

The Decline of Indian Economy After the Collapse of Mughal Empire

Arijah Siddiqui

Abstract - When the East India Company took control of (India), in the chaos that ensued after the collapse of the Mughal empire, India's share of world's GDP was 25 per cent. When the British left it was just above 3 per cent." This is the argument presented by Shashi Tharoor in his controversial new book an Era of Darkness. This reflection paper discusses how the shift from the precolonial to the colonial economy contributed to this decline in Indian economy.

Index terms - Economy, India, British, Mughal, World share, GDP, East India Company, Medieval Period, Decline, Shashi Tharoor

1.1 Introduction

Shashi Tharoor, by profession is an all-rounder. He is an active member of Indian Parliament and has served as Minister of State for Human Resource Development for two years (2012 – 2014). He is also an active member of Indian National Congress and is the representative speaker of the respective party. He is seen speaking and discussing several issues related to Indian history on a number of platforms. Apart from political stances, Shashi Tharoor is also an extensively talented academic writer, globally recognized spokesperson. He has also written articles, analyses, essays, columns, and reflections on topics focusing on political, economic, social, historical, and cultural values on India. Those writings have been published in many newspapers, and magazines. He is also author to a good number of realistic approach books.

1.2 An Era of Darkness – by Shashi Tharoor

Focusing and concentrating upon the Indian economy in the history and present, Shashi Tharoor has presented a well discussed argument in his own book which he coined the name, "An Era of Darkness". In his book, he has argued upon the consequences which lead to the decline of Indian powers. Meanwhile, he has also mentioned the impacts of Mughal Empire on Indian worth in global world and as well the decline of Indian worth in the world just after the state was taken over by East India Company which was authorized to the British. Shashi Tharoor claims that the main reason of Indian decline in economy was due to the shift from Mughal Empire to the British Colonial System. Hence, he discusses it widely throughout his book along with using evidences as facts, historical facts, events, documents, and other evident texts.

1.3 Mughal Empire

Largely discussed in every context of Indian economy, the Mughal Empire originated in early 16th century that was the year 1526 to 1858 approximately. The time period when India was looked over by Mughals, the economic conditions of the state were exceeding expectations. The country was very strong and shares 25% GDP of the total world share that was the second largest share in terms of economic output. By the late 17th century, Mughal Empire was at its peak which expanded to about 90% of South Asia and it helped in development of new economic systems that included, tax administrative system and uniform customs.

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1.4 Work Done – Extensive Indian Economy During Mughal Empire

Mughals have contributed extensively in the social, economic, political, and cultural development of India in the world. They have been successfully indulged in taking India to new levels of stability among other countries and states. India, during Mughal period, was able to share 25% of the total world GDP because of its development and in process development that was being carried out by the state holders. Moreover, Mughals have collaborated in order to persuade India after a sustained effort. The work done by Mughal Emperors is much worth, that includes building of extensive road systems that spread all over the country within and beyond minority populated areas to majority populated areas. They created a uniform currency and standardized rupee (currency used in India and sub-continent) which helps in promotion of unity within the country.

During 16th, 17th centuries, the main source of progress for a country in the world was through agriculture and industry. However, Mughals helped India to reach the required mark and meet the required level of expected global demand. Several cities were developed using the urbanization planning system. Those rural cities were developed and provided with facilities that created comfort zones for the people residing there. Among all the departments of the country, 4% of the total work force was incorporated in the primary sector where 36% of the workforce was enforced in secondary and tertiary sector of India.

1.4.1 Primary Sector of India

Primary sector in terms of a country is basically the area of interests, where natural resources are directly utilized. For instance, agriculture is a most discussed area of primary sector.

During Mughal Empire, direct use of natural resources was worked upon. People involved in agriculture, started growing food crops along with cash crops (more extensively). The most economic supportive cash crops included: *cotton* and *indigo dye*. Trading these two, contributed in exchange of foreign currency and export demand from India was influenced. Since, the export demand was increased, two American crops were then also being grown by the people that were: *maize* and *tobacco*. This exchange of commodities helped in an increase in the gradient of export and import.

Furthermore, during Mughal time period, funds were provided in order to build better and proficient irrigation systems so that timely water supply would have been provided to the agricultural crops. Since, more effort resulted in better generation of products and better

production resulted in a better market value. The Mughal state even encouraged huge land cultivation by providing a comfort of tax free periods for those who bought new land to bring under cultivation or invest for agriculture purpose. Forestry, fishing, and mining were also promoted which led India to be world's second largest country in terms of economic output.

1.4.2 Secondary Sector

Secondary sector of a country basically includes processing and manufacturing acts. Hence, industry is the biggest mode to discuss upon. During the peak of Mughals, in late 17th to early 18th century, production from manufacturing industries was in a brilliant flow. Mughal India was accounted for 95% of the total British imports that were provided from Asia. This was a huge moment of economic stability for Indian progress. The largest manufacturing industry in terms of stable economic output was: *cotton* and *textile*. "Cotton" was the biggest source of earning foreign exchange. It was a huge exported cash crop that provided sufficient amount of earning for the country. However, the cotton and textile industry was responsible for a large part of Mughal Empire's international trade. Along with cotton and textile, *Bengali Silk* was also exported in large amounts to the countries of Europe, Japan, and Indonesia.

Mughal India also had an extensively strong *ship building* industry in the part of Bengal Subah. Bengal Subah was the wealthiest Mughal province of that time and the centre of all industrial activities.

1.4.3 Tertiary Sector

Tertiary sector focuses on provision of services instead of goods. Services like transportation, conversation, military, export/import, trade, communication in business means, and related activities come under the category of tertiary sector. Recently in 2015, India stood at the number 10, in terms of economic output in tertiary sector.

1. 5 Decline of Mughal Empire – Rise of British Colonial System

Just after the incident of invasion by Nader Shah, the Mughal Empire started to face decline. The British East India Company got the rights and power of the country that resulted in a huge disgrace for India in the world. The British colonial rule developed an institutional society that effected the Indian state.

"There is no doubt that our grievances against the British Empire had a sound basis. As the painstaking statistical work of the Cambridge historian Angus Maddison has shown, India's share of world income collapsed from 22.6% in

1700, almost equal to Europe's share of 23.3% at that time, to as low as 3.8% in 1952. Indeed, at the beginning of the 20th century, "the brightest jewel in the British Crown" was the poorest country in the world in terms of per capita income." (Manmohan Singh, *"Of Oxford, economics, empire, and freedom"*. The Hindu. Chennai. 2 October 2005.)

1.5.1 What Led to The Decline in Indian Economy?

In the time period between 1760 to 1800, Bengal's provision of money was demolished

that created a deep impact in economic downturn for India. A portion of taxes that were paid for maintenance and public establishment, was transferred to England without the consent of public and was known as *"Indian Tribute"*. This act of East India Company created a sense of unhappiness in the Indian society. The people were unhappy with the loss of their revenue system, since all the rights were provided to the British, it extensively ceased the import of gold and silver.

completely restrained India's trade with rest of the world that led to the subject of famines, low life expectancies, malnutrition, and even illiteracy. Production of crops was demolished, the agriculture society faced a huge down slope. The employees and families related to agriculture faced mass impoverishment and destitution.

Colonization forced India markets to open to British goods which were then marketed and sold within India despite taxes, revenues, and tariffs. British enforced high protectionist policies that restricted Indian sales of textile and other sources. British economic policies set as a monopoly over the large market of India and its economy.

1.6 Conclusion

It won't be wrong claiming that British Rule in India served as a big disastrous catastrophe for the traditional Indian economy. The policies created by British was a monopoly plan over India's economic market value. The shift of Mughal to Colonial period was the biggest reason that created impact of decline in progress of the country. Colonization served as a major factor of rise in Industrial revolution for British whereas, deindustrialization of India. This significant transfer led to a massive withdraw of revenue which was a systematic effort for the decline in modernization of India. However, it was verily and cleanly verified that Colonial Rule was responsible for taking Indian economy in a dismissal state which was clearly pointed out by author Shashi Tharoor in his book, *"An Era of Darkness."*

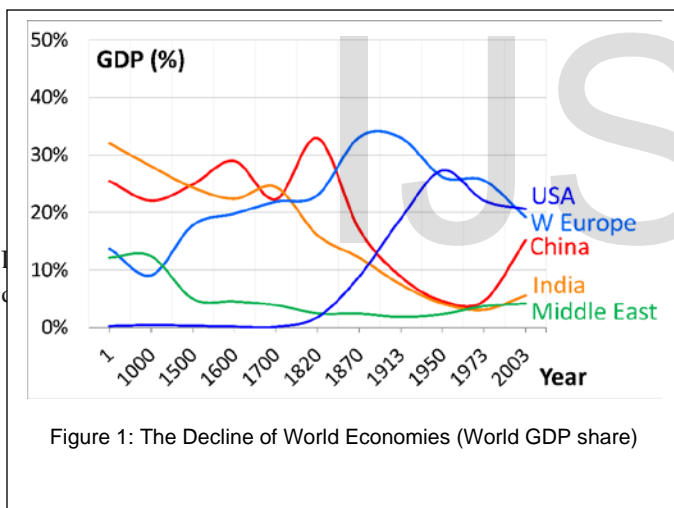


Figure 1: The Decline of World Economies (World GDP share)