal Empire is both scarce and unsystematic, so to what do we owe this information? By far the most important source is the *A'in-i Akbari*, written in Persian by Abu'l Fazl. It is part of a larger work, the *Akbarnama,* written on the orders of Akbar, who wanted a record of his life and achievements. The first two volumes cover the events of his reign, and also those of his grandfather, Babur, and his father, Humayun. The third volume covered the Sacred Imperial Regulations, and its subj information on the extent of cultivation by area, on crops, yields and prices for the preceding 19 years. There is information on the land revenue demand and collection, but it is far from complete, and the land revenue system, as described in the *A'in-I Akbari,* refers only to the eight main provinces of northern India, the Mughal heartlands.

Irfan Habib's influence

In 1963 Irfan Habib published The *Agrarian System of Mughal India,*[15] which was followed in 1969 by his article on "The Potentialities of Capitalistic Development in the Economy of Mughal India."[16] This article relies heavily on the 1963 book, which makes extensive use of the *A'in-I Akbari* for quantitative purposes. Habib puts forward the view that capitalism involves accumulation, which essentially is possible only at a surplus level of a certain magnitude.[17] In the case of Mughal India for all practical purposes this concerned the level of agricultural production, the level of appropriation and how it was distributed. He states that the land revenue share of the crop varied between one third and one half, according to fertility.[18] On top of this the zamindars' share amounted nominally to 10% of the land revenue in northern India and 25% in Gujarat.

According to Habib, this whole system led to intensifying pressure on the peasantry because the Mughal system relocated the nobility's jagirs every three or four years to prevent local power bases being built up. Thus "individual revenue assignees could have no interest in the long-term maintenance or growth in the revenue-paying capacity of any particular area."[19]

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[15] I. Habib, *Agrarian system of Mughal India, 1556 –1707* (New Delhi, 2nd ed 1999)
[16] I. Habib, " Potentialities of capitalistic development in the economy of Mughal India", *JEH, v29/1*, 1969.
[17] Ibid, p34
[18] Ibid, p38
[19] Ibid, p40

Part of this land revenue would remain in rural areas (shortfalls in collection, remissions, concessions and commissions etc) but the total net amount of produce lost to the countryside must have been from a quarter to a half.[20] This was a huge drain and Habib believed that the overall result was extreme poverty and immiseration of the peasantry.

Overall he saw the Mughal–Indian economy as a system of direct agrarian exploitation by a small ruling class. He demand for kharif crops of 44.4% and for rabi crops of 38.3%. With camp prices substantially higher than the rural prices obtained by the peasant, the real ratio would have been substantially higher.[23] She assumes a differe

emanating from the brow

land revenue; 3,036,970,919 dams. On dividing this figure by the per capita land revenue (85.235 dams) we get 3.563 crores for the total number of people in these provinces."[38] A crore is 10 millions, so her estimate of the population in the five provinces is 35,630,000.

3. Demographic data on family size is 4.5,[39] which means the 35.63 million population is equivalent to approximately 7.9m families. Moosvi's calculation for the level of urbanization is 15%, so 85% of the population is rural, which amounts to 6.7 million families. Not everyone living in rural areas lives directly off the land, e.g. those working in rural industry, or those engaged in crafts within village communities, local officials etc, but a base of 6.1m peasant or agricultural labour-force families seems justified (90% of the total, although an assumption of 80% would make little material difference to the outcome).

4. If 3,036,970,919 dams is 56.7% of the total, then the revenue left for the agricultural families (who indirectly support nearly all of the rest of the countryside occupations mentioned above) would be 2,318 million dams. Divided among 6.1m families, the average peasant family would have to exist on 380 dams per annum, approximately one dam per day. (At 80%,

for crops such as wheat was generally higher in India than in Western Europe before the nineteenth century.[41] If we take the lower 15% as the number for India, this takes out about one third of the amount left to the rural community (i.e. 15% out of 43.3%). The number of dams per annum reduces by one third to 253.

6. Sources indicate peasant families as individual producers tilling their own fields.[42] Such individual farming is rarely egalitarian, and in seventeenth- century India there were small peasants and 'big men', who would use hired labour. Habib provides a series of examples based on value of possessions, numbers of bullocks, numbers of ploughs, extent of crops cultivated and proportion of land held, from various villages, mainly in northern India.[43] These indicate that up to 20% of the peasants had a sufficiency of resources to make it likely they had to employ others at least occasionally. We do not know what they were paid so we cannot make any calast occahat they we10 cannot make

stable would receive 2 dams per day, as would a grass-cutter. Even a slave was given one dam per day as pocket money.

Moosvi comment

expected was 5.7 millions. Richards's calculations posit 65.8% of the jama' dami being forwarded to the imperial coffers in a normal harvest year.[54] This was partly due to slippage and partly the costs of collection, a considerable proportion being retained by local rural aristocrats and officials for assessing and collecting the revenues.[55] Slippage could be due to various reasons. Richards mentions low market prices, weak or failed monsoon with burned out crops, and in frontier areas, such as the Deccan, warfare could decimate agricultural output.[56] The problem of shortfall had become so widespread that it had to be taken into account when salaries to mansabdars were calculated. During Shah Jahan's reign (1628 –58), officials began to categorize regions by using a scale based on twelve months. For example jagirs classed as eight months would produce only two-thirds of the assessed revenue, and six months would produce one half. Nobility allocated lands at low month levels were allowed to reduce their troop commitments.

It is interesting to note that a similar approach applied to Moosvi's numbers for the five provinces (i.e. no 43% addition for collection costs, and two thirds of the jama being collected, would result in an additional 1.9 billion dams for the peasantry, an extra 310 dams per annum on average for each of the 6.9 million families.

Thirdly, there are historians, among them Ashok V. Desai, who believe that Habib and Moosvi's population estimates are too high at 140 millions. Desai, in a closely argued article, gives estimates of 65 to 95 millions. He believes this went hand in hand with higher agricultural yields than Moosvi claimed, due to the careful selection of land for cultivation, compared to the nineteenth century when the population was much higher.[57] Desai's number

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[54] J.F. Richards*, Power, administration and finance in Mughal India*, (Aldershot 1993) p199
[55] Ibid, p202-3
[56] J.F. Richards, op. cit., unpublished paper, 2001
[57] A.S. Desai, "Population and standards of living in Akbar's time", *IESHR*, V15/1, (1978) pp53-77

is supported by Subrahmanyam, who says that his “population estimate is the more convincing, and is supported by subsequent work on the eighteenth century (Frank Perlin, Christopher Bayly and Andre Wink), which argues that far from being a ‘Dark Age’ (as the Aligarh School is wont to characterize it) there was a considerable expansion of population and cultivation in that age.”[58]

In short there are many issues with Moosvi’s numbers. Among the most compelling are that the peasants simply could not afford to pay a 56.7% impost, even bearing in mind that there was no rent demand on top. (In China, the best established and most organized agrarian empire in the world, the land tax rate was set at 10% of total output, and in some periods considerably less. But this does not take into account rents, where the data is less clear, so this information is not as helpful as hoped in providing a benchmark.[59]) Regarding India, the great likelihood is that the collection level was well below the assessment level even in the Mughal heartlands. In the newly conquered stat98T0 02 229.56644 40eveen to24 Tm(ed stat)Tj13.02 079271 0

Overall the conclusion has to be that the A'in-I Akbari cannot be relied on, and Moosvi's estimate of the size of the land revenue demand seems to be significantly over-estimated.

4. Commercialization from below

Some trade did exist to facilitate surplus extraction by the state, but the Aligarh school sees trade overwhelmingly in such terms. More recent work challenges this, pointing to a growing spatial division of activity, characterized to a large extent by free market exchange. "This resulted …. in the creation of a set of intermediate centres of a mixed character, whose occupational profiles differed considerably from one another."[62] If this is correct then Smithian growth was underway, although there2 337.34976f036 Tm(ay)Tj13 population at 400,000, with each family owning about a hundred oxen, giving a total ox population of about 9 million. He assumes an ox carries about 280lb loads for only one third of the year and moves no more than six miles a day. This comes to 821 million tonne miles per year.[63] This was a massive volume, which Habib compares with the Indian railways in 1882, which handled about 2500 million tonne miles. Grover tells us that the Banjaras specialized in transporting salt, food grains and butter over both short and long distances for fixed prices.[64] Washbrook claims t

At Rajmahal, Manrique found ‘over two thousand rowing vessels at anchor.’”[67] A high proportion of India’s inland trade moved by water.

In addition European travellers found the imperial highways as comfortable as travelling in France or Italy, although, as in Europe, no road was easily negotiable round the year.

Merchants and credit institutions

The traditional view has been that the state preyed upon merchants in seventeenth- century India, and that these merchants were in the main small peddlers who could not compete with the sophisticated European trading companies. This section will demonstrate that such views deserve a sceptical response.

Habib covers the hierarchy of merchants in northern India. “Pre-colonial India had a very large mercantile class, the bulk of it composed of castes …. The sub castes grouped under the name of Banyas were pre-eminent.”[68] They were spread over most of northern India and the Deccan, dominating the commercial world, but never penetrated the south.

Some were shopkeepers and peddlers, but there were also very large Banyan merchants, who advanced capital to artisans so that they would manufacture only for that merchant at a pre-agreed price. Banyans dominated the profession of brokers (dallals) and bankers and money-changers (sarrafs). The sarrafs and dallals were almost invariably Hindus, who were happy to act for the Muslims and the European trading companies. In addition to the Banyans, rival castes such as the Khatris dominated in the Punjab, and the Komatis in Golconda.[69] In southern India there is evidence of small-scale merchants such as the ‘nakarattar’ in Tamilnadu, and the Saraswat merchants of the Malabar. There were large and rich traders in

[67] T. Raychaudhuri, “Inland Trade”, *CEHI* op.cit. p351
[68] I. Habib in ed. J.D. Tracy, op. cit. p379
[69] Ibid p380

areas such as Golconda, the Coromandel and Arcot. The examples given are clearly of a social type, not just a few exceptional people.[70] In northern India they produce further examples relating to Bengal, Gujarat, Surat and Agra.

Then there were the great merchants, who were inter-regional traders, and formed a commercial elite.[71] The large ports had merchants comparable to Europe's merchant princes in wealth and power. The Surat merchant Virji Vora was reputed to be the wealthiest man of his time, and many more are cited all of whom were masters of extensive commercial empires. They could easily buy a complete European ship's cargo, and had close links with the political administration.[72]

Institutions to facilitate trade did not await the arrival of the European trading companies. "In functional terms what happened in western Europe during the sixteenth and seventeenth centuries may not have been quite so unique after all. One can find parallel developments in many areas of the Indian Ocean."[73]

Habib provides a good summary of the development of commercial techniques and credit institutions.[74] Partnerships were normal but there is no evidence that joint-stock companies were developed. However the absence of joint-stock companies did not prevent the growth of large Banyan firms, many with factors placed at great distances inland and overseas.

The sarrafs were experts on coinage – its age, weight and purity – and they began to accept deposits, and developed a system of deposit banking. Short-term credit plus the transfer of funds was effected by hundis, which were bills of exchange. "The sarrafs issued hundis when they actually

[70] S. Subrahmanyam & C.A. Bayly, Portfolio capitalists and the political economy of early modern India in ed S. Subrahmanyam, *Merchants, markets and the state in early modern India*, (Delhi 1990) p252
[71] Ibid p256-7
[72] T. Raychaudhuri, op. cit. p340-1
[73] K.N. Chaudhuri, *Trade and Civilization in the Indian Ocean*, (Cambridge 1985) p209
[74] I. Habib, op.cit. Pp388-396

received deposits to be repaid at some other place, and they also discounted the hundis when they made a loan to be repaid elsewhere."[75] Such bills were saleable. In India those who had discounted a hundi, and then sold it on, became liable if the drawee failed to honour it. This made it more acceptable if merchants of high repute had discounted it previously. The next step, possibly an innovation in India, was for the sarrafs also to insure the goods.[76] There was also what the European records called 'avog', which was a system of speculative investment in a ship's cargo, repaid if the ship arrived safely at its destination port.

Any evaluation of India's commercial development must take into account that these institutions, facilitating trade, were created by the Indian merchant and financial community. When the Europeans arrived they found the Indian system very satisfactory. "The ability of the English to finance their entire trade with India from money raised there, may be offered as a convincing testimony."[77]

External trade

Any discussion of India's pre-modern economy has to be largely conducted without statistics, so such statistical information as is available, in particular from the European trading companies, runs the risk of being invested with disproportionate significance.

The Indian sub-continent played a central role in Asian trade, partly because of its mid-point location, but more because of its large trade in very competitively priced manufactured goods.[78] Food grains were sent to such ports as Malacca, Hormuz and Aden, but in particular coarse cotton cloth for mass consumption went to Equatorial Asia and via Malacca to China, and also from the West coast to the Red Sea and the Persian Gulf. Precious metals, spices and drugs were imported in return. “This pattern of trade would seem to establish the standing of India at this time as among the most advanced and cost competitive “industrialized” countries in Asia.”[79] It also shows that this was not a ‘luxury goods’ trade.

In the seventeenth century the United East India Company (VOC) and the English East India Company were the heirs to the Portuguese monopoly of the spice trade, but they discovered quickly that they could not trade in peppers and spices in south-eastern Asia without India’s cotton textiles.[80] Pepper became very important to the two companies with imports to Europe in 1670 of over 13m lbs. This trade was to be superseded however, as the main import to Europe, by the trade in textiles, which by the 1680s amounted to 2.5m pieces per year.[81]

The key question is how important was this to Indian external trade as a whole, and to the Indian economy generally.

Dasgupta believes that the Indian merchant was the most important figure in the country’s overseas trade in the seventeenth century.[82] He points out that European companies documentation does not capture European private trade, much less the trade of Indian merchants.

The trade in the Indian Ocean remained in the hands of the Indian ship-owning merchants throughout the seventeenth century. The Europeans tried to enter but their freight rates were too high and they lacked local language and contacts. Dasgupta goes so far as to say that the later seventeenth century was the golden age of Indian maritime trade, particularly in textiles.”[83]

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[79] Ibid, p5
[80] K.N. Chaudhuri, European trade with India, *CEHI*, op.cit. p386
[81] Ibid, p399-401
[82] A. Dasgupta, Indian merchants and the trade of the Indian Ocean, *CEHI*, op.cit. p407
[83] Ibid, p432

Statistics do not exist for all of this and we have only fragments of quantitative evidence to put the European trade into context. Om Prakash has examined the effect of the VOC on the Bengal economy. He found little overall evidence of the company's trade displacing trade by Indian merchants.[84] Much of Bengal's exports via the company were paid for in bullion, which increased the economic stimulus of foreign trade since there was no decline in the domestic production of goods competing with imports. He sees an increase in real output and income, but there is no way to estimate the effect of all this on the Bengal economy. With regard to employment however, he estimates that on average, between 1678 and 1718, the VOC was responsible for between 26,000 and 37,000 jobs in cotton and over 7,000 jobs in silk. In Bengal he estimates that one million people were employed in textiles so the VOC accounted for 3.4 to 4.4% of this workforce.[85] Other European traders would add about as much again. This was to grow in the eighteenth century, but the seventeenth century number is less than might have been expected, especially as Bengal was perhaps the most penetrated, by the European companies, of the regions of India.

Subrahmanyam offers two further examples. In response to V.M. Godkins, who claims that the expansion in pepper production in south-western India was fundamentally on account of the growth in Portuguese demand, he shows that even in the best of years at the end of the sixteenth century, the Portuguese rarely bought even 10% of the produce of south-western India.[86] To J.F. Richards claim that the European companies initiative 'created' an export market of 9m yards of cotton cloth per annum, he replies that Asian trade from Masulipatnam to Burma alone, in the late

[84] O. Prakash, op.cit. p222-234
[85] Ibid, p242
[86] S. Subrahmanyam, *The political economy of commerce: Southern India, 1500-1650* (Cambridge 1990) p361

1620s, was twice the *entire* Dutch exports from all of Coromandel at the time.[87]

Such quantitative fragments, plus the many qualitative sources, indicates flourishing external trade, with the much-studied European companies a relatively minor influence in the seventeenth century.

<u>Internal trade</u>

Evidence regarding internal trade is important in considering Smithian growth, particularly the extent of market integration and specialization at both regional and lower levels. Inter-regional trade was also not just a luxury-products interchange, and both food grains and textiles were important. We will look at both coastal trading and overland trade, the latter using inland waterways, pack-bullocks and other means of land transport. Whilst the provision of infra-structural support to external trade was a function of the inland networks, "to regard coastal and overland trade as being appendages in any sense of the overseas trade would be to distort the picture."[88] Both coastal and overland trade supplied food and raw materials to regions which were not self-sufficient, and also in response to regional differences in the production and consumption of commodities.

A paper written by Grover in the mid-sixties is now recognized as a pioneering work.[89] He analyses the commercial pattern governing ru centres ranging from the local mandis (a wholesale market) to which excess grain crops and cash crops were sent by the peasantry. Above this was the qasba, the main commercial centre, and usually the administrative centre of the pargana.   Both mandis and qasbas were used to sell surpluses for regional consumption and export to other areas, and also to purchase commodities not available locally.

He gives many examples of local specialization and internal trade, among them Bengal wheat to southern India, Kerala, and the western Indian coast; and Gujarat taking food grains from Malwa, and Ajmen, and rice from Malabar and the Deccan. "Above all the rural areas producing cash crops developed a high degree of commercial sense for production."[91] This was contradicting part of the Aligarh hypothesis as early as the sixties, but was initially ignored by other historians.

Grover's work was extended by Chaudhuri, who adds to the mandis and qasbas, hats, informal local markets in rural areas, and at the other extreme emporia and entrepots, which catered to long-distance trade not necessarily external to India.[92] All of this offers parallels to Skinner's work on China, which describes a similar pattern of commercial centres.[93]

More recent work on the coastal trade and overland trade confirms this level of regional specialization. In a detaiaA18l4avr/npaliyes areas which invariably imported rice.[95] As usual hard quantitative evidence is thin, but statistics for Madras show an annual consumption of over 25,000 tons of rice with nearly 15,000 tons imported by sea and only 9,000 tons from the Madras hinterland in 1712-13.[96]

Subrahmanyam's paper contains an accumulation of evidence on the coastal trade. Quantitative evidence continues to be scarce but the Dagh Register Pulicat may give some indication of the quantities involved. Pulicat depended on the coastal trade for provisions, and in the Register the Dutch factors recorded all shipments to the port from the Gingelly coast from January 15 to February 15, 1646. In this single month they recorded 53,518 kgs of rice, 110,498 kgs of paddy, 150 jars of oil, 210,895 kgs of sesamum, 25,609 kgs of pulses and 17 integration covering major areas of Hindustan, Bengal, Rajasthan, Gujarat, Malwa and the Deccan.[99] Trunk routes were served by branch roads, going deep into the interior, indicating that inter-regional exchange was not limited to a few major centres. A major source of cheap food was Bengal, where many observers commented on the abundance and variety available. Rice and sugar was sent by the Ganges to Agra, which also brought wheat in from the eastern provinces. High quality food grains came to Lahore from Muradabad and Sirhind. Gujarat was a large manufacturing and commercial area, which had unreliable agriculture for climatic reasons, and was the main importer of food grains mainly from northern India via Agra. These examples could be multiplied many times over.[100] It has to 3.0eBai ‘urban conglomeration’ effects were important, and it should be noted the areas were identified by their products, not their markets, which were widely diffused, and of little economic significance.

The four main industrial regions in India specializing in cotton goods exports were Punjab, Gujarat, the Coromandel coast and Bengal. Gujarat’s pre-eminence was based on low cost supply to Red Sea ports. Punjab served inland near-eastern markets. Bengal’s main market had been upper India, but more and more went to Europe in the late seventeenth and eighteenth centuries.

Deepening this picture of regional and locational specialization was the movement of raw cotton to the weaving centres in considerable quantities. Raychaudhuri tells us that Bengal imported large quantities of cotton, grown largely between Surhat and Burhanpur, which came via Agra down the Ganges.[102] Brennig’s study of the Godavari and Krishna deltas of the northern Coromandel coast showed raw cotton being transported by the banjaras across about three hundred miles separating the growing area from the coast.”[103] Similarly indigo was integrated into wider commercial networks, and the movement of intermediate goods, for example fabrics sent to Agra, Ahmedabad, Masulipatnam and Bengal for washing and dyeing, all testify to a considerable level of inter-dependence and specialization in India’s largest manufacturing industry.

Revisionist thinking

The historiography of early-modern India reveals a series of characteristics which are increasingly being questioned by revisionist historians. These include:

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[102] T. Raychaudhuri, Inland Trade, *CEHI,* op.cit. p332

[103] J.J. Brennig, “Textile producers and production in late seventeenth century Coromandel,” *IEHSR*, 23, (1986) pp333-356

1. The concept of extreme vertical economic differentiation, espoused above all by the Aligarh historians, who stress the divisions between the surplus controlling classes, and the peasant at subsistence level.
2. The commercialization that did occur being a function of the state's revenue demand, with internal trade essentially one-way from country to town.
3. The merchant and his property as always insecure in the face of Oriental despotism.
4. A lack of attention to regional and sub-regional specialization, with what did occur being viewed as limited to coastal areas.
5. The concept of India as a passive economy, waiting to become incorporated into the World Economy by European expansionism.
6. The idea that the eighteenth century, between the Mughal and British empires, was a time of collapse, chaos and economic shrinkage. This influences views of the seventeenth century.

The initial thrust of the revisionist approach lay in a reinterpretation of the eighteenth century, based on English East India Company archives, and also records of the Maratha state, and some of its important figures. This "portrayed a polity within which state power was commercialized (and) a substantial market existed in rights of surplus."[104] C.A. Bayly took this further in his portrayal of the eighteenth century as a period when small market towns grew and prospered, with Mughal decline not necessarily leading to an overall commercial decline.[105]

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[104] S. Subrahmanyam, *Merchants, markets and the state in early modern India*, Delhi 1990. p13

[105] C.A. Bayly, *Rulers, townsmen and bazaars; North Indian Society in the age of British expansion,* Cambridge 1983

A number of historians have taken this work back into the seventeenth century. We will briefly outline some of the views of three of them, Frank Perlin, David Washbrook and Sanjay Subrahmanyam.

In 1978 Perlin published an article, which specifically challenged the whole idea of the unremittingly extractive state, with the masses living at subsistence level.[106] His study covered the 150 years before European rule. Evidence from magnate households in the Maratha Deccan demonstrated the existence of a wide range of assets held by these households, which were often traded. Perlin demonstrated "the existence of powerful forms of social dominance transcending the frontiers of the village and strongly influencing the organization of social, economic and political life in the countryside."[107] He also speaks of "such discredited but structurally persistent notions as the unchanging pre-industrial village,"[108]

In a further article he speaks of internal trade leading to both regional and occupational division of labour, with the prosperous towns of Gujarat as

Washbrook criticizes World System theory as too European-based, pointing to the textiles trade in the seventeenth century between South Asia and Europe, where it would have been difficult to determine which was core and which periphery. Europe was a relatively unimportant trader with India in that century. The level of trade with west Asia, Arabia and southeast Asia seems to have been very much greater than that with Europe.[111]   The acceptance of the idea that European capitalism was original and unique, led to writing history to explain why India did not resemble Europe, which in turn caused historians to overlook the parallels with European capitalism. He gives many examples, among them the acceptance now that marketing systems were organized and price responsive, not peddler-based; that merchant groups were not powerless before military authority; that there were discrete property rights; and the textile industry was able to quickly expand when demand increased. "These reassessments of South Asia's potential for capitalism have come about in the course of research which has profoundly altered understandings of how south Asian economies were organized and functioned. Few of the conceptions of twenty years ago would seem tenable today."[112]

The approach of the revisionists has largely been to look in great detail at very specific geographical areas.

activities is truly remarkable."[114] He also presents information based on occupational evidence for some small urban centres showing great diversity and specialization. Here we see an attempt to remedy some of the lack of attention to specialization that has characterized the historiography of pre-colonial India.

The revisionist evidence is strong but still limited in quantity at this time, with more regional studies needed.

5. Overall conclusions

This dissertation has approached the question of Smithian growth in Mughal India by looking critically at 'the extractive state' hypothesis, with commercial activity parasitic on this, and then going on to look at the extent to which 'commercialization from below' was a feature of the economy.

Regarding 'the extractive state', the conclusion is that the *A'in-I Akbari* is not a solid foundation for the Habib hypothesis, and the claimed level of land revenue extracted, taking the peasants back to subsistence level, is implausible. The level claimed would have resulted in immiseration incompatible with a stable population, much less a growing one. These comments relate only to the taxation demands ascribed to the Mughal heartlands in northern India. In southern India Mughal dominion was brief and incomplete, and the Mughal taxation system as desc and so did not enter the market, and much was doubtless exchanged to meet revenue demands, but there was also a commercial economy, which was much more than a one-way movement from the countryside to the towns. The evidence also indicates that the European trading companies, far from being at the heart of this commercialization, were a very minor influence in the seventeenth century. Regional and sub-regional specialization, a marketing network, a ‘good-for-the times’ transportation system, and merchants and credit institutions whict765.5285.08 6

Abbreviations

A’in	A’in-I Akbari
CEHI	Cambridge Economic History of India
CSSH	Comparative Studies in Society and History
HER	Economic History Review
IESHR	Indian Economic and Social History Review
JEH	Journal of Economic History
P&P	Past and Present
VOC	Vereenigde Oost-Indische Compagnie (United East India Co.)

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