

The Moghul Economy and Society

Chapter 2 of *Class Structure and Economic Growth: India & Pakistan since the Moghuls*

Maddison (1971)

The pre-colonial economy of India is sometimes portrayed by Indian historians and politicians as a golden age of prosperity. According to R.C. Dutt, the doyen of nationalist historians, “India in the eighteenth century was a great manufacturing as well as a great agricultural country” (1). Gandhi and others have stressed the social harmony of the traditional village society. These views have been very influential and it is obviously important to see whether they stand up to critical analysis. Our own conclusion is that they exaggerate the productivity of the Moghul economy which was probably significantly lower than that of West Europe in the eighteenth century.

The Standard of Living

India had a ruling class whose extravagant life-style surpassed that of the European aristocracy. It had an industrial sector producing luxury goods which Europe could not match, but this was achieved by subjecting the population to a high degree of exploitation. Living standards of ordinary people were lower than those of European peasants and their life expectation was shorter. The high degree of exploitation was possible because of the passivity of village society. The social mechanism which kept the villages passive also lowered labour productivity, and provided little incentive to technical progress or productive investment.

Moghul India had a good deal to impress Western visitors. From the time of Akbar to Shah Jehan the court was one of the most brilliant in the world. It was cosmopolitan and religiously tolerant. Literature and painting flourished and there were magnificent palaces and mosques at Agra, Delhi, Fatehpur Sikri, and Lahore. The nobility lived in walled castles with harems, gardens fountains and large retinues of slaves and servants. They had huge wardrobes of splendid garments in fine cotton and silk.

In order to cater for their needs, a number of handicraft industries produced high quality cotton textiles, silks, jewellery, decorative swords and weapons. These luxury industries grew up in urban centres. The urban population was bigger in the Muslim period than it had been under Hindu rulers, for caste restrictions had previously kept artisans out of towns (2). Most urban workers were Muslims (3). The main market for these urban products was domestic, but a significant portion of textile output was exported to Europe and South-East Asia. Other export items were saltpetre (for

gunpowder), indigo, sugar, opium and ginger. Europeans had great difficulty in finding products to exchange for Indian goods. They were able to export a few woollen goods and some metals, but the only things the Indians really wanted in exchange and which were worth the cost of transporting so far were precious metals (4). There was, therefore, a constant flow of silver and gold to India, which absorbed a good deal of the bullion produced by the Spaniards in the New World. It was this phenomenon which most impressed and disturbed Europeans in their relations with India.

According to the testimony of European travelers, some of the urban centres of Moghul India were bigger than the biggest cities in Europe at the same period (5). We do not know whether the overall ratio of urban to total population was bigger or smaller than in Europe, but the climate made it possible to get double and triple cropping in some areas, so it was technically possible (with a given transport system) to support bigger towns than in Europe (6). Most of the luxury handicraft trades were located in cities, and there was also a well-established banking system for the transfer of funds from one part of India to another. In urban society, occupation was controlled by guild regulation and a hereditary caste structure, but occupational mobility was greater than in villages because town life was dominated by Muslims, or, in some commercial areas, by Europeans.

European traders dominated the export business from the sixteenth century onwards. Before that, India had traded in textile products with East Africa, the Persian Gulf, Malaya and Indonesia. The Europeans opened up new markets in Europe, West Africa and the Philippines, and their trading companies built up production centres for textiles, indigo and saltpetre in Gujarat, Coromandel and Bengal. They introduced new techniques of dyeing and silk-winding and set up large-scale factory production for the first time. On the whole, European activity increased the productivity of the Indian economy (7), though at times Europeans did extort monopoly profits, i.e. in the first phase of Portuguese monopoly (sixteenth century), and in the thirty years after the East India Company conquered Bengal. One of the reasons foreigners dominated this trade was that religious beliefs inhibited foreign travel and commercial development by Hindus. The export trade was in the hands of Arabs, Armenians and Jews until Europeans established trading settlements in the coastal towns.

The luxury of court life, the international trade in silks and muslins, the large size and splendour of some Indian cities, the disdain for European products - these were the reasons why Moghul India was regarded as wealthy by some European travelers. The living standard of the upper class was certainly high and there were bigger hoards of gold and precious stones than in Europe, but there is substantial evidence that the mass of the population were worse off than in Europe. The Moghul economy seems to have been at its peak under Akbar (1556-1605) and to have declined thereafter (8). At its peak, it is conceivable that the per capita product was comparable with that of Elizabethan England. By the mid eighteenth century, when India became a European colony, there seems little doubt that the economy was backward by West European standards, with a per

capita product perhaps two-thirds of that in England and France (9).

In spite of India's reputation as a cloth producer, Abul Fazl, the sixteenth-century chronicler of Akbar, makes reference to the lack of clothing in Bengal, 'men and women for the most part go naked wearing only a cloth about the loins'. Their loincloths were often of jute rather than cotton. In Orissa 'the women cover only the lower part of the body and may make themselves coverings of the leaves of trees'.¹⁰ They also lacked the domestic linen and blankets, which European peasants of that period would have owned. In terms of housing and furniture the Indian peasantry were worse off than their European counterparts and their diet was also poorer. Consumption of meat and wine was negligible and there was no beer.

Conditions in the early seventeenth century were described by Francisco Pelsaert in a report to the Dutch East India Company which sums up his seven years in Agra in 1620-7:

“ the rich in their great superfluity and absolute power, and the utter subjection and poverty of the common people - poverty so great and miserable that the life of the people can be depicted or accurately described only as the home of stark want and the dwelling place of bitter woe ... a workman's children can follow no occupation other than that of their father, nor can they intermarry with any other caste ... They know little of the taste of meat. For their monotonous daily food they have nothing but a little khichri, made of 'green pulse' mixed with rice, which is cooked with water over a little fire until the moisture has evaporated, and eaten hot with butter in the evening; in the day time they munch a little parched pulse or other grain, which they say suffices for their lean stomachs.

Their houses are built of mud with thatched roofs. Furniture there is little or none ... bedclothes are scanty, merely a sheet or perhaps two, serving both as under- and over-sheet; this is sufficient in the hot weather, but the bitter cold nights are miserable indeed” (11).

The domestic market for Indian silks and muslins was concentrated on the upper class, and the export market was not very large in relation to the economy as a whole. In 1780, before Indian textiles were hit by competition from the industrial revolution, exports from Bengal were less than £2 million - much smaller than those of the UK, which had less than a tenth of its population (12).

Although the man-land ratio was similar to that in France or England, agricultural output per head was almost certainly lower in India in the eighteenth century (13). It also seems likely that productivity was lower than in China or Japan (14). Fairly large areas were devoted to low-quality grains like *bajra* or *jowar* - the unreliable weather was one of the reasons for growing these, for they were more resistant to weather fluctuations than wheat or rice. Farm implements were poor and ploughs were made of wood. Crop residues were not used for compost as in China, and cow dung was used as a fuel or building material rather than for manure (15). Human excrement was considered defiling to caste Hindus and not used, nor were bone meal or oil seeds used as in China

or Japan. Crops were damaged by rodent and insect pests which were not checked for religious reasons. Indian agriculture did not benefit as much as Europe and Africa from the new American crops available from the sixteenth century onwards. Potatoes, maize and cassava remained unimportant, and tobacco was the only significant novelty. The irrigated area was small.

There were more cattle than in Europe, but milk yields were much lower (16). The brahmins and a large part of the rest of the population were vegetarians, and meat consumption was very low. Cattle were used for traction in agriculture, horses were a luxury.

Life expectation was lower than in Europe, but fertility was higher because marriage was obligatory for social and religious reasons, and virtually all girls were married before puberty.¹⁷ Death rates were higher for several reasons. Reliance on the monsoon meant that agricultural output fluctuated more than in Europe, and famine was therefore more frequent. Health conditions were worse, partly because of poor diet, partly for other reasons. The climate was debilitating. There were tropical diseases as well as the European ones. Hindu taboos against killing rodents and insects led to longer persistence of bubonic plague. Hindu distaste for touching refuse or excreta led to greater squalor and lack of sanitation. Infanticide of daughters and 'suicide' of widows added substantially to mortality in some areas (18). Finally, maternal and child mortality was high because girls started to become mothers at the age of twelve. Their inexperience and physical immaturity led to high death rates (19). Kingsley Davis has suggested that mortality rates in India were high enough to offset the very high fertility rates, so that there was little increase in population in the 2,000 years preceding European rule (20).

Education facilities and the content of education were no better than in medieval Europe, and much worse than in Europe after the Renaissance. Muslim education was entirely religious and carried out in *madrassas* where boys learned the Koran in Arabic. Although the Moghul period was distinguished for its architecture, painting, poetry and music, these were largely derived from foreign models, particularly those of Safavid Persia. Hindu education was confined to religious instruction for higher-caste boys in Sanscrit. Neither religious group provided education for women. It has been suggested that at the time of the British takeover about a quarter of the male population had received a few years of schooling, that most brahmins could read and write, and the literacy rate was about 5 per cent (21). There was no Hindu higher education of a secular character. Earlier Indian Buddhist universities (e.g. Nalanda) had been destroyed by the Muslim invaders. The theology of Hinduism did not encourage the growth of rational thought, and the social system hindered technical innovation. In spite of extensive contact with foreigners, India did not copy foreign technology either in shipping or navigation, or in artillery and military organization, and this is one of the reasons it was conquered by Europeans.

The Degree of Exploitation

The revenue of the Moghul state was derived largely from land tax which was about a third or more

of gross crop production, i.e. a quarter or more of total agricultural output including fruits, vegetables and livestock products which were not so heavily taxed (22). Other levies, tolls and taxes were of smaller importance but not negligible. Total revenue of the Moghul state and autonomous prince-lings and chiefs was probably about 15-18 per cent of national income. By European standards of the same period this was a very large tax burden (23). No European government succeeded in claiming such a large part of the national product until the twentieth century. But there was a fundamental difference in social structure between India and Europe, and the Moghul levy should not be compared with taxes in a European country. Taxes were used not only for state purposes but to provide for the consumption expenditure of the ruling class. They were, therefore, equal to the tax revenue and a large part of the rental income of a European country (not to the whole of rents because the upper layer within the village hierarchy retained some of the rental income).

In India the aristocracy were not hereditary landlords whose income was derived by using serfs to cultivate their private demesne. They did not possess land of their own, but were either paid in cash or allocated the tax revenue from a collection of villages (i.e. they were given a *jagir*) (24). Part of the revenue was for their own sustenance, the rest was to be paid to the central treasury in cash or in the form of troop support. The aristocracy was not, in principle, hereditary, and a considerable part of it consisted of foreigners. Moghul practice derived from the traditions of the nomadic societies which had created Islam in Arabia as well as similar Turkic traditions. Nobles were regularly posted from one *jagir* to another and their estates were liable to royal forfeit on death. This system led to a wasteful use of resources. There was little motive to improve landed property. The *jagirdar* had an incentive to squeeze village society close to subsistence, to spend as much as possible on consumption and to die in debt to the state. This was true at the apex of the system as well, because the succession to the throne, though theoretically hereditary, was in fact often a matter of very costly dispute. Apart from the *jagirdars*, there were some Hindu nobles (*zamindars* who retained hereditary control over village revenues, and Hindu princes who continued to rule and collect revenues in autonomous states within the Moghul Empire, e.g. in Rajputana) (25). Towards the end of the Moghul period, as central power declined, many *jagirs* became hereditary in practice. But the ruling class always obtained its income by levying tribute on villages, it did not enter into the process of production.

It should be stressed that the uses to which the Moghul state and aristocracy put their income were largely unproductive. Their investments were made in two main forms: (a) hoarding precious metals and jewels (India's imports of precious metals were equal to practically the whole of its exports and there was also some internal production of these items); (b) construction of palaces and tombs, particularly under Shah Jehan (26). There were also some public irrigation works but, in the context of the economy as a whole, these were unimportant and probably did not cover more

than 5 per cent of the cultivated land of India. It is misleading in the Indian context to suggest, as Marx did, that the 'oriental despotism' of the state apparatus had a functional justification in the development and protection of irrigation (27). As far as the economy was concerned the Moghul state apparatus was parasitic. It therefore seems inappropriate to call the system an agrarian bureaucracy. It was a regime of warlord predators which was less efficient than European feudalism. Its adverse effects on output have been described by Bernier (28).

Moghul officials needed high incomes because they had many dependents to support. They maintained polygamous households with vast retinues of slaves and servants. Military spending was also large because there were so many soldiers, and they were frequently engaged in wars. Religion was probably just as big an economic burden as in Europe, but not in such a direct way. Religious property was smaller, with rather modest tax-free land grants and no hierarchically organized priesthood. But there was a vast band of religious mendicants to be supported and considerable expense in carrying out weddings and funerals in a way which satisfied religious scruples.

The Docility of Village Society

The reason why the Moghuls could raise so much revenue from taxation, without having a ruling class which directly supervised the production process, was that village society was very docile. This docility was not ensured by a church hierarchy, but by a subtle network of internal sanctions which existed nowhere else in the world.

The chief characteristic of Indian society which differentiated it from others was the institution of caste. The origins of caste are shrouded in antiquity. It segregates the population into mutually exclusive groups whose economic and social functions are clearly defined and hereditary. Old religious texts classify Hindus into four main groups: *brahmins*, a caste of priests at the top of the social scale whose ceremonial purity was not to be polluted by manual labour; next in priority came the *kshatriyas* or warriors, thirdly the *vaishyas* or traders, and finally the *sudras*, or farmers. Below this there were *melechas* or outcasts to perform menial and unclean tasks.

But this old theoretical model of the Rigveda is somewhat misleading. In each main linguistic area of India there are about two hundred separate caste groups with their own name, and each of these is likely to be divided into about ten sub-castes which are the effective boundaries of social life (29). Brahmins and untouchables are distinguishable everywhere, but the classification of intermediate castes is unclear and often does not conform to the *kshatriya*, *vaishya*, *sudra* categorization. In each village there will be a caste which is economically and socially dominant, and in many villages this dominant caste will be a peasant caste. In all parts of India there are outcasts at the bottom (they are now about 15 per cent of the population), and the presence of these 'untouchables' gives all caste Hindus a feeling of superior social status no matter how poor they may be themselves.

Members of different castes did not intermarry or eat together, and kept apart in social life. Their dress, names and housing were quite distinctive. “Corresponding to the caste hierarchy are hierarchies in food, occupation and styles of life. The highest castes are vegetarians as well as teetotallers, while the lowest eat meat (including domestic pork and beef) and consume indigenous liquor. Consumption of the meat of such a village scavenger as the pig pollutes the eaters, while the ban on beef comes from the high place given to the cow in the sacred texts of Hinduism. Among occupations, those involving manual work are rated lower than those which do not” (30).

The great variety of caste was due to the large size of the country and the ethnic and linguistic diversity which had developed over millennia of settlement. It was also due to the process by which Hinduism spread. Invaders or aboriginal tribes were assimilated gradually into the Hindu fold. They were not converted to a clearly defined religion or incorporated into an organized hierarchical structure. The system was too amorphous and permissive for that. New entrants could keep their own customs and gods. However, groups trying to improve their ritual status generally copied the behaviour patterns of the locally dominant caste. This mimicry of dominant caste characteristics has been called 'sanskritization' by India's leading sociologist Srinivas (31). Thus brahminical habits in diet (vegetarianism and teetotalism), taboos on widow remarriage or divorce, the requirement that girls marry before puberty, grew more widespread over time. There was some mobility in the system for castes if not for individuals. Changes in ritual status were most easily attainable by castes which had improved their economic status, e.g. by political conquest, or by establishing a new village (32).

In each village the dominant caste controlled the land, though their property rights were circumscribed. In general, land would not be transferred or sold to people outside the village, and tenants of the dominant caste could not be evicted. Most villages belonged to cultivating castes, with each family tending customary but unequal shares of the land. Brahmins were not cultivators, but acted as a local priesthood or squirearchy in alliance with the locally dominant caste and used low caste or untouchable labourers to cultivate their land. In each village there were artisans who provided non-agricultural goods and services, e.g. blacksmiths, carpenters, potters, cobblers, weavers, washer-men, barbers, water carriers, astrologers, watchmen and, occasionally, dancing girls. Spinning was not a specialized craft but was carried out by village women. These artisan families did not sell their products for money but had a hereditary patron-client (*jajmani*) relationship with a group of cultivating families. Thus a washer-man or barber would serve a family's wants free throughout the year and get payment in kind at harvest time. In addition, there was a lower class of untouchable village servants to perform menial tasks, e.g. sweeping, removal of human and animal manure, in return for payment in kind.

In relations with the state, the village usually acted as a unit. In particular, land taxes were usually paid collectively and the internal allocation of the burden was left to the village headman or

accountant. The village council (*panchayat*) ran the internal affairs of the village, provided a village policeman and settled disputes about land. Caste *panchayats* settled other social problems and disputes. In view of the heavy fiscal squeeze on the village from above, and the possibility of quitting a village to farm surplus land which was generally available elsewhere, one would have expected the social structure within villages to be fairly egalitarian. Income differentials were probably smaller than they are now, but the village was not an idyllic commune as is sometimes claimed. In fact, the practice of describing the village as a 'community' is misleading because it implies a much greater degree of common interest than actually existed. Over most of the country there was a dominant caste elite, an intermediate group of cultivators and artisans and a bottom layer of landless untouchables, each group with differing levels of real income. These intra-village differentials varied geographically and changed over time according to the degree of outside fiscal pressure, but all over the country the top group in the village were allies of the state, co-beneficiaries in the system of exploitation.³³ In every village the bottom layer were untouchables squeezed tight against the margin of subsistence. The extra-village exploitation was sanctioned by military force, intra-village exploitation by the caste system and its religious sanctions. Without the caste sanctions, village society would probably have been more egalitarian, and a more homogeneous peasantry might have been less willing to put up with such heavy fiscal levies from the warlord state.

From an economic point of view, the most interesting feature of caste in traditional society is that it fixed a man's occupation by heredity. For priests or barbers the prospect of doing the same job as a whole chain of ancestors was perhaps not too depressing, but for those whose hereditary function was to clean latrines, the system offered no joy in this world. One reason they accepted it was the general belief in reincarnation which held out the hope of rebirth in a higher social status to those who acquired merit by loyal performance of their allotted task in this world.

One problem in this system of formalized hereditary interdependence was that family needs or production capacity could change over time for demographic reasons. If barbers or washermen were particularly fertile over a couple of generations there would soon be too many of them. There was some flexibility in the system which permitted changing patron-client relationships, inter-village mobility of labour, or even changes in occupation which did not do too much violence to caste rules (34).

No modern trade union has been so jealous about job specification as the caste system. It did not merely prevent a man from increasing his productivity by widening or changing his economic activity, it also prevented people from performing certain services for themselves, e.g. shaving, hairdressing, sweeping the floor, or doing one's own laundry. By Western standards, job demarcations were not only too rigid and too fine, but some jobs were largely redundant. One might think that some of the lowest productivity occupations were invented simply to provide everyone

with a job in a surplus labour situation, but there was no shortage of land and the productivity of the economy would have been higher if there had been greater job mobility. On economic criteria, the caste system must get very low marks. There was no allowance for aptitude, intelligence, or new ideas in allocating jobs; actual work performance had more ritual than functional significance, and it was impossible to fire anybody for inefficiency.

The caste system did not simply allocate jobs, it also defined the hierarchy of social precedence. In the middle ranges, the hierarchy was somewhat ambiguous, but the unequal status of untouchables was sharply demarcated by barriers of ritual impurity. Outcastes were not allowed in the same temples, nor could they use the same wells or burial grounds as caste Hindus. They lived in separate ghettos outside the main village, and in extreme cases could not approach within sixty-four feet of a caste Hindu. Any physical contact with them was regarded as polluting, and they were expected to adopt an attitude of cringing servility to their superiors. Outcastes in Southern India were not allowed to wear shoes, carry umbrellas, or to live in brick houses, and their women were not allowed to wear upper garments (35). In pursuit of ritual purity, caste Hindus would not sweep floors, remove excrement or garbage. They left dirt till sweepers were available and the latter were invariably perfunctory in performing their pre-ordained tasks. Paradoxically, 'purity' became the enemy of hygiene, and Indian squalor was without parallel.

The caste system provided job security and allocated economic functions in a stable fashion in a society with no church hierarchy and an unstable political system. It succeeded in imposing sanctions which held village society together for millennia, and it offered economic conditions and social status which were tolerable for the majority of inhabitants. The strength of village society was that it avoided extreme polarization of economic interests, and gave a portion of the community some stake in the economy, and an inferior group it could look down upon. Untouchables had a sub-human position, but the barrier of pollution prevented them making common cause with the lower grades of caste Hindus, and they were too debilitated and too small a minority to stage a successful rebellion. The disadvantages of this system were that it made for a low level of productivity, prevented innovation in production techniques and inhibited investment.

Another characteristic feature of Indian society was the joint family system. This system is common to many countries, and is useful in providing a considerable degree of social security. All generations of the family lived together and pooled their income with little distinction between brothers and cousins in terms of family obligations. However, the system inhibited individual incentives to work or save, and provided no motive for limiting family size. In the Indian joint family, women were completely subordinate to men, and adult men were expected to do what their fathers told them. Brides were not selected by husbands, but by the family. Husbands were normally considerably older than wives, but widows were not allowed to remarry and were expected to live in complete seclusion, even though their marriage might never have been consummated.

This kind of village society was the base of economic life for more than 2,000 years. Villages were defensive, self-contained units designed for survival in periods of war and alien domination. They paid taxes to whoever held state power, and were relatively indifferent to the passage of foreign invaders and rulers. Conquerors of India found a ready-made source of income, so they had no incentive to destroy the system. Instead they simply established themselves as a new and separate caste. The latter was the choice exercised by both the Muslims and the British. Newcomers to India did not merge into a homogeneous culture as they did in China, they simply became a new layer in the hierarchy of caste.

In addition to village society, India also had a large number of tribal communities. Aboriginal tribes led an independent pagan existence as hunters and forest dwellers, completely outside Hindu society and paying no taxes to the Moghuls. In present-day India, they are less than 7 per cent of the population. In the Moghul period their relative size was probably slightly larger.

Relations between Muslims and Hindus

At the height of its power under Akbar, the Moghul Empire exercised religious toleration (36). This is one of the reasons why it was more successful in maintaining an extensive domain than the earlier Muslim sultanates of Delhi. There were some attempts to fuse Islamic doctrine with Hinduism, of which the main one was the Sikh religion, but this had a very limited success and Sikhs are still only 1 per cent of the population of the subcontinent. There was some interpenetration of religious practices, with the Muslims adopting saints and holy men, and the Hindus accepting *pardah* and the segregation of women. Indian Muslims also retained elements of caste which are inconsistent with a strict interpretation of Islamic principles. They had a system of endogamy within their own *biraderi* or tribal groups, and within their village communities some occupations tended to be hereditary. They also looked down upon sweepers, although their ideas about pollution were not as strong as those of Hindus. Finally, Muslims descended from immigrants looked down on Hindu converts.³⁷ In effect, the Muslim rulers did not succeed in creating an integrated society, but simply imposed themselves on top of the Hindus as a new caste segregated by different dietary and social habits, with a ban on marriage to infidels.

The Muslim population was always a minority but in the Moghul period it had probably become about a fifth or a quarter of the total. A minority of Indian Muslims (about 10 per cent) were descended from the Islamic conquerors (Turks, Afghans and Mongols) who had come to India via the Khyber Pass. The rest included some forcibly converted Hindus, and many more voluntary converts - low-caste Hindus attracted by the more egalitarian Muslim society. The Muslim ratio grew over time because polygamy and widow remarriage gave them greater fertility than Hindus. Muslims were highly concentrated in the North, in the Indo-Gangetic plain. In the South they were mainly in court towns and much more thinly spread. The first Muslim invaders carried out forcible conversions, but later rulers restrained their evangelizing activities partly because of Hindu

resistance, partly because they realized that this would reduce their elite status. The only area where the indigenous population was converted to Islam *en masse* was East Bengal which had a strong Buddhist tradition and looked on the Islamic invaders as liberators from Hindu rule.

Moghul control of India disintegrated after the death of Aurangzeb in 1707. Given the size of the country, which was as big as the whole of Europe, and its racial, linguistic and religious complexity, it is not surprising that it fell apart. Aurangzeb is often blamed for the collapse because he was too ambitious. He turned away from Akbar's policy of religious tolerance, destroyed Hindu temples, reimposed the *jizya* (a capitation tax on non-Muslims) and confiscated some non-Muslim princely states when titles lapsed. As a result Aurangzeb was engaged in a constant series of wars to hold his Empire together.³⁸ After his death, it split into several parts. In Western India, the Mahrattas established an independent Hindu state with their capital at Poona. The Nizam-ul-Mulk, a high Moghul official who foresaw the collapse of the Empire, installed himself as the autonomous ruler of Hyderabad in 1724. In 1739, the Persian emperor Nadir Shah invaded India, massacred the population of Delhi and took away so much booty (including Shah Jehan's peacock throne and the Kohinoor diamond) that he was able to remit Persian taxes for three years. He also annexed Punjab and set up an independent kingdom in Lahore. The Punjab was later captured by the Sikhs. In other areas which nominally remained in the Empire, e.g. Bengal, Mysore and Oudh, the power of the Moghul emperor declined, as did his revenue. Continuous internal warfare greatly weakened the economy and trade of the country.

It was because of these internal political and religious conflicts that the British were able to gain control of India. They exploited the differences skillfully by making temporary alliances and picking off local potentates one at a time. Many of their troops were local volunteers. They conquered the Moghul province of Bengal in 1757, took over the provinces of Madras and Bombay in 1803, and seized the Punjab from the Sikhs in 1848. The British government did not establish its own direct rule in India until 1857 when the East India Company was dissolved.

Conclusions

The Indian economy was the most complex and sophisticated to be colonized by Europeans, but its productivity level was significantly below that of Western Europe at the time of conquest in the mid-eighteenth century. Its relative backwardness was partly technological but was mainly due to institutional characteristics which prevented it from making optimal use of its production possibilities (39). The parasitic state apparatus had an adverse effect on production incentives in agriculture, which was reinforced by the effect of 'built-in depressants' within the village, where there was a further hierarchy of exploitation. Productive investment was negligible and the savings of the economy were invested in precious metals, palaces and tombs. The productivity of the urban

economy was also adversely affected by the predatory character of the state. Urban industry and trade had less security against the arbitrary demands of the state than was the case in Western Europe. There were important Indian capitalists who operated as bankers and merchants, but international trade and part of the production of luxury handicrafts was in the hands of foreigners. The 'fiscal' levy supported a wealthy ruling class and a few specialized luxury goods industries. This economic surplus might later have been a source of rapid economic growth had it been mobilized by a modernized elite, as happened in Meiji Japan, but in India (as we shall see in the next chapter) the fiscal surplus was whittled down, redistributed as rental income, and partially drained off in the colonial period.

Table 2-1 Social Structure of the Moghul Empire

Percentage of labour force		Per cent of national income after tax
18	NON-VILLAGE ECONOMY	52
1	{ Moghul Emperor and Court Mansabdars Jagirdars Native princes Appointed zamindars Hereditary zamindars }	15
17	{ Merchants and bankers Traditional professions Petty traders & entrepreneurs Soldiers & petty bureaucracy Urban artisans & construction workers Servants Sweepers Scavengers }	37
72	VILLAGE ECONOMY	45
	Dominant castes Cultivators and rural artisans Landless labourers Servants Sweepers Scavengers	
10	TRIBAL ECONOMY	3

Table 2-1 gives a rough indication of the social structure of the Moghul Empire. It is based largely on the non-quantitative evidence cited in this chapter, and backward extrapolation from Table 3-4 using the evidence cited in Chapter III. Although the basis for the estimates is shaky,

there is some advantage in making explicit the orders of magnitude which are implicit in the argument of this chapter. If Tables 2-1 and 3-4 are compared it can be seen that the governmental oligarchy got a much larger share of national income in the Moghul period than under colonial rule, and village society got less, even though it probably contributed a little more to the total output of the economy in the earlier period. I have not felt able to allocate shares within the village economy, but they were probably less unequal than at the end of British rule. The heavier tax squeeze in the Moghul period almost certainly made its greatest impact on the upper income groups in the village. I have assumed that the tribal population was 10 per cent of the total as compared with 7 per cent at the end of British rule.

Notes on Chapter 2

- 1) See R.C. Dutt, *The Economic History of India 1757-1837*, Government of India reprint, Delhi, 1963, p. xxv.
- 2) See B.N. Ganguli (ed.), *Readings in Indian Economic History*, Asia Publishing House, London, 1964, p. 55.
- 3) See I.H. Qureshi, *The Muslim Community of the Indo-Pakistan Sub-Continent (610-1947)*, Mouton, The Hague, 1962, p. 219: 'The courts had been great consumers of the various articles produced by Muslim craftsmen. All the finer qualities of textiles like Dacca muslin and Kashmir shawls were woven by Muslim master weavers. The manufacture of rich carpets was a Muslim monopoly. The rich brocades which had been in fashion both among men and women of means were made by Muslims. The manufacture of the more delicately finished jewellery, inlay work in silver and gold, and the creation of many articles of beauty so highly prized by the wealthy classes were almost entirely in Muslim hands.'
- 4) The same was true in China whose emperor's response to George III's ambassador was: "The Celestial Empire possesses all things in prolific abundance and lacks no product within its borders. There is therefore no need to import the manufactures of outside barbarians in exchange for our own products." See E. Backhouse and J.O.P. Bland, *Annals and Memoirs of the Court of Peking*, 1914, p. 326.
- 5) For example, Clive considered that Murshidabad was more prosperous than London - see J. Nehru, *Glimpses of World History*, Lindsay Drummond, London, 1945, p. 417: "Clive has described the city of Murshidabad in Bengal in 1757, as a city as extensive, populous, and rich as the city of London, with this difference, that there are individuals in the first possessing infinitely greater property than in the last". Nehru does not give the source of this quotation from Clive which is also cited by R. Palme Dutt, and I have not been able to trace the original source. Bernier had a poorer view of Indian cities: "It is because of these wretched clay and straw houses that I always represent Delhi as a collection of many villages, or as a military encampment with a few more conveniences than are usually found in such places". See F. Bernier, *Travels in the Moghul Empire*, London, 1826, Vol. I, p.281. I. Habib suggests that Agra was the biggest seventeenth-century town with a population of 500,000 to 600,000. See I. Habib, *The Agrarian System of Moghul India, 1556-1707*, Asia Publishing House, London, 1963, p. 76.
- 6) There are no statistics on the size of urban population before the 1872 census when it was 10 per cent of total population. professor Gadgil suggests that the proportion was probably about the same at the beginning of British rule. See D.R. Gadgil, *The Industrial Revolution of*

India in Modern Times, Oxford University Press, 1950, p. 6.

- 7) See T. Raychaudhuri, "European Commercial Activity and the Organization of India's Commerce and Industrial Production 1500-1750", in B.N. Ganguli (ed.), *op. cit.*, pp. 76-6: "To sum up, the impact of European commerce with India on a competitive basis was in many ways beneficent. New markets were opened for Indian exports and the existing ones further deepened. For the limited areas supplying the staples of export, this meant an increase in production and probably also in productivity."
- 8) See W.H. Moreland, *India at the Death of Akbar*, A. Ram, Delhi, 1962, for a description of living conditions at the end of the sixteenth century. Moreland suggests that the degree of exploitation increased under Jehangir and Shah Jehan, and that this had adverse effects both on economic efficiency and popular living standards. See W.H. Moreland, *From Akbar to Aurangzeb*, Macmillan, London, 1923.
- 9) See A. Maddison, "Comparative Productivity Levels in the Developed Countries", *Banca Nazionale del Lavoro Quarterly Review*, December 1967, which gives figures of income levels for France and England in the eighteenth century (about \$250 at 1965 US prices around mid-century). India's per capita income in 1750 was probably similar to that in 1950, i.e. about \$150 at 1965 US prices (see A. Maddison, *Economic Progress and Policy in Developing Countries*, Norton, New York, 1970, p. 18). For an extrapolation of Indian income back to the Moghul period, see T. Raychaudhuri, "A Reinterpretation of Nineteenth Century Indian Economic History", *Indian Economic and Social History Review*, March 1968, p. 90.
- 10) See H.S. Jarett and J. Sarkar (eds.), *Ain-I-Akbari of Abul Fazl-I-Allami*, Vol. II, Calcutta, 1949, pp. 134 and 138.
- 11) See the translation by W.H. Moreland and P. Geyl, *Jahangir's India*, Heffer, Cambridge, 1925, pp. 60-1.
- 12) British exports in 1780 were £12.6 million (including re-exports of £4.6 million). See B.R. Mitchell and P. Deane, *Abstract of British Historical Statistics*, Cambridge University Press, 1962, p. 280. For the exports of Bengal, see N.K. Sinha, *The Economic History of Bengal*, Mukopadhyay, Calcutta, 1961.
- 13) For a description of Indian agriculture in the Moghul period, see I. Habib, *op. cit.* For Europe, see B.H. Slicher van Bath, *The Agrarian History of Western Europe A.D. 500-1850*, Arnold, London, 1963.
- 14) A. Eckstein, *The National Income of Communist China*, Free Press, Glencloe, 1961, p. 67, shows Chinese crop output per head 29 per cent above that in India, livestock output 9 per cent lower and total agricultural output per head 22 per cent higher than in India (at Indian prices) in 1952. As China had passed through a century of severe disturbance, it seems likely that its relative advantage was even bigger in the eighteenth century. For Japan, see T.C. Smith, *The Agrarian Origins of Modern Japan*, Oxford University Press, 1959. According to S. Ishikawa, *Conditions for Agricultural Development in Developing Asian Countries*, Committee for Translation of Japanese Economic Studies, Tokyo, the rice yield in Japan was 2.4 tons per hectare in the seventeenth century and 2.3 tons per hectare in China as early as the tenth century. In India it was only half of this in the 1950s.
- 15) See A. Howard and G.L.C. Howard, *The Development of Indian Agriculture*, Oxford University Press, London, 1929, p. 49.
- 16) But I. Habib, *op.cit.*, p. 53 makes the point that there was probably more pasturage, more cattle, manure, milk and ghi per head in the seventeenth century than there is now. For European

- milk yields from the sixteenth century onwards, see B.H. Slicher van Bath, *op. cit.*, p. 335.
- 17) See T. Raychaudhuri, *Bengal under Akbar and Jehangir*, Mukherjee, Calcutta, 1953, p. 186, "For girls, seven was considered to be the ideal age for marriage and the age-limit of twelve could be crossed only at the cost of grave social opprobrium". In Europe, before the fifteenth century, girls usually married at puberty, but by the seventeenth century the general European pattern was one of late marriage, the average age for women being twenty-four, see J. Hajnal, "European Marriage Patterns in Perspective", in D.V. Glass and D.E.C. Eversley, *Population in History*, Arnold, London, 1965.
 - 18) See M. Weber, *The Religion of India*, Free Press, Glencoe, 1958, p. 42: "despite the severe English laws of 1829, as late as 1869, in twenty-two villages of Rajputana there were 23 girls and 284 boys. In an 1836 count, in the same Rajput area, not one single live girl of over one year of age was found in a population of 10,000!"
 - 19) See K. Mayo, *Mother India*, Harcourt Brace, New York, 1927, for a description of the impact of child marriage on the physical and mental health of women.
 - 20) See K. Davis, *The Population of India and Pakistan*, Princeton University Press, 1951, p. 24. In China by contrast there was a threefold increase in population from 1393 to 1750 and a matching rise in agricultural output - see D.H. Perkins, *Agricultural Development of China 1368-1968*, Aldine, Chicago, 1969, p. 216. However, the evidence on Indian population is very slender. Davis's conclusion was based on interpolation between the estimates of Moreland and Pran Nath. Davis adjusted Moreland upwards by a quarter, and the basis for Nath's estimates is even more shaky. It is quite possible that population may have risen substantially in the 2,000 years preceding European rule.
 - 21) See S. Nurullah and J.P. Naik, *A History of Education in India*, Macmillan, Bombay, 1951. Teaching was done largely on a monitorial system, which was copied in England in the first few decades of the nineteenth century where it was known as the Madras system.
 - 22) For Moghul taxation, see I. Habib, *op. cit.* There is no evidence that the burden of land tax was any lighter in areas under Hindu rule than in those controlled by the Moghuls. W.H. Moreland suggests that the revenue demand in the Hindu kingdom of Vijayanagar was bigger than in Moghul territories. See W.H. Moreland, *op. cit.* Ester Boserup also quotes evidence that revenue demands in pre-Muslim times could be much higher than the sixth of gross agricultural product described by the Hindu code (the laws of Manu). See E. Boserup, *The Conditions of Agricultural Growth*, Allen and Unwin, London, 1965, p. 98.
 - 23) In England, the tax revenue amounted to 6.3 per cent of national income in 1688. See P. Deane and W.A. Cole, *British Economic Growth 1688-1959*, Cambridge University Press, 1964, p. 2.
 - 24) For a description of the system, see M.A. Ali, *The Moghul Nobility under Aurangzeb*, Asia Publishing House, London, 1966.
 - 25) In Bengal, in the 1720s, under the Muslim *subahdar*, Murshid Quli, "more than three-fourths of the *zamindars*, big and small, and most of the *talukdars* were Hindus". N.K. Sinha, *op.cit.*, p. 4. This was the case in a province where the majority of the peasants were Muslims.
 - 26) See W.H. Moreland, *From Akbar to Aurangzeb*, Macmillan, London, 1923, pp. 195-7.
 - 27) Marx put forward the idea as a general characteristic of Asia: "This prime necessity of an economical and common use of water which in the Occident, drove private enterprise to voluntary association, as in Flanders and Italy, necessitated in the Orient where civilization was too low and the territorial extent too vast to call into life voluntary association, the interference of the centralizing power of Government. Hence an economical function

devolved upon all Asiatic Governments, the function of providing public works". See article in the *New York Daily Tribune*, June 25, 1853. The article is quoted in S. Avineri, *Karl Marx on Colonialism and Modernization*, Doubleday, New York, 1969. The theme of 'hydraulic' society is developed at length by K.A. Wittfogel, *Oriental Despotism*, Yale University Press, 1957. My estimate of a 5 per cent irrigation ratio is a guess. In 1850 the ratio was about 3.5 per cent and only 7.5 million acres were irrigated- see *The First Five Year Plan*, Delhi, December 1952, p. 338. Even if the absolute size of the irrigated area was as big as this under the Moghuls, the proportion would not have been bigger than 5 per cent.

- 28) Bernier was a well-connected seventeenth-century traveler, who lived in India for twelve years and was a physician to Aurangzeb. He says in a letter to Colbert: 'As the ground is seldom tilled otherwise than by compulsion, and as no person is found willing and able to repair the ditches and canals for the conveyance of water, it happens that the whole country is badly cultivated, and a great part rendered unproductive from the want of irrigation. The houses, too, are left in a dilapidated condition, there being few people who will either build new ones, or repair those which are tumbling down. The peasant cannot avoid asking himself this question: "Why should I toil for a tyrant who may come tomorrow and lay his rapacious hand upon all I possess and value, without leaving me, if such should be his humour, the means to drag on my miserable existence." The *timariots*, governors and farmers, on their part reason in this manner: "Why should the neglected state of this land create uneasiness in our minds? and why should we expend our own money and time to render it fruitful? we may be deprived of it in a single moment, and our exertions would benefit neither ourselves nor our children. Let us draw from the soil all the money we can, though the peasant should starve or abscond, and we should leave it, when commanded to quit, a dreary wilderness.'" See F. Bernier, *op. cit.*
- 29) See G.S. Ghurye, *Caste, Class and Occupation*, Popular Book Depot, Bombay, 1961, pp. 26-7.
- 30) See M.N. Srinivas, *Social Change in Modern India*, Berkeley, 1966, p. 120.
- 31) See M.N. Srinivas, *Caste in Modern India*, Asia Publishing House, Bombay, 1961, Chapter 2.
- 32) Other means of improving economic status became more frequent under British rule and the beginning of modern economic growth. See F.G. Bailey, *Caste and the Economic Frontier*, Manchester University Press, 1957, who gives examples of castes in Orissa whose economic status was changed by entrepreneurship as distillers, and who subsequently improved their caste status.
- 33) See B.B. Misra, *The Indian Middle Classes*, Oxford University Press, London, 1961, "before the coming of the British, the influence which dominated a village community was that of a particular kin, especially the Brahmans and Rajputs, who owned most villages, either as village zamindars in the upper provinces and parts of Bihar or as *talugdars* in Bengal; as *mirasdars* in the South or *inamdars* in the West. The other occupational groups worked in subservience to the dominant landed interest of a village ... Fundamentally the inferior occupational groups functioned more or less in bondage in all situations".
- 34) The changes which economic growth has brought to the traditional division of labour are described by O. Lewis, *Village Life in Northern India*, Random House, New York, 1958.
- 35) See A. Beteille, *Castes Old and New*, Asia Publishing House, Bombay, 1969, p. 115.
- 36) The Moghul emperors were Babur 1526-30, Humayun 1530-56 (whose reign was interrupted from 1540-1555 by the Afghans, Sher Shah and Islam Shah), Akbar 1556-1605, Jehangir 1605-27, Shah Jehan 1627-58, Aurangzeb 1658-1707. After Aurangzeb the Moghul Empire collapsed, though its nominal existence continued until 1857.

- 37) See I. Ahmad, 'The Ashraf-Ajlaf Dichotomy in Muslim Social Structure in India', *The Indian Economic and Social History Review*, September 1966.
- 38) It had also been argued that the Moghul Empire declined because it had become too liberal under Akbar and that the Moghul collapse would have occurred earlier if it had not benefited from Aurangzeb's efforts to consolidate it religiously and to extend its area by military conquest. See I.H. Qureshi, *op. cit.*, p. 168: "Akbar had strengthened his dynasty but made it subservient to interests other than those of Islam to a remarkable degree, so that it took three generations to restore the laws of Islam to their previous position ... Empires which are established by a numerically inferior community over a larger population always find themselves on the horns of a dilemma. They endure only so long as they can maintain the delicate balance between dominance and surrender. The difficulty with surrender is that it does not succeed unless it is complete. Akbar gave away so much, yet he was not able to reconcile the Hindu sentiment completely ... Conciliation, however deep, never takes the sting away from the sense of racial or national humiliation of the subject people. The best that such policies can achieve is the neutrality of large masses of people by looking after their interests."
- 39) I am not suggesting that the institutions of eighteenth-century Europe permitted optimal use of production possibilities. It is clear to any reader of Adam Smith that this was not the case. I am simply suggesting that the situation in India was worse than in Western Europe. T.W. Schultz tended to assume that all "traditional societies" make optimal use of their production possibilities (see his *Transforming Traditional Agriculture*, Yale University Press, 1964) but his conclusions are too broad for the limited evidence he presents. He merely proves the more limited point that the marginal productivity of labour is not zero and that "the economic acumen of people in poor agricultural communities is generally maligned".