OPEN ACCESS

ISAR Journal of Economics and Business Management

Volume 3, Issue 2, 2025, Page: 35-38

Abbriviate Title- ISAR J Econ Bus Manag

ISSN *(Online)*- 2584-0169

https://isarpublisher.com/journal/isarjebm

THE ECONOMIC CONDITION OF INDIA BEFORE THE BRITISH RULE (BEFORE 1757 CE): AN EMPIRICAL STUDY

Dr. Ram Krishna Mandal[1*] and Dr. Swapnali Baruah[2]

[1]Professor, Department of Economics, Cooch Behar Panchanan Barma University, Cooch Behar, West Bengal, India.

[2]Assistant Professor, College of Administrative and Financial Sciences, Saudi Electronic University, Dammam, Saudi Arabia.

***Corresponding Author**

Dr. Ram Krishna Mandal

Professor, Department of Economics, Cooch Behar Panchanan Barma University, Cooch Behar, West Bengal, India.

Article History

Received: 07.01.2025
Accepted: 05.02.2025
Published: 28.02.2025

Abstract: The Mughals were in charge of bringing the nation together, establishing a standardised currency, and constructing a vast road network. Shashi Tharoor makes the brutally straight forward argument that Europeans colonised India for their own gain, using its riches and resources to enrich the colonisers rather than to better the lot of the Indian people. Given that proponents of empire frequently employed terms like "benefit" and "welfare," Tharoor shifts her focus to the specifics of colonialism's economics. **Objective:** The research has attempted to investigate India's economic situation before the arrival of the British. **Methodology:** The study has utilized both qualitative and quantitative approaches on the basis of secondary sources. **Result and Discussion:** The Mughal economy was built on a complex network of coined currency, land revenue and trade. Royal mints produced gold, silver and copper coins provided that free coinage was established. The centralised administration, the political stability and the uniform revenue policy evolved by the Mughals, and the presence of a well-structured internal trade network allowed India to be economically united even before a single British ship arrived; economically united was India to a large extent, though it was a nation with a traditional agrarian economy, a subsistence agriculture economy. **Findings:** There were rich agricultural economy, developed trade and commerce, enhanced handicraft & textile Sector and well functioned markets & temples. **Conclusion:** India is said to have been the biggest economy in the ancient and mediaeval world between the first and seventeenth centuries CE, accounting for between one-third and one-fourth of global wealth.

Keywords: Standardized Currency, Colonizer, Welfare, Political Stability, Revenue.

Introduction

During the Mughal era, the Indian Subcontinent's economy functioned just as it had in antiquity, albeit under the strain of widespread regional conflicts [Schmidt, 2015]. The Mughal economy was thriving and enormous. Up to 1750, India accounted for 24.5% of global industrial production [Maddison, 2003]. Similar to Western Europe in the 18th century before the Industrial Revolution, India's economy has been characterised as a type of proto-industrialization [Roy, 2010]. The Mughals were in charge of bringing the nation together, establishing a standardised currency, and constructing a vast road network. A public works agency established by the Mughals developed, built, and maintained the empire's vast road network, which was essential to its economic infrastructure and made commerce simpler by connecting towns and cities [Schmidt, 2015].

Akbar, the third Mughal emperor, established agricultural levies as the primary source of the empire's total revenue [Asher & Talbot, 2006 & Stein, 2010]. Peasants and craftsmen were forced to enter bigger marketplaces as a result of these taxes, which were paid in the tightly controlled silver coinage and represented half of a peasant cultivator's production [Asher & Talbot, 2006]. [https://en.wikipedia.org/wiki/Mughal_Empire and https://lareviewofbooks.org/article/blighted-by-empire-what-the-british-did-to-india/].

Shashi Tharoor makes the brutally straightforward argument that Europeans colonised India for their own gain, using its riches and resources to enrich the colonisers rather than to better the lot of the Indian people. Given that proponents of empire frequently employed terms like "benefit" and "welfare," Tharoor shifts her focus to the specifics of colonialism's economics. India lost its independence not even to a government but to a private corporation, the infamous British East India Company, which used violence and manipulation to expand its power over a significant portion of the nation and carried out its theft by taxing the indigenous people and taking their resources by force. The Crown promised a five percent return on investment when the British East India Company started constructing the railways that are so

Cite this article:

Mandal, R. K., Baruah, S., (2025). THE ECONOMIC CONDITION OF INDIA BEFORE THE BRITISH RULE (BEFORE 1757 CE): AN EMPIRICAL STUDY. *ISAR Journal of Economics and Business Management, 3*(2), 35-38.

frequently praised today. Only because Indian taxes, not British ones, were used to fund the railroads was such a substantial return possible. Another cost was added to the colony's public debt when the Crown took over the administration from the East India Company in 1858 after the Indian Sepoys' revolt. In addition to plundering India, Britain actually gave India a bill of enforcement while brandishing a pistol. As early as the late 1700s, Edmund Burke foresaw that the money taken from India would finally destroy it because the cumulative theft was so exorbitant. India's economic proportion of the global economy was equal to that of Europe in the seventeenth century. After two centuries of British control, it had dropped six-fold by 1947. Beyond conquest and deceit, the Empire killed unarmed protestors, enshrined systemic racism, blasted rebels out of the water, and starved millions of people. British imperialism presented itself as enlightened tyranny for the sake of the governed, but Shashi Tharoor challenges this claim and shows how every purported imperial "gift," from the rule of law to the railways, was created only with Britain's interests in mind. He continues by demonstrating how India's deindustrialisation and the devastation of its textile sector served as the foundation for Britain's Industrial Revolution. Tharoor reveals the shameful truth of Britain's tarnished Indian heritage in this audacious and perceptive reexamination of colonialism, with disastrous results (Tharoor, 2017).

Objective

The research has attempted to investigate India's economic situation before the arrival of the British.

Methods and Materials

Study area description: In ancient time, Bharat was consisted present India, Bangladesh, Pakistan and some parts of Afghanistan.

Design and approach: By its very nature, this is descriptive in its design and has utilized both qualitative and quantitative approaches. Secondary data were used inthis study. The secondary data are collected from various Government reports, research papers, published or unpublished theses, articles, websites, wikipedia, etc.

Method of analysis: The various materials gathered from the various sources have been examined, validated, and methodically arranged under the relevant headings in order to hold the necessary presentation and conclusion. Different methods of quantitative and qualitative analysis comprising of descriptive analysis, content and text analysis are performed.

Result and Discussion

Mughal, Rajput, and Maratha eras (1526–1820)

Resource-Receivers of Power 9 The Indian economy was the largest and most prosperous in the history of the world and remains till the 18th century under the Mughal Empire (Schmidt, 2015). Sean Harkin claims that in the 17th century, China and India might have contributed between 60 to 70 percent of labour to world GDP. The Mughal economy was built on a complex network of coined currency, land revenue and trade. Royal mints produced gold, silver and copper coins provided that free coinage was established. The centralised administration, the political stability and the uniform revenue policy evolved by the Mughals, and the presence of a well-structured internal trade network allowed India to be economically united even before a single British ship arrived; economically united was India to a large extent, though it was a nation with a traditional agrarian economy, a subsistence agriculture economy. Mughal agrarian reforms increased agricultural productions. Indian agriculture was ahead of Europe at the time — for example, wide usage of seed drill among Indian peasantry before it was introduced into European agriculture (Habib; Kumar and Roychaudhuri, 1987) and possibly higher per-capita agricultural output and standards of consumption than enjoyed in 17th century Europe (Suneja, 2000).

The industrial manufacturing economy of the Mughal Empire flourished. Up until 1750, India accounted for almost 25% of global industrial production (Jeffrey and David, 2005), making it the most significant manufacturing hub for global commerce (Parthasarathi, 2011). The Mughal Empire traded cash crops and manufactured commodities all over the world. Textiles, shipbuilding, and steel were important industries. Cotton textiles, yarns, thread, silk, jute goods, metal ware, and foods including sugar, oils, and butter were major exports. The Mughal Empire, which had a comparatively high level of urbanisation for its time—15 percent of its population lived in urban centers—saw a boom in cities and towns. This was higher than the proportion of urban populations in modern-day Europe at the time and British India in the 19th century (Eraly, 2007). During the Mughal era, there was a considerable demand for Indian commodities in early modern Europe, especially cotton textiles and items like saltpetre (used in munitions), spices, peppers, indigo, and silks. For instance, the use of Mughal Indian silks and fabrics in European fashion increased. Ninety-five percent of British imports from Asia during the late 17th and early 18th centuries came from Mughal India, while forty percent of Dutch imports from Asia came from the Bengal Subah region alone. In contrast, Mughal India was essentially self-sufficient and had very little need for European commodities (Schmidt, 2015). Large volumes of Indian commodities, particularly those from Bengal, were also shipped to other Asian markets, including Japan and Indonesia. The most significant hub for the manufacture of cotton textiles at the period was Mughal Bengal (Richard, 1996). As the Maratha Empire absorbed and continued to rule over western, central, and portions of south and north India, the Mughal Empire began to wane in the early 18th century.The textile sector suffered from lower agricultural production brought on by the fall of the Mughal Empire (Jeffrey, 2011). The Bengal Subah in the east, which maintained robust textile industry and comparatively high real salaries, was the subcontinent's dominating economic force in the Post-Mughal era. The Maratha conquests of Bengal (Marshall, 2006) and British colonisation in the middle of the 18th century, however, decimated the former (Parthasarathi, 2011). Though this was lessened by localised prosperity in the new provincial kingdoms, the Maratha Empire's dissolution into multiple confederate states following the Third Battle of Panipat had a significant negative impact on economic life in many regions of the nation due to the political unrest and armed conflict that followed. The British East India Company had established its supremacy over other European nations and made its way into the Indian political arena by the late eighteenth century. This signalled a turning point in both India's commerce and the overall economy [https://www.livemint.com/Opinion/Nb7KkZ3yOVSNW3vHf9K1oM/World-history-by-per-capita-GDP.html]. China and India combined accounted for 50.5% of the global GDP in 1000 AD, according to Maddison's estimations (GDP is calculated in 1990 USD and in purchasing power parity (PPP) terms). By 1600, that percentage had increased to 51.4%, with India making up 22.4% and China 29% of the global GDP. A century later, India's GDP increased to 24.4% of global production, while China's had declined. However, India's contribution had dropped to 16.1% by 1820. In 1870, it dropped to 12.2%. According to estimates from the International Monetary Fund (IMF), India's GDP share will be 6.1% of the global GDP in 2015. Did colonisation cause this? Was a once-wealthy nation made poorer by the flow of money to Britain? Or was the drop in significance just a consequence of Europe's increased productivity? The GDP of India increased by 22.7% between 1500 and 1600, 22.2% between 1600 and 1700, and 21% between 1700 and 1820. Therefore, it is not as though the rate of growth significantly decreased. Of course, that doesn't rule out the idea that, had India not been ruled by the British, its growth may have also exploded. However, China remained an autonomous nation, although being severely impacted by the Western powers and its development pace during this time was also unimpressive. The evidence suggests that, at least for the first 100 years of colonial administration, the arrival of the British had little impact on the rate of economic growth in India.

Was India affluent prior to the arrival of the British? Her GDP projections are the figures that have attracted the most attention because they support the idea that China and India are regaining their influence in the global economy. However, what does that mean to the typical Chinese or Indian citizen? What if these nations' greater populations were the only factor contributing to their previous high GDPs? Maddison's estimations of GDP per capita, again in PPP terms in 1990 dollars, highlight that. Both China and India had GDPs per capita of $450 in the year AD. However, the per capita income of Italy under the Roman Empire was $809. China's per capita income was $466 in 1000 AD, whereas India's was $450. However, at $621, the average for West Asian nations like Turkey and Iraq was significantly higher. Therefore, a thousand years ago, the Arab world was doing well in terms of overall prosperity. At the period, science and culture flourished under the Caliphate in Baghdad, which was a hub of authority. However, new centres of affluence had appeared by 1500. In 1500, China's per capita income was $600, while India's was $550. The Arab world was in decline. However, living conditions in Western Europe at the time had already advanced significantly. With a per capita income of $1,100, Italy topped the rankings, followed by the Netherlands with $761. The UK, with a $714 per capita income, was not far behind [https://en.wikipedia.org/wiki/Economic_ history_of_India].

During the high mediaeval period, when the Vijayanagara Empire was in the south and the Delhi Sultanate was in the north, India's per capita GDP increased. The Mughal Empire, which unified much of the Indian subcontinent by the late 17th century, briefly surpassed all other economies and industrial powers in the globe, accounting for almost 25% of global GDP, before disintegrating and falling over the course of the next century. During a time of proto-industrialization, Bengal Subah, the richest province in the empire and the only source of 40% of Dutch imports outside the west, had sophisticated, productive shipbuilding, textile production, and agriculture [Maddison, Prakash & Jozsef]. During the Mughal era (1526–1858 CE), India saw its most prosperous period ever. During the 16th century, India's gross domestic product was projected to be around 25.1% of the global economy. According to estimates of India's pre-colonial economy, Emperor Akbar's treasury brought in £17.5 million a year in 1600 AD, compared to £16 million for Great Britain's whole treasury two centuries later in 1800 AD. In 1600 AD, Mughal India's GDP was believed to be the second largest in the world, accounting for almost 24.3% of the global economy. Nearly 90% of South India was now part of the Mughal Empire, which also imposed a standardised system of tax administration and customs. The Emperor Aurangzeb's exchequer recorded more over £100 million in revenue annually in 1700 CE.

The Kingdom of Mysore became a significant economic force by the 18th century as a result of the Mysoreans' ambitious economic development agenda. Sivramkrishna used the "subsistence basket" to predict that total millet revenue might be around five times the subsistence level based on his analysis of agricultural surveys carried out in Mysore by Francis Buchanan between 1800 and 1801 [Subrahmanyam, 1998]. Additionally, the Maratha Empire extracted chauth from vassal kingdoms and implemented an efficient tax collection and administration program throughout the main territories under its authority [Prasannan, 2011].

Findings

The major findings are discussed below:

1. The Agricultural Economy: With crops including rice, wheat, millet, pulses, sugarcane, and cotton, agriculture served as the foundation of the economy. Wells, canals, and tanks were all part of well-planned irrigation systems.
2. Expanding Trade and Commerce: India was a significant exporter of precious stones, textiles, and spices. Important trading hubs include Masulipatnam, Calicut, Bengal, and Surat. solid business ties to Southeast Asia, China, the Middle East, and Persia.
3. Enhanced Handicraft and Textile Sector: Indian textiles, including cotton, silk, and muslin, were well-known around the world. The industries that thrived were shipbuilding, jewels, and fine metals.
4. A flourishing urban economy: Delhi, Agra, and Madurai were significant trade hubs. Guilds and mercantile associations-controlled trade and quality.
5. The Financial System and Wealth: Gold, silver, and copper coins were widely used. During the Mughal Empire, the Mohur and Rupiya coins represented a stable economy.
6. The Tax System and Revenue: Land revenue was regarded as a significant source of wealth by the Ryatwari, Jagirdari, and Zamindari systems. Cash and in-kind levies were used to fund the military and administration.
7. Villages that were Self-Sustained: These groups made their own clothing, food, and other necessities. Local commerce and craftsmen supported rural economies.
8. The Function of Temples and Markets: Temples and other places of worship served as hubs for commerce. Local economies were stimulated by caravan trade networks and weekly bazaars.

Conclusion

Before British dominion, India's economy was robust and self-sufficient, with thriving manufacturing, agriculture, and trade. The Mughal era (16th–18th century) was a prosperous time, but wars, political unrest, and high taxes caused the economy to start to decline. The progressive acquisition of economic dominance by European traders (Portuguese, Dutch, French, and British) resulted in colonial exploitation.

A third to a fourth of the world's wealth is attributed to India, which is thought to have had the largest economy in the ancient and medieval world between the first and seventeenth centuries CE. During the Mughal era (1526–1858 CE), India saw its greatest period of prosperity. Before colonial rule, India was self-sufficient and had a booming economy.

References

1. Asher, C. B., & Talbot, C. (2006). *India before Europe* (p. 152). Cambridge University Press.
2. Eraly, A. (2007). *The Mughal world: Life in India's last golden age* (p. 5). Penguin Books India.
3. Habib, I., Kumar, D., & Raychaudhuri, T. (1987). *The Cambridge economic history of India* (Vol. 1, p. 214). Cambridge University Press.
4. Williamson, J. G. (2011). *Trade and poverty: When the Third World fell behind* (p. 91). MIT Press.
5. Williamson, J. G., & Clingingsmith, D. (2005, August). *India's deindustrialization in the 18th and 19th centuries* (PDF). Harvard University.
6. Borocz, J. (2010). *The European Union and global social change* (p. 21). Routledge. https://www.journals.uchicago.edu/doi/10.1086/656256 (Accessed on 28 January 2024).
7. Maddison, A. (2007). *Contours of the world economy 1–2030 AD: Essays in macro-economic history* (p. 379). Oxford University Press.
8. Maddison, A. (2003). *Development Centre Studies. The world economy historical statistics: Historical statistics* (pp. 256-261). OECD Publishing.
9. Marshall, P. J. (2006). *Bengal: The British bridgehead: Eastern India, 1740–1828* (p. 73). Cambridge University Press.
10. Parthasarathi, P. (2011). *Why Europe grew rich and Asia did not: Global economic divergence, 1600–1850* (pp. 2–45). Cambridge University Press.
11. Prakash, O. (2006). *Empire of Mughal: History of world trade since 1450*. In J. J. McCusker (Ed.), *Volume 1* (pp. 237–240). Macmillan Reference US.
12. Eaton, R. M. (1996). *The rise of Islam and the Bengal frontier, 1204–1760* (p. 202). University of California Press. Archived 4 April 2023 at the Wayback Machine.
13. Roy, T. (2010). The long globalization and textile producers in India. In L. Heerma van Voss, E. Hiemstra-Kuperus, & E. van Nederveen Meerkerk (Eds.), *The Ashgate companion to the history of textile workers, 1650–2000* (p. 255). Ashgate Publishing.
14. Subrahmanyam, S. (1998). *Money and the market in India, 1100–1700*. Oxford University Press.
15. Schmidt, K. J. (2015). *An atlas and survey of South Asian history*. Routledge.
16. Suneja, V. (2000). *Understanding business: A multidimensional approach to the market economy* (p. 13). Psychology Press.
17. Stein, B. (2010). *A history of India* (p. 164). John Wiley & Sons.
18. Tharoor, S. (2017). *Inglorious empire: What the British did to India*. Hurst Publishers.

Web Links

https://read.oecd-ilibrary.org/development/the-world-economy_9789264022621-en#page3].

https://en.wikipedia.org/wiki/Mughal_Empire

https://lareviewofbooks. org/article/blighted-by-empire-what-the-british-did-to-india/].

https://www.livemint.com/Opinion/Nb7KkZ3yOVSNW3vHf9K1oM/World-history-by-per-capita-GDP.html

https://en.wikipedia.org/wiki/Economic_ history_of_India