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# UNIT 25 EIGHTEENTH CENTURY IN INDIAN HISTORY

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## 25.1 INTRODUCTION

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For the people of India, the eighteenth century appeared as an age of dissolving certainties. Never in its history had the Mughal Empire appeared so vulnerable. Its citadels were being buffeted by Afghan marauders (Nadir Shah, 1739 and Ahmad Shah Abdali, 1748-1767), Maratha adventurers (the Peshwas) and various warrior-peasant groups (Jats, Rohillas, and the Sikhs), while its military-bureaucratic apparatus (the *mansabdari* system), which had been its pride and mainstay stood by helplessly. The fiscal system had also broken down, thereby threatening the life-styles of a genteel, highly urbane class of people and their dependants. The empire was bankrupt and all semblance of political governance and fiscal probity had apparently disappeared. And this was not all. The worst possible ignominies had been heaped on the house of Timur: two emperors, Ahmad Shah (1748-1754) and Shah Alam II (1759-1816) were blinded, and another, Alamgir II (1754-1759) was assassinated by nobles engaged in bitter factional feuds.

The speed with which this happened was bewildering. In 1700 the Mughal Empire under Aurungzeb was at its territorial zenith. Yet by the 1730s of the century many of its core areas had been fragmented into numerous regional polities. While some of these, like the Nawabi of Awadh or the Nizamat in Bengal, took roots as 'successor' regimes, others, like the Marathas or the Jats, emerged on the basis of their sustained and often violent opposition to the Mughal empire. A further thirty years down, the political fortunes of India were clearly moving in a different direction. A European power, the British East India Company, had succeeded in conquering much of eastern India and had begun to exercise a decisive influence on the state of affairs in other parts of the subcontinent. On the basis of these successful political ventures, the Company was slowly but inexorably creating the bases of an early-colonial system of rule. No wonder, contemporaries amazed at the intensity of the disturbances around them thought that this was an age when their world was being turned upside down.

Given the nature of these changes, the eighteenth century has attracted the attention of a number of modern historians and has gradually emerged as the hub of a lively debate. Because of this, the historiography of this century has seen some very innovative advances.

While interpretations differ sharply on many aspects, there are a few areas of unanimity. The older interpretation that the decline of the Mughal Empire was a result of Aurungzeb's religious bigotry has been comprehensively rejected. If Aurungzeb faced opposition from the Marathas, the Jats and some Rajput clans, he was equally troubled by recalcitrant Muslim nobles and officials who were instrumental in leading the factional struggles in the imperial court, and powerful Rajput ruling houses continued to be loyal to the empire.

The earlier stereotype that this was a century of moral decadence and cultural decay has also been rejected. Attention is now drawn to the robust and dynamic cultural life of the regional states, many of whom carried the legacies of high Mughal culture and blended these with the rich cultural heritage of the regions. Lucknow and Hyderabad had emerged as centres of literary and cultural patronage thus becoming the hubs of remarkable cultural efflorescence. Eighteenth century Banaras emerged as a great centre of banking and commerce in north India and combined this with its unique position as a centre of religion, education and pilgrimage. In Bengal, Nadia was the centre of Sanskrit learning and Dayabhaga Hindu law, and Bishnupur became the place where elaborate regional architectural and musical styles grew and flourished. In the south, Tanjore, under the patronage of its Maratha rulers, became a vibrant centre in the fields of religion, music and dance.

Thus historians now view the decline of the Mughal Empire and its aftermath not as a result of religious bigotry or the weakness of individual rulers but as a structural process: as a systemic rather than the personal failure of an individual. But sharp differences nevertheless remain about the causes and nature of this systemic failure. Opinions are divided between those who view the decline as a result of an economic crisis engendered by an over-exploitative ruling class and those who see the entire process as a process of local resurgence fuelled by a long-term process of economic growth. There are also differing interpretations of the changing relationships between state and society, the patterns and processes of economic growth, and the consequences of the tussle between the empire and the localities over the distribution of the fruits of this growth.

But the eighteenth century was not limited to the decline of the Mughal Empire and the consolidation of regional state systems. Much more fundamental changes were occurring in the subcontinent from the middle of the century, and these have understandably attracted the attention of a large number of historians with widely discordant voices. The areas of debate are centred around, first, the reasons of the transition of the Company from a commercial to a political entity; secondly, the roots of colonialism in India, whether it was a purely exogenous process, or did it have local, that is, indigenous roots; and thirdly, what was the nature of its social and economic impact. Implicated in these are questions of continuities and changes and the relative position and importance of each in the new colonial order.

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## 25.2 THE EIGHTEENTH CENTURY: SALIENT FEATURES

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In order to understand the broad processes at work, and to make sense of the immense range of issues thrown up by the differing points of view, it is worth keeping in mind the following salient features of this century.

**First**, the eighteenth century witnessed two transitions. One occurred with the parcellisation of the Mughal Empire into regional, and even sub-regional, political entities. The genesis of this transition lay in the crisis of the empire and its subsequent disintegration. While this mainly involved the redistribution of political power among regional social groups,

the other transition went much deeper. This occurred towards the middle of the century and was unleashed by the political ascendancy of the British East India Company after the battles of Plassey (1757) and Buxar (1763). Involved in this were some new developments, the most important being the transformation of an overseas trading organization, the East India Company, into a ruling power in India, and the use of this political supremacy for military and commercial purposes.

**Second**, in order to fathom its full implications historians are beginning to look upon the eighteenth century as a 'long' century. Recent interpretations tend to see the political dynamics of this century beginning to unfold in the 1680s amidst the fragmentation of the Mughal Empire. By the 1720s the aftershocks of the disintegration had been absorbed by the stable regional polities which had emerged in most parts. From the 1750s major political realignments had started occurring under the growing hegemony of the Company. This process continued till the 1820s by which time all major indigenous regimes had been either annexed or had become subsidiary allies of the Company. Thus in terms of its political significance the eighteenth century encompassed the last two decades of the seventeenth and the first three decades of the nineteenth centuries. From the economic perspective too a 'long' view is a worthwhile one. There is now substantial evidence to show that political regeneration in the provinces was accompanied by regional economic reorientation. While some places declined, economic growth occurred in other areas and this was spearheaded by local landed and commercial classes; and compared to a prevalent view which stresses economic dislocation from the middle of the century, recent research shows that despite the pressures being imposed on indigenous structures by the ascendancy of the Company, prospects of economic growth were not abruptly closed. Even in Bengal, where the Company's regime was at its most intrusive, commercial and agricultural expansion continued though in somewhat modified forms. Such was the situation till first two decades of the nineteenth century, when by all accounts the slow growth of the eighteenth century was coming to an end.

A **third** meaningful perspective, which has been of a recent vintage, is to see the relationship between the Indian economy and the global economy. The Indian Ocean was part of an elaborate commercial network with the Atlantic and the Pacific, and it was the increasing Europeanisation of early modern trade that set the tone and the future of India's commercial life in the eighteenth century. In its long engagement with this commerce, the Indian side had always provided goods and the services, but under conditions of demand which were mediated by the global networks of European commerce. The profits were significant from the Indian point of view, and much wealth flowed into India through this channel. From the perspective of understanding the eighteenth century, these developments are significant. A substantial part of the problem of continuity between the Mughal and post-Mughal and from there to the early-colonial can be understood if one remembers that Indian commercial life and merchant capital was deployed in the service of wider networks of connections whose impulses were determined as much as from Africa, South-east Asia and Europe as they were from Agra and Delhi. The early-colonial intervention deepened this incorporation. One instance of this was transformation in the networks of the intra-Asian trade in the middle of the eighteenth century when the earlier linkages between India and west Asia were now redirected towards east and south-east Asia under the directions of British commerce. Since the eighteenth century was period of global economic expansion (compared to the seventeenth century which is commonly recognized a period of crisis), and since India's overseas trade also increased phenomenally in this period, any view which sees the eighteenth century only as a period of economic disjuncture or crisis is a questionable one.

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## 25.3 THE 18TH CENTURY DEBATE

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Given the rapidity and the significance of the changes which occurred in the 18th century, it is natural that there are differing interpretations of almost every issue involved. Broadly, the debate follows the traditional division of this century into two halves and the protagonists of different points of view can be divided into two broad groups. For the period up to 1750 one can divide them into those who hold an empire-centric view and those who hold a region-centric view. For the period after 1750, the views can be held to broadly conform to the Indianist and Europeansist positions. In other words, for the first half of the 18th century, there are historians whose view of the 18th century is based on the centrality of the Mughal Empire and its institutions in the workings of the society and economy of the country. In this view the decline had catastrophic results. While the extreme edge of this view would interpret the decline as one of political chaos and anarchy, recent interpretations see it more in terms of a structural collapse but with very little positive emerging from the rubble. The regional formations, which succeeded the empire, are ascribed with little potential for improving their performances beyond the levels already achieved as Mughal provinces, whereas oppositional movements like the Jats, Sikhs and Marathas are considered nothing more than predatory-formations with very little positive to speak for them.

In contrast are those who view the developments from the perspective of the provinces and localities. Instead of giving the empire a superordinate role, as is done in the empire-centric perspective, the region-centric approach focuses on how social groups inhabiting different areas of the empire became active agents in determining the course of the political and economic trajectories for their own ends. At one level, the structures of Mughal provincial government was fundamentally transformed which led to the creation of autonomous kingdoms in Bengal, Awadh and Hyderabad. At another level there arose those polities, like the Marathas and Sikhs, whose genesis lay in opposition to the Mughals, but who, ironically, created political systems within the imperial domains which also made use of many of the administrative methods of the Mughals. All these modified provincial authorities gave the erstwhile Mughal grandees new opportunities to deepen their hold on power in the regions, and in addition, their clients and family members were also able to amass large bundles of proprietary rights and rights to farm revenue from the state which in course of time became hereditary estates. A process of commercial growth in the regions underpinned all this.

For the post-1750 situation, the Europeanist explanation gives primacy of place to the ascendancy of a triumphant, expansionist Europe (especially Britain) defeating an India in chaos and disarray. This is by far the most dominant view amongst Indian nationalist and Marxist historians, and provides the foremost historical perspective on the roots of India's economic backwardness. The nationalist view overwhelmingly has been to see the anarchy in eighteenth century India as a momentary but catastrophic lapse in an otherwise unfolding saga of nation building in India's history which allowed a foreign power to conquer and to colonise the country. While the more traditional Marxist view was to see the rise of British rule as a necessary evil as it ended much of the 'feudal' disintegration of society in the eighteenth century, more recent variants see it as a system relentlessly driven by the search for profits, commodities and markets, with no 'progressive' aspects to its credit. But some common assumptions are embedded in both historiographical perspectives as far as the eighteenth century is concerned. The first is the assumption shared by both that order and stability could exist only in large, pan-Indian political structures; and since this disappeared in the eighteenth century, it was a period of chaos, anarchy and decline. The second commonly shared ground is

that of discontinuity. Both see British rule as a fundamental disjuncture: a completely foreign and alien system of domination, totally removed from the traditions of Indian governance or culture.

On the other hand, the Indianist perspective tries to adopt a more differentiated perspective of this transition to colonialism. The rise of the British power is seen not as a one-sided process of conquest and subjugation, but also as a result of Europe's (especially Britain's) deep engagement with India over a long period. Instead of a forced grafting of a foreign regime on Indian soil, the emphasis is on the way in which conditions in Indian society determined the emergence and form of British India. In this argument, the shape of British rule in India was determined as much by the metropolitan interests as it was by Indian agency. Instead of seeing the eighteenth century as a period of unchecked anarchy, the Indianist perspective devotes great attention to the political stability imparted by the 'successor' states of the Mughal Empire. Instead of seeing a picture of economic regression in the disintegration of the empire, the Indianist view is that India's commercial and military sophistication continued in the eighteenth century and the Company used this to its advantage. While there was strong indigenous resistance to this intrusion, Indian agency was a vital ingredient in ensuring the ultimate success of British rule in India. British rule was based on Indian norms of governance, modes of agro-commercial management and the skills of its human resources, but it successfully modified these for its own purposes. Thus in the Indianist view, the eighteenth century was not a century of ruptures, but a century of deep continuities in which past institutions and structures continued albeit in substantially redeployed forms in the midst of vastly expanding commercial opportunities. Those subscribing to this view are often infelicitously referred to as the 'Cambridge School' as many of the protagonists are situated in North America and a number of Indian historians also share this perspective. However, together they constitute what is commonly referred to as 'revisionist' historians.

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## 25.4 THE MUGHAL EMPIRE, ITS DECLINE AND THE GENESIS OF THE EIGHTEENTH CENTURY

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Much has been written about the decline of the Mughal Empire. As stated earlier, theories of moral turpitude, weak rulers and communal policies need not be taken seriously as they are empirically unsustainable. Later Mughal emperors, for example Farrukh Siyar, tried in their own way to stem the rot. There is no evidence to suggest that these emperors abdicated their responsibilities, but events were moving too fast for a single person to handle. The other theories focus on a rapidly disintegrating structure, a severe crisis in the Empire's fiscal and *jagirdari* systems, which severely compromised the institutions of governance. This has been written about extensively and Irfan Habib's arguments have been the most influential. For Habib, while the capacity of the economy to expand was self-limiting, there was an unrestrained tendency of the Mughal fiscal system to appropriate greater and greater amounts of the peasants' surplus. This sparked off a tri-polar confrontation between the imperial ruling class, the hereditary land holding classes (the *zamindars*) and peasants, which soon went beyond the capacity of the system to contain or control. Satish Chandra provided important reason when he explained the empire's demise in the inability of state functionaries to ensure the desired efficiency of the assignment (*jagir*) system, thus leading to intense factional struggles. In a similar vein Athar Ali saw the crisis as a result of a growing shortage of *jagirs* and the inability of the system to accommodate the growing number of aspirants to the assignment system in the aftermath of Aurungzeb's Deccan campaigns. However, an important corrective to this was provided by John

Richards who showed that *be-jagiri* (*jagir-less*) wasn't problem in the Deccan as it was not a deficit area, but it was the larger failure to devise a viable system of accommodating local elites in the Deccan which was proving to be the Empire's major drawback in the Deccan. In this view, the crisis arose because of an imperfect imperial consolidation, visible in the failure of the state to effectively incorporate the local agrarian elite, thereby creating deep fissures in the empire.

An interesting argument made by Marshall Hodgson is that the three Islamic empires – the Ottoman, the Safavid and the Mughal – were successful not because of their adherence to a single formal religion, but because of their successful control over the deployment of gunpowder, and the reason why they atrophied or failed ultimately was because of their inability to keep up with the changing technologies of warfare that were happening in the western hemisphere. Can this be applied to the Indian case? Recently, Iqtidar Alam Khan has drawn our attention to the simultaneous correspondence between gunpowder, centralization and resistance: while access to muskets, cannons and gunpowder strengthened the sinews of imperial power, these were simultaneously used by its more powerful subjects to arm themselves and to resist the intrusion of the state. It was logistically impossible to prevent such crucial technology from percolating downwards. Therefore, any notion of the state's exclusive control over firepower as a prescription of its success tends to break down as *zamindars*, *chaudhuris*, and dominant-peasant groups controlled large numbers of armed militia. The Marathas, the Sikhs and the Jats used muskets, as did most other rural-magnates. One must also remember that these people enjoyed various traditional rights and perquisites because of their social/caste standing in the countryside. This made them capable of drawing additional human resources to augment their military strength if necessary, which they did regularly. Though the Mughal army controlled a great amount of military hardware, as a collectivity the local magnates were always a serious military threat, especially considering their strategic location in the countryside. By the eighteenth century the terms of reference between the state and rural magnates, as far as military technology was concerned had equalized because of the concerted upsurge in the countryside. Stewart Gordon has shown how the Marathas were successful in tapping into a vast and heterogeneous military labour market, including the one being provided by Europeans, in the eighteenth century.

Therefore, in order to understand the process of Mughal decline one has to take both a long-term view and a conjunctural view. The long-term view is that the Mughal Empire provided a number of institutions ostensibly to centralize power, but unfortunately those led to periodic crises in institutional and fiscal arrangements of the empire, which the Mughals were unable to sort out effectively. Some examples of this are the inability of the state to affect parity between assessment of revenue (the *jama*) and what was actually collected (the *hasil*), or its failure to prevent transmission losses of up to 20 percent of its revenue from the countryside. There was also the more structural inability of the empire between a set of enduring systems between the agrarian elite and the state. Both existed in a state of perennial contradiction. Of course, there were instances of rapprochements between the two. For example, there was the so-called Rajput policy of Akbar; but even this did not cover the whole of Rajputana or the entire grid of Rajput clans, nor was it able to contain a potent source of political friction. This was further aggravated by the inability of the state to strike out workable (consensual) arrangements with a myriad of small *zamindars* scattered even in the heartland of the empire as well as all over the country, and this accentuated problems. *Mawasat* and *zor-talab* (perennially refractory areas) thus existed cheek by jowl with *sir-i hasil* lands. These were the long-term structural problems.

The conjunctural problem assumed the form of the Deccan crisis, and the sustained oppositional movements of the Jats and the Mewatis in the north India, particularly in the Ganga-Yamuna *Doab*, and of the Sikhs in the Punjab. Other places, like eastern India, where great commercial advances had taken place in the seventeenth century, there was the difficulty of getting adequate tribute as *zamindars* had been able to use a slack revenue system to their advantage. Though this did not cause political instability, it accentuated the financial problems of the empire. This was accompanied by the convergent crisis in two other Asiatic empires which disrupted the established and highly profitable commercial linkages between India and west Asia. In fact in one influential explanation of the economic problems being faced by the great Mughal port of Surat is ascribed to the crisis of these empires.

The conjunctural crises intensified the long-term conflicts between the imperial imperative and the local imperative and brought the empire to its knees.

What is being suggested here is that to understand the endogenous processes of centralization, decentralization, and crisis in the Mughal Empire, the constantly changing and negotiated relationship between the centre and the localities, and the perpetual tensions between the imperial ruling class and the local magnates, have to be kept in mind. These relationships were never fixed at the dictates of the state; they were constantly changing and unfolding. The analysis of the Mughal Empire as an establishment of negotiated political relationships means that there was greater flux in its interstices, and this fluidity allowed for a greater constellation of social groups in different parts of the empire and this explains the various social configurations in different parts of the empire. Studying the empire in terms of the fluidity of the relationship between the centre and the provinces allows us to understand articulation between the regions and the centre. The more the empire tried to centralize, the gainers were the regional groups, which latched on to this process of centralization and benefited from it. As the empire generated enormous wealth through its revenue mechanisms, the tussle between its maximization and the attempts to retaining larger and larger proportions of this wealth in the localities grew stronger.

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## 25.5 THE PROCESS OF REGIONALIZATION

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If one adopts a region-centric perspective, alternative versions of the empire and its collapse begin to emerge. Even in the Persian language sources, there are possibilities of reading more decentralized and vulnerable versions of the empire. For example, Andre Wink's advances the notion of *fitna* to argue that the system was constantly being subverted from within, and that there were forces of factionalism and centrifugalism constantly pulling away from the centre. Stephen Blake's description of the Mughal system as a 'patrimonial-bureaucratic' edifice is another such variant reading. What this means is that the Mughals were always walking a tightrope while attempting to balance an elaborately personalized style of rule (the patrimonial) with a highly militarized and centralized vision of the empire. This created a peculiar contradiction, and as M.N. Pearson has argued, the Mughals failed to bridge the gap between a paternalistic, highly personalized form of government and its military aspirations; that while trying to be militarily effective it was not able to carve out a system of rule based on an autonomous military-bureaucratic system. Muzaffar Alam also shows how the imperial process was continuously being subverted by the aims and aspirations of the local gentry constantly attempting to consolidate themselves at the expense of the imperial ruling class.

What we now see is a whole range of pressures pulling away from the Mughal state: these ranged from factions at the centre to the independent consolidation of the local and regional elite. The nature of the elite was not the same everywhere. While in Awadh such

people belonged to the upper echelons of the social system (the *ashraf*), elsewhere they could include more 'subaltern' elements like the Jat peasantry in the Punjab or the Sadgop *zamindaris* on the fringes of the settled zones in Bengal. Merchants and bankers played a crucial role in underwriting them for a consideration. It is this diversity which appears as a striking feature of the newly constituted regional elite in the eighteenth, thus giving us a picture of a system buffeted by multi-polar tensions. The crisis now can be seen as one created by resurgent aspirations of groups below composed of what C.A. Bayly has described as 'many types of military, merchant and political entrepreneurs' all coming together to 'capitalise on the buoyant trade and production of the Mughal realm'. This resurgence did not mean a decline; it meant the social displacement at the top combined with the replacement of some institutions and the reconstitution of others.

The basic point is that seeds of change germinated within the Mughal institutions themselves. Paradoxically, the institutions of centralization generated their own counter-tendencies. Much of the process of regionalization can be explained by the consolidation of the imperial elite who took advantage of the disintegrating *jagirdari-mansabdari* complex for their own purposes. Similar tendencies were at work in the *zamindari* system too. While the Mughals sought to make the *zamindars* work as intermediaries in their land revenue administration, these local elites, highly armed and ruling over substantial domains like petty kings, generated alternative, localized, sub-imperialisms. Also recent researches, particularly in the Mughal provinces of Awadh and Bengal, have done much to revise the older views of *zamindars* as a class of rural exploiters. On the contrary, they were active agents in local economies as financiers, entrepreneurs and consumers. They financed agricultural reclamation, set up markets and traded, and consumed in cash. Their retainers became a sub-elite between them and the peasants, as they were usually given prebends, which they used to extend small zones of high-value consumption in the countryside. They thus rose in rebellion to defend the fruits of their prosperity from the intrusive pressures of state fiscalism. These in turn were used by the provincial satraps to enhance their powers vis-à-vis the centre. In Awadh, the provincial *subahdar* enhanced his power by using such agrarian disturbances as a bargaining counter against the centre. In Bengal, the *subahdar* used the pressing financial needs of the empire and the recalcitrance of some local *zamindars* to augment his power base.

Recent studies of the political processes in eighteenth century have indicated the growth of three types of regimes. First, there were those that replicated the former imperial structures. Ruling these 'successor' states that nominal Mughal governorships: the nawabs of the Deccan, Awadh, and Bengal who tended to perpetuate Mughal forms and practices. The second types of regimes were the polities whose origins were independent of the Mughal Empire. These were the Maratha, the Jat and the Sikh regimes, whose crystallization established new systems, thus representing a real and persistent danger to the Mughal Empire. The third political complex was extremely significant. This comprised many local principalities of Muslim, Hindu or tribal origin located in the frontiers of the semi-autonomous states. As burgeoning Jat *zamindars* began to push them out of the Ganga-Yamuna *Doab*, Rajput clans began establishing petty-kingdoms from Gujarat in the west to Awadh in the north through a process of conquest, migration and settlement. In Rohilkhand and Bhopal, Afghan chiefdoms were established by an innovative combination of conquest, revenue-farming and trading with the northwest frontier. Agricultural colonization, revenue farming and commercial dealings were also instrumental in the consolidation of the Banaras Raj and the great *zamindari* households of Burdwan or Qasimbazar in Bengal. On the northeast frontier of India Mughal expansion was stopped in the 1680s by the Ahom dynasty that maintained an independent Assam under a Hindu tradition of kingship until the British annexed it in the early nineteenth century.

In the south, while the really great royalist concentration occurred only from the 1760s in Mysore, the situation before that, as David Ludden shows, was characterised by petty kingdoms being formed by the Telugu-speaking *nayakas*, who had been subordinate to Vijayanagar and had established their autonomy on its downfall, or from *palayakkarans* or (poligars) who managed to carve out small domains from the territory of the *nayakas*, based on temples and a highly militarised population. On the Malabar coast, the situation was an uneasy alliance between the coastal kingdoms and the land-owning households held together by a mutual sharing of profits from trade, land and labour. An intrusive monarchical system was introduced in this region only after the invasion by the aggressive Mysore state under Haidar Ali and Tipu Sultan.

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## 25.6 HOW 'MUGHAL' WERE THESE REGIMES?

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Recent studies of regional government and administration have shown that the political changes in north India in the first half of the eighteenth century denoted no sudden deviation from the established Mughal pattern of politics in the regions. Some of the developments which led to the transformation of the Mughal provinces of Bengal, Hyderabad and Awadh into virtually autonomous kingdoms can be traced back to the end of Aurangzeb's reign and together represented a long-term process of change towards a regional fragmentation of power. The rulers of successor states who were nominal Mughal governors, the Nawabs of the Deccan, Awadh, and Bengal, naturally transplanted many of the cultural idioms of the imperial court to their new capitals. These regimes tended to utilise Mughal forms and practices of governance. Even the Nawabs of Arcot, whose rule was propped-up by the support they could garner from the English, was introducing Mughal principles of administration for the first time in this region. The Marathas, who claimed sovereign rights for themselves in their territories, nevertheless collected revenue on Mughal principles, even if they used different names for their officials. Although the Sikhs developed distinct community institutions like the *khalsa*, which were strongly opposed to Mughal claims, they still collected revenue on Mughal principles and alienated large blocks of land in Mughal-style *jagirs*. Persian remained the official language of diplomacy, of high-level administration, and of high culture in each of these regimes.

Yet there were major differences. Though these regimes replicated Mughal institutions in their own territories they were not regionalised prototypes of Mughal rule. They used Mughal norms but only to a very limited extent and in highly redeployed forms. There were many specific differences.

**First**, though many of the larger provincial regimes (the nawabis) were established by Mughal grandees, they were highly suspicious of that very institution on whose back they had ridden to power, namely, the *jagirdari* system. Each of the *subahdars* (governors) therefore either broke with its essentials, or modified it enormously to suit his designs. In Bengal, Murshid Quli Khan resumed all imperial *jagirs* and transferred the holders to Orissa. In Awadh, the structure of the *jagirdari* system was maintained, but large *jagirdaris* were broken-up and reallocated among smaller assignees and the nawabs maintained close control over *jagirdari* officials (the *amils*, revenue collectors). In Hyderabad the power of *jagirdars* were curtailed by the appointment of officials like the *daftardars* (record keepers) and *taaluqdars* who were directly under the control of the Nawab himself. Secondly, the Mughal practice of separating the executive and fiscal powers of different office-holders in the provinces was henceforth broken. Murshid Quli Khan appropriated the dual functions of the *diwan* and *subahdar*, as did Asaf Jah in the Deccan, while in Awadh, Burhan-ul Mulk combined the high offices of *subahdari* and *faujdar* (commandant).

The **second** major difference lay in the sphere of fiscal management, and this was ubiquitously widespread notwithstanding the difference in the size of the regime. While the central financial prop of these regimes was the assessment and collection of the land-tax in cash, the management and its execution was given over to revenue-farmers (*ijaradari*) in preference to paid officials or landed intermediaries. The practice of *ijaradari*, thoroughly disapproved by the Mughals, exploded all over India in the eighteenth century. The ambits of tax-farms were extended beyond *mal* (land-revenue) to include *sair* (non-agricultural) taxes as well as various types of public offices and positions. Though the conventional view of historians has been to see *ijaradari* as a ruinous expedient, the evidence on which this view is based is far from conclusive. In Rajasthan, where Dilbagh Singh has extensively studied the spread of this system, an *ijara* contract was reckoned not on the assessed revenue (*jama*, which was often unrealistic) but on the basis of the actual collections (*hasil*) of the previous five to seven years. This would provide an in-built check on rack-renting though there were bound to be loopholes in the system. Studies of Awadh and Banaras have shown that *ijaradari* raised revenue and ensured a higher return for the state while minimizing its administrative overheads. It also provided the scope for a diverse range of people to become implicated in the interstices of the state's fiscal system. Successful *zamindars* could extend their holdings by farming extra land and people with money developed a stake in agrarian management, either by taking on farms themselves or, as was the more common practice, by advancing money to those who did. Revenue farming seems to have expanded in a big way in the Coromandel from the middle of the century, with the 'landed and military gentry' taking the lead in bidding for such farms.

This introduces the **third** element of difference between the Mughal system and the new ones. In all the regional polities, irrespective of their size or geographical location, there developed an extremely close nexus between the state and people with money at their disposal. According to Karen Leonard, the period of imperial decline coincided with the increasing involvement of banking firms in revenue collection at regional and local levels. This involvement increased in the first half of the eighteenth century. By 1750 bankers were the ones who controlled access to the actual collection of land revenue, through provision of credit or cash. They provided the funds that enabled people to become tax farmers and had their own agents into the countryside to collect from the land given to them as security or mortgage. Throughout India the richest merchants and bankers were gaining a stake in the new political order, and in several of the smaller eighteenth-century states trader-bankers had become the key political group by the 1760s. In the larger states, like Bengal, individual merchants were given monopoly rights over commodities like salt and saltpetre and wielded political authority in the saltpetre districts. Why did this reorientation occur? Stable regional centres began to attract banking capital. Bankers migrated from the Mughal core to places like Farrukabad, Lucknow, Murshidabad, Patna and Banaras where they began extending credit to rulers and *ijaradars* (revenue farmers) and guaranteed the remittance of revenue from where it was collected by bill of exchange to the ruler's capital or wherever else it was needed. In areas characterised by political instability like Gujarat, Rajasthan or the western Deccan, merchants quickly found alternative avenues of investment and patronage. The vulnerability of the Mughals against the Marathas led merchants and bankers to migrate from Surat to other cities. Many shifted to Poona, the capital of the Peshwas and to other cities, like Baroda, in the Maratha Confederacy. Credit transactions were quickly extended to the European companies, particularly to the English, who were emerging as major players in the regional politics of this period.

The **fourth** area of difference was the gradual but steady insinuation of the European, especially British, element in the fabric of Indian political life. This was an important

development, whose implications have constituted one of the principal concerns of the Indianist reading of the eighteenth century. Instead of being a great disjuncture, the logic of the events of the middle of the eighteenth century can only be understood as part of a long pre-history of the interface between Europe and India. Though based primarily in commercial transactions, Indian rulers were no strangers to the skills of the Europeans in land warfare as well as at sea. Numerous Europeans were employed in the artillery wing and in the armouries of Mughal armies. During the eighteenth century the situation began to change as many of the larger regional polities began developing massed infantry drilled and armed in the European fashion with European technical and logistical expertise, and Europeans, as P.J. Marshall, says, began to 'infiltrate regimes that were willing to hire services for cash'.

Its full manifestation occurred in the 1740s. As the tussle between the Awadh family of Anwaruddin Khan and his son Mahomed Ali Wallajah, on the one hand, and the Deccani Navaiyitis, a major administrative family led by Chanda Sahib, flared up in 1740s, the British and the French became drawn into the politics of regional state formation. The British supported the Wallajah of Arcot, the French propped up Chanda Sahib. British troops were also hired out to the Wallajah to enable him to consolidate his control over the southern Poligars and even in an abortive attempt to procure for him the very rich lands of Tanjore. Chanda Sahib was defeated and killed in 1752. By 1763, British naval supremacy and financial clout had become virtually unassailable in the Carnatic. In return for their services, the British were rewarded with leases of revenue from enormously productive tracts of land (called 'subsides') and allowed to station their military garrisons in the lands of the Nawab. Equally significant was another dimension of this relationship. British personnel in Madras privately loaned enormous sums of money to the Nawab: money which was borrowed in turn from Indian and European investors, thereby giving rise to, what Bayly describes as 'a paradox typical of eighteenth-century India' in which 'indigenous capital penetrated into the emerging Muslim state system through the good offices of British speculators'.

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## **25.7 THE ECONOMY OF THE EIGHTEENTH CENTURY**

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Two problems have engaged much of the debate on the economy of eighteenth century India. The first is the economic context in which such diverse patterns of regionalization took place, or whether the processes of regionalization were symptoms of economic expansion, crisis or stasis? The second concerns the state of the economy in the early-colonial transition.

The creation of post-Mughal polities wasn't always a smooth process. From the descriptions contained in contemporary literature, the impression one gets is that of a serious breakdown, anarchy and economic uncertainty. But some of it appears to be exaggerated. The transitions in Bengal and Awadh were largely peaceful, though serious disruptions occurred in the Punjab and the eastern Deccan. Most serious accusations were levied against the Marathas. Their armies ravaged the rich commercial province of Gujarat in the early parts of the century, followed by plundering raids into eastern India in the 1740s and Rajasthan in the late eighteenth century. But whether these, and other instances of temporary dislocations were enough to cause a serious reversal from the levels of prosperity in the seventeenth century is a debatable issue. As Stewart Gordon's study of Malwa shows, once conquest had been completed and Maratha rule was secure, effective administration and a regulated revenue demand on Mughal principles was installed. Agriculture was encouraged and trade revived. The domains of leaders like

Sindhia, the Gaekwads or the Bhonsles supported powerful armies sustained by effectively administered revenue systems by the late eighteenth century. Elsewhere too the situation was mixed. Punjab was clearly beginning to recover from its travails in the late eighteenth century, whereas Rajasthan, whose economic problems began at that time, was thriving during the process of the Empire's disintegration. Stable regimes had also been formed in Rohilkhand, Farrukabad and in Banaras. Expansionism was ingrained in many of these regimes. Awadh managed to usurp vast territories from the Afghans of Rohilkhand. In the south, Mysore under the Sultans annexed most of the Malabar coast, and Arcot spread along the south-eastern coast to grab the domains of the southern *Nayakas*. Such a differentiated process of political formation does not support notions of the decline of the Mughal Empire as an unmitigated economic disaster.

### Emergence of New Town Centres

Given the absence of concrete indicators of growth, it is very difficult to clinch an argument either way, but some broad parameters can be considered. Though the economy continued to be predominantly agricultural, the levels of urban growth seemed to have expanded not declined in the eighteenth century. Contemporaries lamented the decline of Shahjahanabad, while other cities, like Sirhind in the Punjab definitely suffered. Mathura which was considered a prosperous and populous city till the middle of the eighteenth century suffered a major blow after it was sacked by Abdali's forces in 1756; yet further down the Yamuna, the great imperial city of Agra was still considered by many in the 1760s to be the richest city in the Mughal empire, not having been plundered by either the Afghans or the Marathas. On the other hand, there is evidence to show that smaller places like Ballabgarh, Bharatpur and Kumbher were growing, and existing trading centres like Hathras or Panipat actually expanded.

Even if north India presents a mixed picture of urban existence, it is impossible to find urban contraction in other parts. Contemporary observers talked eloquently of the increase in Calcutta's population and importance, and while Calcutta's case may be dismissed as a colonial enclave, Dhaka had about 450,000 people living within its environs in 1765 and continued to be as thickly populated later on. In 1756, Murshidabad was declared as 'one of the richest cities in the world'; and in 1764 it was described, by no less a person than Clive himself, as '[a city] as extensive, populous, and rich as the city of London, with this great difference that there are individuals in the first possessing infinitely greater property than in the last named city' In addition to these premier places, Bengal also had cities which were positioned at medium levels of consumption. Towns such as Bhagwangola, Azimganj, Katwa, Kalna, Chinsura and Chittagong were swiftly becoming intermediate centres of consumption, trade and habitation in the eighteenth century.

In western India, the partial decline of Surat was more than offset by the rise of Bombay. There also appears to have been no demonstrable correlation between political turbulence and urban contraction in central India. In Malwa, Maratha depredations in the 1720s had not prevented a pattern of urban growth along an axis different from the previously established Mughal *sarkar* towns. By the 1760s Ujjain expanded as Sindhia's capital and Indore became the base for the Holkar's, and by all accounts this city grew into a large and prosperous trading centre in the last decades of the century. Poona became the new outlet for Chanderi silk during its rapid growth from a small town to the capital of the Marathas. Burhanpur which had earlier served as an entrepot for trade along the Agra-Surat axis now shifted its hinterland to include Pune and Nagpur and Lucknow and Allahabad in the east. In the south, where the decline of the Empire had only a tangential resonance, towns continued to grow. Madras expanded at a phenomenal pace, and under the new regime Hyderabad witnessed remarkable growth, both as a

place of elite residence and as a node of great commercial importance. While the decline of the Empire seems to have had an initially disturbing effect on some centres on the Coromandel, places like Masulipatnam, Nagapatnam and Devanapatnam quickly recovered under the political stability provided initially by *Nayakas* of Ginji and later by the better-developed regional kingdom of Tanjore.

Therefore, the eighteenth century may actually have witnessed a net accretion as far as town life, and presumably an urban-economy, are concerned.

### Expansion of Overseas Trade

The other indication of India's economic vitality was the considerable expansion of its overseas trade. In the early 18th century there were disruptions with the damage to the great port of Surat caused by the Maratha invasions and by the crisis in west Asia. Anglo-French conflicts caused temporary setbacks in the Carnatic, but despite this India's overseas trade with Europe increased steadily. Om Prakash has recently shown that while the exports by the Dutch East India Company (VOC) from Gujarat suffered a steady decline between 1700 and 1750, these were counterbalanced by the enormous expansion of exports from Bengal between 1700 and 1752. These fell subsequently, but hovered at an average of about 2 million florins a year till 1785, which was still substantially higher than the value of exports at any point of time in the seventeenth century. While the Dutch ascendancy had certainly ended by the middle of the century, English trade was undergoing its most phenomenal expansion: expanding from £ 1.15 million in 1698-1700, to £ 1.92 million in 1738-40, £ 2.1 million in 1758-60 and £ 5.8 million in 1777-79. The pride of place had now shifted to Bengal. Some historians believe that prior to the British conquest of Bengal, the component of Bengal's export trade under European control was secondary compared to the trade with Asian markets, but there is very little evidence to substantiate such a claim. On the contrary, contemporary estimates of bullion imported into pre-Plassey Bengal show that of the annual importation worth Rs. 10 million, the share of bullion from Asia seldom exceeded Rs.2 million. India's trade was structurally linked to Europe much before the fact of colonization, and the major fall-out of this linkage was an unprecedented export-expansion accompanied by massive injections of bullion into the Indian economy. On an average, the Dutch pumped in 4.69 million florins worth of bullion in the Indian economy between 1700 and 1760. The English East Company brought in a total of £ 8.72 million worth of bullion into India between 1701 and 1721; this had gone up to £ 12.9 million between 1733 and 1756. The victory at Plassey introduced changes to the structure of this trade, but as will be discussed below, these were temporary closures.

The economic implications of such a massive expansion in trade have yet to be worked out for the eighteenth-century as a whole, but they are likely to have been positive. At a subcontinental level, Om Prakash visualizes the impact to have generated expansions in 'income, output and employment'. In Bengal alone he estimates that full-time employment opportunities in the artisanal sector increased at least by 10 percent by the middle of the century. Though he discounts any inflationary impact of this massive influx of bullion, a rise in prices of commodities like rice and sugar is suggested in the prices of provisions listed in the purchases made by the English company around Calcutta. This would suggest that increases in money supply occasioned by larger and larger amounts of silver-bullion being pumped into the economy might have led to a simultaneous rise in both output and prices in the province. It seems Bengal wasn't an isolated instance as Prasanna Parthasarathi has recently detected a similar tendency on the Coromandel coast from the 1720s.

The important point is that bullion was flowing to recharge provincial economies. While substantial amounts of this were being sent to the imperial centre as tribute, most of it tended to stick in the provinces. Early Company observers estimated that such injections of bullion had resulted in a net accretion of at least 25 crores rupees (£25 million) to the Bengal's monetary reserves by the middle of the century. Provincial reorganization could thus occur in the midst of expanding regional economies. This would explain why the hallmark of the eighteenth century 'regional centralization' was an increase in the assessment (*jama*) in the provinces and the propensity of the state to collect revenue in cash.

An overwhelming consensus among historians in India is the view that political turmoil of the eighteenth century had disrupted networks of trade, particularly along the east-west and Agra-Surat axes. While some disruption cannot be ruled out, what is not clear is the extent or the depth of its adverse impact. Extremely fragmentary evidence about rising rates of insurance in the eighteenth century have been provided by Irfan Habib to show an increasing vulnerability of trade in this region, but this does not clinch the issue. Revenues showed no signs of declining. From Rs. 460,000 in 1571-72, Surat's revenue had increased to Rs. 700,000 lakhs in 1721. Cambay's revenue had gone up from Rs. 120,000 in 1719 to Rs.285, 000 lakhs in 1755, while Broach's revenue, which was 45,000 rupees in 1714, stood at Rs. 50,000 in 1726; it hovered around Rs.25, 000 between 1750-60, but had jumped to a phenomenal Rs.400, 000 by the 1780s. Disruptions in western and central India had largely subsided by the 1720s, and according to Sumit Guha that trade increased in the Maratha territories from about that time, and commodity circulation and credit flows significantly affected village production and consumption. Elsewhere too, trade doesn't seem to have been critically disrupted. As Jos Gommans has shows, the Afghans developed the route to central Asia via Multan and Shikarpur. This supplied India with huge numbers of horses and the caravans of Indian merchants passed westward through their territory.

Taking an overview of the economy at the middle of the century, there is no ground to believe that the regionalization had diluted the tenuous commercial integration of the previous century. The Mughal highways operated with minimal disruption, and disruption in one area tended to be compensated by integration in another. *Banjaras* (transporters of grain) continued to ply their trade between Banaras and the Deccan through Mirzapur throughout the century, thus suggesting integrated circuits of long-distance trade even in cheap bulk commodities and foodgrains. For all the alleged problems caused by the Marathas, remittance networks through bills of exchange (*hundis*) between western India, Malwa, Rajasthan and Upper India seems to have held up well. *Hundi* dealers also dominated the complex network of remittances of tribute within the Maratha territories themselves, as they did with the revenues flowing out of eastern India. Credit could still be extended and money remitted over long distances. Bengal's rice and sugar were being traded for textiles from the Coromandel coast, cowrie shells from the Maldives, and for money from the Red Sea. Regional specialization in textile production seems to have intensified in this century, with the lower end of the market increasingly being catered from small, largely rural, production centres. Production was increasingly getting tied to advance contracts. Raw materials, seed or the money were advanced to weavers and cultivators by the rich and neighbours or by the agents of merchants, who received the crops or textiles as finished products in repayment.

What was the situation in the countryside? In the absence of any sustained technological improvement to enhance productivity, higher output could only have arisen by expanding the area under cultivation, or by intensive marketing, or by devising newer devices to control agricultural labour. The eighteenth century shows the existence of all three, either

separately or in various combinations. While the Punjab was undergoing a phase of contraction, and the surroundings of Delhi and Agra were suffering sharp vicissitudes, agricultural reclamation on an extensive scale seems to have been underway in the Deccan and in territories controlled by the Marathas. Rajasthan saw fairly impressive agricultural growth in the first half of the century. Prices rose faster than the level of revenue demand providing the incentive for increasing the area under cultivation and for growing more valuable crops. Both grain, taken by the state as taxation and cash crops were traded out of the province in large quantities. In Bengal, Richard Eaton has identified a marked extension of cultivation in response to the eastward shift of the course of the Ganges delta, which created favourable conditions for opening up new rice growing lands, whose produce went to feed the growing city of Calcutta and textile manufacturing districts of the west. In Awadh and Allahabad evidence of increasing prosperity in both country and towns is adduced in the higher revenue yields and the creation of new market centres extending even as far to the east as Bihar.

Reclamation was being organized by many agencies, ranging from the state to the landed-magnates, revenue-farmers and merchants. New market centres – *peths*, *bazaars*, and *ganjs* – were being established, or old ones were being reorganized under new owners on an extensive scale in Maharashtra, Awadh, Bihar and Bengal. Particularly important seems to have been the proliferation of village level markets, the *haat*, as these allowed exchange networks to percolate right up to the village level. Sharecropping seems to have expanded in a big way. In the Marathas Deccan, the term used for sharecropping was *vatekari*, whereas in eastern India, sharecroppers were known *adhial* or *bargadar*. Client-labour was in widespread usage in Awadh and eastern India, while agrarian servitude and bondage was on the rise in areas of expanding irrigated agriculture in south India.

Such a situation leaves very little scope for doubt about indigenous eighteenth-century regimes witnessing significant measures of economic growth. While data for demographic growth are scarce, there is little ambiguity about the extension of cultivation, or expansion of trade in these regimes. On the whole, therefore, the situation would support the recent 'revisionist' view that the process of the imperial fragmentation had very little to do with the economies of the localities, except in some core regions. The regional economies continued to be buoyant. Pan-Indian networks of trade thrived in the changed political scenario and in some cases may even have expanded, and areas of growth seem to have adequately compensated for areas of decline.

The period after 1757 is usually seen a major watershed in the Indian economy. A recent reassessment of the Company's rule in eighteenth century Bengal by P.J. Marshall finds that in the Company's scheme of political dominance, the primary imperatives were (a) to ensure that their trading privileges were reformulated in terms of absolute rights, (b) to convert limited territorial grants into its outright property, (c) to maximise what it obtained from grants of revenue, and (d) to maintain armed forces at a level which would guarantee its security. Yet, its initial optimism and grandiose self-perceptions were considerably tempered 'by caution in using these powers, which inclined the British to non-intervention and to conserve Indian states as they understood them'. In addition, there were 'severe practical restrictions on what a foreign regime, even with a monopoly of overt force could achieve in conditions in which had only limited contact with the mass of the population'.

In order to understand the role of the Company in determining the fate of the late eighteenth-century Indian economy, one must put its ascendancy in proper context. The decline of the Mughal Empire facilitated the Company's bid for power; it did not cause

it. The old idea that there was complete chaos after the collapse of the empire now stands sufficiently revised. Some chaos there was, but it was geographically limited and was offset by the growth of stable and commercially viable regimes at different levels. The Company's success lay in battenning on to such processes for commercial benefit and in using the rhetoric of chaos to augment its military presence and utility among the contenders of local dominance. They did this with consummate skill in south India in the 1740s and that experience was to serve them well throughout the century. In fact, most of the commercial concessions which the Company later used for political capital (like the *firman* of 1717 in Bengal) were consciously granted by the Mughals or their *subahdars* in the provinces; and the growth of fortified settlements in the east, south and western parts of India occurred in the full gaze of the empire, then at the zenith of its power. This meant that the Company's commercial and military interests were inseparably linked from an early stage of its existence, and that its enterprise in India was geared to ensuring that it was maintained at an optimum level. Therefore the transition to early-colonialism was underpinned by the success already achieved by the Company in ensuring the compliance from its indigenous political and commercial collaborators to the furtherance of its military-fiscal requirements. Conquest was the great facilitator of the transition, not its creator.

One has also to keep the territorial dimension of the early British Empire in mind in order to understand the economic implications of its rule. The British Empire unfolded over a period of a hundred years, and, like its predecessor, grew through a process of conquest, collaboration and co-option of indigenous systems into a gradually evolving pan-Indian framework of rule. Out of a possible 4.2 million square kilometres of territory, the Company had managed to control only about 388,500 square kilometres between 1757 and 1792, most of it located in northern and eastern India. Between 1798 and 1805, Richard Wellesley added another 50,000 square kilometres of territory per year to the British Empire between 1798 and 1805, thus inaugurating, what C.A. Bayly has termed, 'the harder edge of British empire-building' in India. This occurred under unprecedented demands being placed on Great Britain for resources during the Napoleonic Wars, and was characterized by 'a new single-mindedness of the power and dignity of the state, the morality of conquest and British racial superiority'. It also brought to an end the rampant opportunism of the Empire under Clive, of the cautious protectionism, which had characterized Hastings' governorship, and the defensive pragmatism of Cornwallis' tenure. 3.42 million square kilometres of India still lay outside the ambit of the Company's control at the turn of the century, and it wasn't before 1815 that the big push to swallow a large part of it began. With 2.56 million square kilometres under its belt by 1856, the job of imperial expansion had been successfully completed, though forty percent of India still lay outside its direct ambit.

But this view of the Company as a relatively loose structure and its initial vulnerabilities cuts no ice with most historians in India. For them, this regime 'of blue-blooded European ancestry' was different for three reasons: first, it was driven by a relentless urge to maximize revenue; secondly, it reversed the established patterns of trading between India and Europe; and thirdly, it introduced the drain of wealth – the one-way flow of tribute – from India to Britain. The economic impact of such a cohesive system of exploitation was deleterious: impoverishing, deflationary and ruinous to both craft-production and agriculture. Let us examine these issues individually. Naturally, most of the discussion of this would centre on Bengal, which was the primary centre of the Company's rule in the eighteenth century as well as its principal financial pump.

On the question of revenue maximization, the evidence from Bengal, which was the initial laboratory of the Company's fiscal experiment, shows that on an average, 40 to

45 percent of the agricultural output was collected as land revenue. The demand was also raised. With 1755 as base equal to 100, the index of the amount assessed stood at 135 in 1770, 155 in 1778 and 168 in 1783, but had dropped to 156.01 in 1790. The amount of revenue collected also went up but not significantly enough to constitute a radical departure from existing practices. The Company's collections seldom exceeded 85 percent of the assessment, which compares well with situation under the Nawabs who were successful in collecting anything between 90 percent and 65 percent of their assessments. The collection was made exclusively in cash, significantly furthering the process of monetisation in the province. But one aspect of the Company's financial behaviour constituted a radical break from the past. During periods of price slumps, the Mughal revenue officials often accepted payment of revenue in kind in order to reduce the real burden on the peasantry. That element of flexibility was now dispensed with. The Company insisted on all revenue being paid in cash, irrespective of the nature of the agricultural season. This tended to have serious consequences on the poorer cultivators during harvest failures.

Given the fact that collections were made exclusively in cash, the question of maximization of revenue would depend on whether or not the tax-burden had increased in real terms, and this would be factor of the prevailing state of prices. The consensual view of this period is that the real burdens had increased, as this period was one of price-deflation caused by the extraction of tribute; but this is based on a very selective use of the evidence and goes against contemporary accounts, which show a substantial rise in the prices of both agricultural and non-agricultural goods in this period. A study of price figures available from the Dutch settlement of Chinsura and the prices of provisions near Calcutta leave little doubt about the inflationary tendencies at work in eighteenth century Bengal, especially from the middle of the eighteenth century. By the most conservative estimate, agricultural prices had more than doubled during the course of the century with the price-crest stretching between 1750 and 1795. Prices dipped somewhat after 1790 but remained well above the level at the middle of the century level, and continued to be so till 1795; and it was only by 1800 that prices tended to fall, but not below the 1736-40 level. Such increases blunted the edge of the Company's demands on many sections of rural society. While the smaller and marginal peasants suffered considerably, landed-magnates and the merchants weathered the Company's pressures quite well, and in fact prospered. Some historians have also ascribed the rise of a 'rich-peasant class', the *jotedars*, to this period.

Turning to the question of the pattern of trading between Britain and India, the picture is one of overall continuity. Bullion supplies were never discontinued after the battle of Plassey. They were reduced, and even that restriction seems to have been partial. The Company imported £2.46 million of treasure between 1758 and 1768, £1.3 million between 1769 and 1779, £3.83 million between 1779 and 1789. But between 1790 and 1805 the Company pumped in £9.14 million worth of bullion into India of which Bengal's share was a whopping £5.77 million. Bengal had never received such huge supplies at any other time in the past. Private European trade was responsible for the arrival of £5.2 million worth of silver to Bengal between 1796 and 1806, and despite their trade being on a downward slope, the Dutch still imported 4.24 million florins worth of bullion per year to pay for their merchandize between 1790 and 1794. Contemporary grievances, and modern convictions, that a severe shortage of money in the late-eighteenth century was caused by this great reversal of India's pattern of trade need to be seriously countenanced against this evidence. The rate of agio (*batta*) being charged by money-changers for converting Arcot rupees into the Bengal *sicca* seldom exceeded 7 percent in the 1770s, which was considerably less than the rates being charged in the 1720s when Bengal, ostensibly, was receiving huge amounts of bullion.

Commercial reports from the Company's Bengal's manufactories (*aurangs*) in 1773 revealed that the combined investments by the English, the Dutch and the French companies and those made by private European merchants 'exceed double the quantity which can possibly be made in the year'. Customs receipts collected by the Board of Trade in the late 1790s showed that Bengal's exports had tripled between 1777 and 1797, and that most of it was still based on an exchange of textiles, foodstuffs and other raw materials for precious metals and certain manufactured goods. Bengal was still far from becoming a source of raw materials or a receptacle of the finished products of an industrialising Britain in this period, and K.N. Chaudhuri's general assessment that during the 'half century following the revolution of 1757, trade continued to flow along the traditional channels' conforms well with the evidence on the ground. The vitality of Bengal's commercial economy remained substantially unaltered throughout the eighteenth century.

Elsewhere, too, commercial transactions appear to have remained robust. Nagpur, Bundelkhand, Ghazipur and Mirzapur were functioning as important nodes for the distribution of Bengal goods in western India and the Deccan at the end of the century. In the late 1780s, nearly 43 percent of the textiles produced in Banaras were being vended in western India, 49 percent was being sent to Bengal for shipment overseas, and the remaining 8 percent was destined for the Deccan and the northern provinces. Considering the fact that the markets for the luxury-end of Banaras textiles, its silk, was traditionally located in north and western India, whereas Bengal received its medium-priced cottons, this regional division of the trade from Banaras does not show a major change in India's internal market for textiles. By the 1790s, cotton wool from Gujarat and central India, and Malwa opium and indigo had started becoming an important part of India's overseas trade, and may have even partly compensated for the decline of some of the old staples. The North American market for Indian goods was expanding, and in Asia the demand from Europe was being supplemented by the demand from the Indonesia, while the west Asian markets revived by 1790. The attempt by the Company to monopolize the production of the 'new' international staples like opium may not have worked as efficiently as believed by some later historians. As B.B. Chaudhuri has shown, the production or the sale of such cash crops through the advance-payment system did not prevent 'market conjunctions', especially prices, in determining the autonomous response of the cultivators towards these crops; nor could the monopolistic policies of the state obstruct indigenous sources of credit from percolating into these sectors of production. In fact, cultivators often found advances to be an assured source of income and even welcomed them. International demand had also induced an element of regional specialization in the production of indigo. Bengal, Bihar and Banaras produced the finer variety, Awadh produced the 'middling' sort, whereas the 'ordinary' sort was being produced in the Doab and further west.

Other continuities existed. A major one, the financial relationships between the state and the bankers, which had been established during the process of regional growth was continued and even deepened in this period. Indigenous bankers supported the Company during the Plassey 'revolution', and once in place some changes occurred. Though the old banking establishment of the Jagat Seth had declined, the East India Company's Bengal revenue still depended on the advances of Indian bankers, above all on the support of the great Benares businesses. Their capacity to transfer funds all over India by bills of exchange or *hundi* made it possible for armies from Bengal to operate in western India or in the south. One shouldn't underestimate the resilience of the Indian banking system nor its capacity to resist the Company's financial machinations. Recent research in the banking sector of late-18th century Bengal has shown that Bengal's bankers (*shroffs*) continued to operate in the framework of their traditional business practices. They cooperated with the Company, but only on their own terms, and it was

their intransigence which was the main reason why the Company's repeated attempts at reforming the currency of Bengal remained unfulfilled till 1835.

Bengal was not an isolated instance. Studies of banking in other parts of India have also shown the persistence of the relationship between indigenous capital and the early-colonial state. In Bihar, the change in the political regime in eastern India seems to have adversely affected some wealthy provincial merchants, but substantial banking firms of Patna and other cities of Bihar survived and thrived as their remittance business increased under the aegis of the Company. Like their counterparts in Bengal, *shroffs* continued to do good business, taking advantage of the multiplicity of coins. In western India, the linkage stemmed, paradoxically, not from the strength but from the weakness of the Company's finances. Here, the Company was facing an acute shortage of money and this made them turn inevitably to the financial assistance of the indigenous bankers.

The steady expansion of English trade, particularly English private trading towards China in the 1780s cemented this relationship. The share of private trade, which was 7.6 percent of the total overseas trade of Bengal between 1752-58, 6.8 percent between 1759-1764, and 5.96 percent between 1766 and 1772, rose to 41.88 per cent between 1790 and 1799. Some of this trade was undertaken by the import of bullion, but such huge increases necessitated internally generated funds. Commercial opportunities thus expanded for people with money. These were available in good measure from Indian financiers who provided private traders with ready-money loans, or invested in the agency houses, which were growing in Calcutta and Bombay mainly to finance the growing trade of opium and cotton to China.

In southern India, the documentation on the relationship between the Company and bankers is not very clear, but the larger nexus relationship between the Company and indigenous finances seems to have occurred initially in the context of its participation in indigenous state building, particularly in Arcot, reference to which has been made earlier. Prasanna Parthasarathi does not see bankers playing a major role in the Company's finances in the south, but he detects an expanding relationship between it and merchant-financiers, which became critical for the rise of English power. The Company also received financial support from other groups. Using the expanding opportunities of political-profiteering opened by the Company, *dubashes* (brokers/interpreters) drawn from the Komati commercial community of the Andhra region made large fortunes, much of it which they pressed back into the services of the Company's finances, and on the Coromandel, Chetty merchants and Brahman *ijaradars* (revenue farmers) served as part-financiers and account-keepers of the Company's trade. On the Malabar coast, the systems of renting monopolies and an array of new taxes on valuable agricultural produce which had been established during the occupation of this region by Mysore, was used by the Company and private British interests in Bombay to set up lucrative trade in peppers and cardamoms with the help of the indigenous merchants, who had also provided the commercial support base of the previous regime on the Malabar coast. Thus it would seem that in south India too the early-colonial system had the backing of a diverse group of commercial and powerful indigenous people.

For such people, the late eighteenth century was a period of expanding commercial opportunities. The case of Bengal illustrates this well. Here the Company effectively intervened to free the internal market of restrictions imposed by *zamindari* control during the previous regime. These had taken the forms of a proliferation of *zamindari* outposts (*chowkies*) to collect tolls at various rates dictated by the financial predilections of an individual *zamindar* and continuous conflicts between merchants and *zamindars* over the rate of tolls, over market jurisdictions and the movement of commodities. By taking

a number of interventionist measures to regulate the administration of non-agricultural taxes, the Company was able to take a number of steps between 1773 and 1790 to rectify this situation. The chief of them was the abolition of the myriad duties which were levied at the various chowkies upon articles of internal consumption, and their consolidation at the final point of destination. The management of such duties was to be under five customs houses to be established at Calcutta, Hughli, Murshidabad, Dhaka and Patna. The other problem, of the control exercised by the *zamindars* and the *taalluqdars* over markets, was redressed in 1790, when the Company introduced a separation between rent collected in the markets so controlled and the taxes collected there on trade. While rent could continue to be collected on a private basis, the right to tax was henceforth to be vested in the Company. These measures streamlined the structure of internal trade, and enabled a rationalization of incomes between the state, the landed-magnate and the merchant. The combined result of these policies was a proliferation of market places all over Bengal. The increase in their numbers or their establishment in previously deficient areas enabled the peasantry to relate more easily to wider markets, and merchants could move more easily through them with their networks of credit.

Landed proprietors, who set up markets in the interior areas, provided loans to cultivators and generally underwrote the finances for agricultural reclamation, also joined the commercial bandwagon. This was certainly the case in Bengal. Markets created by the petty gentry and great nobles alike were appearing in Awadh, Maharashtra and peninsular India in the much less propitious circumstances of the late eighteenth century. In Maharashtra such places grew into 'little towns' (in the words of Sumit Guha) where a whole range of people could spread themselves into commerce, land holding and revenue farming in equal measure. Landed magnates also tried their hand at the direct cultivation of indigo when markets looked favourable, but most of them preferred to latch on to opportunities opened by the newly expanding horizons in the trade in indigo and opium by routing some of their monies into provisioning the agency houses who raised much of their capital locally.

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## 25.8 THE INDIAN ECONOMY IN THE LATE EIGHTEENTH CENTURY: THE EMERGING DIFFERENCES

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While such a picture does not square well with the notions of devastation and decay which reside so dominantly in the received wisdom of early-colonialism, it would be quite wrong to think that nothing had changed in India, or that every change was for the better. The Company's regime was aggressively mercantilist whose orientation was European, not Indian. State policy was financially driven and all institutions were to be streamlined to ensure this ultimate objective. Notwithstanding the great rhetoric which accompanied it, the Permanent Settlement was a feat of mercantilist social engineering to stabilize Bengal's revenue for the purposes of the Company's commerce. Under its terms the Mughal right of taxation, traditionally devolved upon the *zamindars* by the state was fused to their *milkiyat*, their 'private' domains, both of which could now be sold. Though this enlarged the 'rule' of private property in Bengal's countryside, the dip in agricultural prices after 1790 exacerbated matters and left the ordinary cultivator to receive the rough-end of the stick. There is no doubt that agrarian distress had increased considerably in the immediate aftermath of the Permanent Settlement.

What this indicates is that while the early-colonial regime buttressed regimes of indigenous landed and commercial properties; it did so by increasing the vulnerability of many at the poorer ends of society. The case of Bengal illustrates this process well. The Company

was unrelenting in revenue being collected in cash irrespective of the conditions of the current harvest. This removed an important cushion, which the peasant had during the previous regime and became a major cause of mortality and distress during the famine of 1769-70. But notions of universal agrarian distress and a devastated peasantry would be over-pessimistic. The situation on the ground was more complex. Agricultural reclamation along the northern edges of the province and along its estuaries was continuing robustly and the fruits of it were being mopped up by the *zamindars* and the *jotedars*. Their positions, especially that of the *zamindars*, were becoming stronger in relation to sharecropping tenants and day labourers. Though the evidence for this is patchy, some historians believe that *jotedars* in the northern fringes were behaving like '*kulak*-landlords': providing credit and engaging in agricultural trade over short distances. Rural stratification had increased in the course of the century, and its pace appears speeded-up during the latter part.

In south India, British intervention, while widening and deepening the circuits of cash transactions, consolidated the position of the leading *mirasidars* (peasant-proprietor) as 'village contractors'. As David Ludden tells us, these *mirasidars* now began combining cultivation with revenue farming and local level agrarian management. 'Mahajan' *mirasidars* used their control over land, labour and various commercial assets to accumulate financial resources that enabled them to contract for village revenues. But this was accompanied by a drastic change in the social conditions of the less privileged groups who were pushed into social and economic subordination. David Washbrook shows how the Company's direct intervention in south India consolidated two apparently contradictory elements: traditional social relations and modern laws of contract. The first was designed to preserve the existing social structure, while the second was geared to expanding commercial opportunities, and both these were detrimental to the position of labour. While custom was upheld to legitimize traditional bonds of labour control, agricultural wages were determined by laws of supply and demand, and enforced by a system of contracts. The labourers, especially those belonging to the low-castes, thus stood doubly deprived.

The Company was also a hard commercial taskmaster. In its dealings, the Company as a monopolist-trader was extremely harsh with producers under its control, relentlessly enforcing the delivery of what was due to it and constantly attempting to depress the wages of the weavers in its employment. This made them extremely vulnerable to any sharp changes in the prices of food: highest famine mortalities were usually recorded among artisans working at the Company's manufactories. In south India, Parthasarathi's study of weavers in the Coromandel also draws a picture of growing artisanal vulnerability under the new dispensation. He shows that under the Company the weavers entered a new regime of labour control, which removed many of their past entitlements, and this led to a sharp decline in their wages and economic status.

But what we must also remember that this harsh regime did not cover the majority of cotton-textile weavers, at least not in Bengal, and many artisans managed to find loopholes in the system. There was a huge internal market for the more common varieties of cotton textiles, while the luxury-end of production hadn't completely dried up; and these meant that cotton textile producers and upcountry cotton merchants could still do well even under these trying circumstances. The silk industry is another good example of this differential impact. While Bengal's silk exports to Surat had shrunk from Rs. 0.45 million in 1766 to Rs. 0.03 million in 1789, the north Indian market seems to have held up well. In 1789 the upcountry consumption of raw silk from Bengal was worth Rs. 1.99 million; in 1790 it was pegged at Rs. 1.68 million. In the meantime, the Company's investments for Bengal's silk had increased from Rs. 0.92 million 1766 to Rs. 5.54 million in 1789.

This had induced a structural shift of Bengal's silk from an internal to an international market with somewhat serious consequences. Any drop in the Company's investment for silk had serious repercussions for the silk-growers (*chassars*) and the winders' incomes, and contrary to cotton, the existence of a small internal market for silk held out slim prospects of a limited recovery. Any improvement depended on the vagaries of the international market. A partial upturn in the 1790s was offset by a depression caused by the outbreak of the Napoleonic Wars in Europe, and it was only after 1813 that silk exports began to pick up from Bengal once gain. By that time silk production in places like Murshidabad and Rajshahi had already gone into steep decline.

Thus, despite increasing the scope, scale and volume of commercial transactions, the end-result of the Company's intercession was to tie the Indian economy into the north European cycles of trade and production. This integration wasn't new. It had begun with the increasing in the seventeenth century with the steady expansion of European trading in India, and its great expansion in the early eighteenth century had speeded up the process considerably. The difference now was that key sectors of India's economy were henceforth tied into the vicissitudes of this global-economy, and downturns in the latter caused harm to these important components of the Indian economy or foreclosed the possibilities of their autonomous growth. While many Indians were able to enrich themselves enormously in the process, much of the profits accruing from expanded commercial opportunities were siphoned away from India with little or no corresponding benefits to the country. There was rampant fiscal and commercial profiteering. Private British and European individuals made huge profits from revenue farming, from the expanding trade in opium or indigo, and from political corruption. These were mostly pumped out of India to East Asia, especially to Macao and Canton (port cities on the southern edge of China) through the agency of private British shipping and Portuguese commercial houses, where it was used to make further fortunes for the European expatriates. The agency houses became the front through which the salaries, perquisites and often illegally made money by individuals was siphoned out of India. £17.67 million were taken out of Bengal alone through these channels between 1757 and 1796. Much of the Indian capital in the service of private trade was thus dissipated through such remittances.

The remittances of private fortunes were accompanied by the official transfer of substantial amounts of India's surpluses to Britain as tribute. This was the drain of wealth in its classic sense, which, understandably, has come to occupy centre-stage in understanding the impact of the early-colonial system on the India economy. While an estimate places the combined (that is, on private and official accounts) transfer under this head at £4 million in the 1780s and 1790s, lower estimates ranging between £1.8 million and £1.92 million per year have been suggested by others for the period between 1757 and 1793. Given the nature of the data, it is difficult to establish incontrovertible figures, but these were indeed enormous. They were also unprecedented not just because of their magnitudes alone. Enormous amounts of up to 1 crore rupees (£1 million) a year had been sent to Delhi from Bengal in the 1720s. The difference of the transfers under the tribute of the late-eighteenth century arose on the grounds that for the first time official channels of trade were used to transfer private fortunes. Additionally there was no mobility of labour and capital between Britain and India to partially compensate for this loss as would have existed in the past when enormous amounts of imperial tribute being remitted from Bengal to Delhi in the past. General economic indices however do not suggest that this drain had succeeded in paralysing the Indian economy. As discussed earlier, commodity prices held up well till the end of the century and there was no shortage of money. But what is indisputable is that transfers of such magnitudes from India were easing the massive deficits on Britain's balance of trade with both India and China, thus

leaving the Company free to divert its finances to the aggrandizement of India by enlarging the scale of its subsidies from Indian powers and by borrowing money from private Indian and European capital in India. India was now subsidising the colonisation of its own economy.

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## 25.9 SUMMARY

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The eighteenth century was marked by the decline of the Mughal Empire, giving rise to the emergence of several regional centres of power. Towards the middle of the century another factor came into the forefront with the establishment of the political power of the British East India Company, which had much deeper implications. The eighteenth century is interpreted by the historians from two angles, one set of historians, following an empire-centric approach, argue that the decline of the Mughal empire was catastrophic resulting in 'chaos and anarchy'. The other set of historians, who have followed a region-centric approach, emphasize that though the empire declined, this did not result in 'chaos and anarchy'. Regions became vibrant centers of socio-economic activities and the Indian economy continued to expand despite the political problems. This process was not substantially disrupted under early British rule, though numerous changes did emerge which were subjecting the Indian economy to unprecedented financial burdens.

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## 25.10 GLOSSARY

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<b>Chaudhuri</b>	Semi-hereditary <i>pargana</i> level official, mainly concerned with revenue collection.
<b>Florin</b>	A silver coin first struck in twelfth century Florence, and noted for its beauty. In India, this coin was widely used by the Dutch traders and was valued at about forty cents.
<b>Jagat Seth</b>	Lit. Bankers to the world. It was the title wielded by the famous Jain bankers of Bengal. It was during Siraj-ud Daulah's reign, the then Jagat Seth played a pivotal and treacherous role together with Siraj's maternal uncle Mir Jafar, Umichand and Rai Durlabh in determining the outcome of the battle of Plassey in 1757.
<b>Jagirdari system</b>	The assignments given in lieu of salary to the nobles. The areas thus assigned were called <i>jagir</i> and its holder <i>jagirdar</i> . However, <i>jagirdar</i> was not allotted the land instead he received the income/revenue from the area assigned to him. <i>Jagirs</i> were frequently transferable.
<b>Jotedars</b>	Village landlord. The <i>jotedars</i> used to take lands on long-term leases from the <i>zamindars</i> and then got that cultivated on contract on a sharecropping basis. The lease so granted by the <i>zamindar</i> for the purpose of bringing the land back into cultivation at concessional rates. However, peasants' rights in the <i>jotes</i> were recognized by a set of customary codes.
<b>Mansabdari system</b>	<i>Mansab</i> means rank. Each individual entered in the Mughal bureaucracy was allotted a <i>mansab</i> . It has dual ranks – <i>zat</i> and <i>sawar</i> . <i>Zat</i> determined the status of its

holder in the official hierarchy and the personal pay of the holder. *Sawar* rank denotes how much contingent (horses, horsemen, and equipment) a *mansabdar* was supposed to maintain.

***Taalluqdars***

Substitute for *zamindar*. The term came into usage during the late 17th century.

***Zamindars***

Hereditary superior right holder. The *zamindar* was entitled to a percentage of the total revenue collected. It was generally 10% (though varies upto 25%) of the total revenue collected. When the *zamindar* was collecting the revenue for the state it was known as *nankar* and when the state was directly collecting the revenue by-passing him he was entitled to *malikana*.

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## 25.11 EXERCISES

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- 1) 'The eighteenth century was a century of universal decline.' Comment.
- 2) Critically analyse the 'empire-centric' approach. Do you agree with a view that the eighteenth century was a century of 'anarchy and chaos'?
- 3) How would you view the eighteenth century in the context of the regions emerging as vibrant centers of socio-economic activities.
- 4) Examine the region centric approach of historians in the context of the eighteenth century.
- 5) Analyse the state of Indian Economy during the eighteenth century.
- 6) What continuities and changes do you see in the Indian economy in the late eighteenth century?

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## 25.12 SUGGESTED READINGS

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## *M.A. History*

### *List of Courses*

<b>Course Code.</b>	<b>Title of the Course</b>	<b>Credits</b>
<b>MHI-01</b>	Ancient and Medieval Societies	8
<b>MHI-02</b>	Modern World	8
<b>MHI-03</b>	Historiography	8
<b>MHI-04</b>	Political Structures in India	8
<b>MHI-05</b>	History of Indian Economy	8
<b>MHI-06</b>	Evolution of Social Structures in India Through the Ages	8
<b>MHI-07</b>	Religious Thought and Belief in India	8
<b>MHI-08</b>	History of Ecology and Environment: India	8

### *MHI-05 History of Indian Economy*

#### *Block-wise Course Structure*

- Block-1** : Historiography, Environment and Economy
- Block 2** : Emergence and Structure of Complex Economy
- Block 3** : Early Medieval Economy and Its Continuities
- Block 4** : Expansion and Growth of Medieval Economy-1
- Block 5** : Expansion and Growth of Medieval Economy-2
- Block 6** : Trade and Markets
- Block 7** : The Rural Economy
- Block 8** : Craft Production, Technological Change and Industrialisation