

Economy during the Mughal Period

References:

- Irfan Habib (Medieval India: The Story of a Civilisation)
- History of Civilisations : Central Asia ;vol-5 (edt. Chahryar Adle, Irfan Habib)

Craft

The critics of imperialism insisted that the primitive nature of Indian economy before British conquests ought not to be overstressed, and they ascribed India's backwardness chiefly to the strangulating effects of British rule, to "the drain of wealth," the destruction of handicrafts, heavy taxation, and discrimination against Indian industry and capital. It will thus be seen that though the controversy involved a number of important aspects of modern Indian economic history, in part at least it centred on the potentialities of development in the Indian economy prior to the British conquests.'

One of the many difficulties that face the student of the economic history of Mughal India is the lack of quantitative information, especially, the lack of census data of almost any type (enumeration of inhabitants in general; enumeration by profession, or by income, or by property). It is therefore not possible to formulate the relative size of the population dependent on the non-agricultural sector, the proportion of such population that lived in the towns or craft industries. One must draw such inferences as one can from other, largely indirect, evidence.

The surplus taken away from the peasant in the form of land revenue, other dues and claims by superiors came to about a half of the produce in most areas. Superficially, this fact may be taken to suggest that as many mouths could be fed outside the agricultural sector as within it; or, in other words, that the population in the non-agricultural sector amounted to a half of the total. But one would be assuming, then, that the physical composition of the surplus was the same as that of the portion retained for subsistence (of the peasant and the agricultural labourer). In actual fact, it is possible that a much larger proportion of the surplus produce alienated by the peasant consisted of superior food crops (e.g., wheat, high-quality rice), products of luxury consumption (e.g., sugar, opium, high-quality tobacco), and raw materials (e.g., cotton, indigo, sesame). It is to be borne in mind that owing to the high prices fetched by the cash crops, the cash return from an acre sown with them would have been much greater than that of an acre under ordinary food grain crops.

A certain portion of the surplus was left in the countryside, in the shape of the fiscal dues, allowances, perquisites, etc., of the zamindars and village headmen, the claims on revenue collection by officials and men of the revenue establishments of the *Khalisa* and *jagirs*, the income of the revenue grantees, the profits of usurers (money lenders), etc. Among all these local or rural claimants to shares in the surplus, the zamindars were, in quantitative terms, the most important. They, either for maintaining their authority or for achieving status, zealously pursued the ideal of possessing the largest possible number of servants and retainers. According to a detailed official census, c. 1595, the zamindars maintained within the Mughal Empire (Northern India) nearly 4.7 million retainers (4.3 million "infantry and 0.3 million horsemen).

The expenditure of the income of the zamindars went largely to subsistence level consumption and could not have generated a very large demand (per head in the non-agricultural rural sector) for the products of craft industries. This ought not to be taken to mean, though, that they did not generate any additional demand whatsoever for such goods. The same 1595 statistics show that the zamindars of Bengal were possessed of 4260 pieces of cannon and 4400 boats,⁷ and these at least were products fashioned by smiths and carpenters.

However, zamindars only commanded a part of the surplus. The net revenue collection taken completely outside the sphere of rural economy probably amounted in value to a fourth or a third if not a half of the

total agricultural produce. This naturally dwarfed all other claims on the agricultural surplus. The land revenue (together with income from other taxes) was distributed directly (either by way of revenue assignments, jagirs, or through cash salaries paid out of the imperial treasury among members of a small ruling class. This class consisted, beside the emperor himself, of about 8000 *mansabdars*, according to an official estimate of 1647.

The actual consumption of the enormous portion of the produce appropriated as land revenue thus depended mainly upon the manner in which this small ruling class spent its income. The first claim upon their income was that of the army. It is difficult to fix the relation of the actual expenditure on the army to the total income of the nobility; it may, however, be safe to say that it was probably around two-thirds. V. Barthold, Marshall G. S. Hodgson describes the large states that emerged in Western, Central and Southern Asia at the beginning of the sixteenth century as 'Gunpowder Empires'. Undoubtedly, the cannon and musket gave a new instrument of power to centralizing sovereignties. The Safavid and Mughal empires together held the entire southern part of Central Asia namely Khurasan, Afghanistan, Pakistan and north-western India, and both of them made use of gunpowder to impose a degree of central control of which earlier regimes would have been greatly envious. Whereas the best war horses were bred in the pastoral lands of the nomads, it was otherwise with artillery and muskets. These were manufactured best in the workshops of sedentary societies. The Safavid and Mughal empires were largely inhabited by sedentary populations and could call upon a large craft sector to produce guns and muskets .

The military expenditure, in absolute figures, of the Mughal ruling class available for 1647 gives us a idea of its expenditure on it. There were then 7000 cavalymen and mounted matchlock bearers in the emperor's own establishment, and an estimated 185,000 horsemen maintained by the *mansabdars* against their *sawar* ranks. In addition there was 40,000 infantry, consisting of "matchlock men, gunners, Cannoniers and racketeers," 10,000 of them posted at the capital and the remainder in the provinces and forts.' The cavalry probably accounted for the overwhelmingly larger portion of the military expenditure. The cavalryman of the Mughal armies was really a professional gentleman trooper. In most cases he had more than one horse. The horses were required to be of standard breeds. Since Indian breeds were notoriously indifferent, good horses were expensive, fetching during the eighteenth century four times the price in England,' and had to be constantly imported from Persia and Central Asia.' The import of horses could naturally have created a counterdemand for Indian goods. Besides this indirect support to the market for craft products, the troopers created it more directly by their demand for armour and weapons and for certain comforts and luxuries for themselves and their families. Yet they also maintained a relatively large human establishment, comprising servants and slaves. We may estimate the population dependent upon them (including their own families) at about 5 million or so.

Besides cavalry, there was artillery. It is not possible to estimate the amount of metal used in the artillery of the Mughal army, or the amount of gunpowder it consumed. But in view of the numbers employed in the artillery (over 40,000 men), it is certain that at any time some tens of thousands of matchlocks (surely not less than 25,000, on these numbers) must have been in use; and it is a well-known fact that excessively heavy cannon were much favoured in India.' It is, therefore, likely that the increasing employment of artillery helped extensively to develop the saltpetre industry and the metallurgical and associated crafts. When Indian copper mines proved insufficient, there were heavy copper imports,' which could only have been met by corresponding exports of Indian commodities. The emperor and his nobles were generous patrons of the professions and arts and through pensions or gifts, they maintained scholars, poets, theologians, physicians, painters, musicians, and dancers. Among the ranks of this professional "middle" class may also be counted the accountants and officials who reproduced or tried to imitate on a smaller scale the mode of living of the nobility. But the total income and the pattern of expenditure of this class are both difficult to work out, owing to the very heterogeneous character of the class. If we assign two-thirds of the nobles' income to the maintenance of cavalry and artillery and about one-tenth to the support of the professional classes (probably a generous estimate), they should still have had about a fourth of their income to spend on themselves. Much of this went undoubtedly to maintain their notoriously huge establishments, for the nobles loved to spend "great sums on an extravagant display of elephants, horses, and servants." If the contemporaries marked anything else besides the nobles' love for a large train of

servants and slaves, it was their love of hoarding coin and treasure. And they left behind vast treasure hoards.

The imperial treasure hoard was, in comparison, enormous. Hoarding of treasure, especially gold and silver, created no direct demand for craft products and might be regarded as so much wastage of capital; but in so far as imports of gold and silver, like horses and copper, had to be counterbalanced by exports, such hoarding could lead indirectly to the expansion of demand for craft goods.

As for the direct demand for goods of consumption by the nobility, a quantitative statement is not possible. But inferences may be drawn from some general evidence. The Mughal nobles were, like their emperors, great builders. They built, besides, tombs, mosques, *sarais* (inns), paved tanks and bridges, which have survived the ravages of time better than their houses. The nobles' expenditure on articles of furniture and decoration as well as of personal use must have been truly great. Amidst the vast variety that was in demand, the emphasis was on the more expensive material and finer workmanship. Thus the articles ranged from the most precious jewels to the finest muslin. Many of the articles the nobles needed came from their own workshops (*karkhanas*). The imperial *karkhanas* have been better described; but they were the same in nature. A *karkhana* seems usually to have been a sort of hall, and there was a different one for each craft. Here the artisans were set to work, under close supervision, on material provided by the noble. Almost every kind of article was turned out in these *karkhanas*, the products made being either for use of the master or for gifts. But it is certain that the nobles also bought finished goods on the market. Indeed, it is unlikely that the smaller nobles could have supplied themselves adequately from their own establishments. There were shops which sold the most expensive articles for aristocratic customers. Indeed, Bernier, while disparaging the appearance of the Delhi shops, speaks of "an infinite quantity of the richest commodities" being collected there. Many of the goods that the nobles wanted came from abroad, particularly Persia and Central Asia; the demand for European goods was more limited and less certain. This too, was an indirect way of supporting craft production through stimulating exports. Thus there was a substantial population of artisans and un-skilled laborers employed in handicraft production and in trade and transport in order to meet the requirements of the aristocrats.

We may conclude, then, that based on the collection of enormous revenues from the agricultural sector and their concentration in the hands of a small ruling class, the Indian economy had achieved a considerable expansion of its urban sector during the Mughal period. This is largely corroborated by our information about the size of Indian towns. Toward the beginning of the seventeenth century, the largest towns of Mughal India appear to have been much larger in population than the largest European towns; but during the course of that century, as the urban population in Europe grew, the largest towns in both seemed to be of equal size to contemporary European visitors.

Not only was a high proportion of the urban population employed in industrial crafts, but it would appear that in actual volume of output per head the period could invite comparison with the early decades of this century taken as revenue and of the remainder. But since craft production accounted for a significant portion of consumption in the non-agricultural sector, the food grain component in the surplus must have been much smaller than in the remainder of the agricultural produce. The non-agricultural population should therefore have been much smaller as well, though it should have been more highly urbanized.

In Mughal India generally the artisans did not undertake production on their own but on behalf of merchants and others. When the merchants wished to have supplies of particular commodities according to their specifications at fixed rates and at stipulated times, they advanced money to artisans who bound themselves to fulfil these conditions. This system of advances appears to have prevailed all over India, though it was probably more extensive in commodities required for long-distance trade than in others. Under this system the artisan was left to buy the material himself. In Bengal, however, the English found it cheaper to discontinue cash advances to weavers, and instead to buy the silk raw and then give it out to the weavers. The reason for this was said to be that the latter, out of poverty, could not buy raw silk of the requisite quality even when granted advances. It can be seen, therefore, that the putting-out system was

widely in use; and that both cash advances and the giving-out of the raw material were established practices.

Beside the forms corresponding to the putting-out system, there existed forms of productive organization corresponding to the manufactory. It goes without saying that the large architectural monuments and other buildings of the Mughal period could not have been built without large numbers of craftsmen and ordinary laborers being assembled together and made to work under unified supervision. Yet this assemblage must generally have remained accidental, breaking up when the work of construction was over. More significant for potential capitalistic development was the assembling of numbers of artisans and laborers for continuous production. Tavernier's detailed description of diamond mines in the Deccan shows almost 60,000 laborers had been employed. A similar form of organization prevailed in the saltpetre industry. These do not yet bring us to manufactories proper, for though merchants are here seen as large-scale producers, the productive process involved neither specialized skill nor complex tools. The real counterpart of the manufactories was the *karkhana*. The royal *karkhanas* at Delhi are thus described by Bernier:

Large halls are seen in many places, called Kar-kanays or workshops for the artisans. In one hall embroiderers are busily employed, superintended by a master. In another, you see the goldsmiths; in a third, painters; in a fourth, varnishers, in lacquer work; in a fifth, joiners, turners, tailors, and shoemakers; in a sixth, manufacturers of silk, brocade, and those fine muslins. . . The artisans repair every morning to their respective Kar-kanays, where they remain employed the whole day; and in the evening return to their homes. In this quiet and regular manner their time glides away . . .

The *karkhanas* thus reflected the specialized skills developed outside but they converted the artisan, previously an independent or contract-producer, into a wage laborer. It is likely that he still retained ownership of his tools, or some of them; and it is not certain that there was any such further detailed division of skilled labor as developed within the European manufactory. And we have noted, the *karkhanas* of the Emperor and the nobles did not undertake commodity production, but production of luxury articles directly for use. This naturally set limits to their economic significance. But at least one royal establishment was different, namely, the mint. The Mughal coinage was "free"; that is, it was open to anyone to take silver bullion and get it coined into rupees, which were of practically pure silver, on payment of seignorage and mint charges. The output of these mints was considerable. The Surat mint, for example, once turned out 30,000 rupees a day for the English alone. We must therefore imagine the mints to have been very large establishments where men of different skills had to work together under the closest supervision. In certain trades, such as the silk trade in Bengal, it appears to have been more economical for the bigger merchants (like the English) to undertake the processes of winding, dyeing, and cleaning the raw silk in their own premises. But on the whole it would seem that despite the development of manufactories in the non-mercantile sector, the characteristic form of advanced commodity production had not yet proceeded beyond the putting-out system.

The advance from the putting-out system to the commodity-producing manufactory would undoubtedly have represented an important stage in the progressive control of labor by capital. That it did not really occur in Mughal India, except sporadically, is perhaps largely to be attributed to the better adaptability of domestic industry to excessive exploitation of labor. The paid labor of the domestic artisan included the labor of his wife and children, an advantage that would be lost in the merchant's manufactory. The merchants would not, therefore, have found it profitable to establish *karkhanas* unless the material used was too valuable to be risked by being given out to the artisans, or was too heavy, or the process of production was too short to justify the distribution of the material.

In handicrafts, merchant capital had developed considerably and had brought artisans under control through forms of the putting-out system. But the manufactory as an established form was yet largely outside of the sphere of commodity production. In other words, capital was by and large merchant-capital, and though the economy was fairly highly monetized, domestic industry still predominated

Technology

Little detailed work has been done so far on the techniques employed to obtain this large volume of production. This is an extremely important matter, for it is of course through an increasing sophistication of tools that the machine can develop in time.

A common feature in the tools of Indian crafts has been the extremely sparing use of metal, wood often serving where iron might be expected. By and large, the same could be said of the sciences. Sawai Jai Singh (d. 1744), the outstanding Indian astronomer, with five observatories to assist him, worked with the same Ptolemaic theory as Ulugh Beg (d. 1449): it was as if Copernicus had never existed. Such indifference to European progress was found not only in practically every branch of science, but, what is even more surprising, also in technology, where the products of European craft and industry were visible to the naked eye. Such lack of curiosity and emulation surely suggests that a state of stagnation had arrived.

European travellers of the seventeenth century, therefore, found Indian implements of production rather simple and crude: Bernier even speaks of the Delhi artisan as "destitute of tools." The development of skill involved extreme specialization. Pelsaert speaks of a hundred crafts in Agra-"for a job which one man would do in Holland, here passes through four men's hands before it is finished." As a result, Indian craftsmen were thought to be good at imitation, but not at designing anything themselves. However, the manufacture of certain mechanical devices, such as clocks, was not attempted, even in imitation. Owing to similar lack of ability to harness animal power for driving cutting and making tools and metal parts, Indians could not produce strong screws, nuts and bolts and metallic gearwheels. Throughout the 17th and eve 18th century the matchlock remained the most common weapon in Indian armies, while in Europe the flintlock had long come into use. Indians continued with the expensive bronze canon, much after these had become obsolete in Europe; and when in the 17th century the Indians took to making iron guns, they were unduly heavy. All these were due to an inability to produce cast iron. In civil engineering, despite the scale and brilliant design of many Mughal buildings, there was still considerable persistence with traditional prejudice. There was another great deficiency, the true significance of which we can see now: namely, the lack of development of mining engineering. 'It is curious that although the use of gunpowder for armament had been known and used, there is no evidence to suggest that it found its way into mining' (History of mining in India -circa 1400-1800 and Technology Status S. Bagchi & A.K Ghose). Iron ore was collected through surface excavations, and coal was not mined at all. In general, there were no deep mines. The salt mines of the Salt Range excited wonder, although actually the shafts there were horizontal, going into the sides of the hills, and each shaft was excavated by an individual miner. The lack of interest press as in the printing has long been cited as one further example of the Indian's inability to accept a momentous invention which could have had far ranging consequences for Indian culture.

From such facts, it would doubtless be tempting to take the view that development in production in India was more a matter of improving human dexterity than the quality of tools. Thus, for lifting water from depth for irrigation, it was essential to have the Persian wheel, which contained toothed-wheels, a gearing mechanism, and a bucket chain. In Mughal India it was made of wood, rope, and earthen pots. The all-metal machine did not come into use until the latter half of the nineteenth century. There was little question of any basic improvement in the technical principles of the mechanism. Similarly, the ordinary spinning wheel included in it two important mechanical devices, namely belt transmission of power and flywheel principle, though it was entirely made of wood. In other Indian crafts, the wheel was used for boring and for cutting and polishing metals and precious stones.' Thus, while it is true that extensive development in technology can only occur when metal, particularly iron, replaces other materials, this change may be delayed in a particular situation for no other reason than that a tool of lower efficiency can be used to manufacture the same commodity by employment of cheap skilled labour.

The crucial question would then be whether in cases where it was not possible to substitute skilled labour for improved tools and devices, the latter were yet rejected. In this respect, a study of the manufacture of artillery, the real "heavy industry" of the time both in Europe and in Asia, is likely to be the most instructive. The requirements of this industry led to the manufacture of cast iron in Europe. In India, while heavy brass guns were cast, all iron guns, together with many brass guns, were not cast but were made of welded bars hooped round.' Yet in Orissa, where iron was reported to be plentiful, "they cast anchors (of iron) for ships in moulds," though the quality was stated to be not so good as that of cast iron made in Europe.' It is also noteworthy that during the seventeenth century there was little dissatisfaction with the quality and efficiency of the artillery pieces manufactured in India. Bernier, for example, praises Indian muskets and fowling pieces for their excellence.' One possible explanation has been powerfully reinforced by Weber, that the caste system put a severe brake on economic development, through separating education from craft, segregating skills, preventing inter-craft mobility, and killing or restricting individual ambition in the artisan. Irfan Habib strongly rejects this theory. He opined that the castes were not eternally fixed in their attachment to single professions or skills. Over a long period, economic compulsions could bring about a radical transformation in the occupational basis of a caste. A well-documented case is that of the caste of tailors in Maharashtra, a section of which took to dyeing and another to indigo-dyeing, early in the eighteenth century. We may infer, therefore, that caste did not represent an insurmountable obstacle to the mobility of craft labour.

Having established, then, that there was a large urban market for non-agricultural goods, and a division of labour based on skilled specialization, coupled with certain technological advances, and the superfluity rather than scarcity of skilled labour.

TRANSPORT

The vast system of agrarian exploitation that the Mughal Empire represented was based, on the large drain of food grains and other agricultural produce from the countryside to then towns. The supplies were largely marketed, and in some cases the peasants themselves brought the supplies to the local market. But whether the peasant sold the grain in his village or at the nearest fair or in the urban market, the merchant usually took over. For the long-distance carrying trade, there had developed the famous nomadic class of *banjaras*, who first appear in records during the fourteenth century. During the seventeenth century they probably carried many hundreds of thousands of tons of agricultural produce across most regions of the country. Large herds of bullocks were used to convey food grains and goods of bulk by this semi-nomadic communities of carriers and cattle breeders called banjaras, but their movements, necessarily were slow since the animals had to be regularly let out at grazing grounds along the routes. Outside the Deccan and eastern India, camels provided another cheap means of conveyance. Compared with the prices of the goods carried, transport costs were high for goods of bulk. Conveying wheat by camel from Agra to Surat (a map distance of about 900km) would have involved a cost four times its normal price at Agra; conveying the more expensive white sugar involved a cost equal to only half its price. Road tolls and other taxes on the way further enhanced costs. The conditions of inland transport in the 16th and 17th century in India were not much different from those in other parts of the world. Rivers served as natural arteries for traffic borne on barges; on land, ox-carts were used throughout the country. The total capital involved in the trade in agricultural produce cannot be computed but must surely have been enormous.

Transport and travel were aided along the main routes by a system of *sarais* or inns, situated at about today's journey from each other. These were the result of both public and private effort, and they were varied from splendid masonry structures, some still surviving, to mud built quadrangles, which have mostly disappeared but often maintain a ghost-like existence in place-names. Smaller rivers were sometimes crossed by major highways on masonry bridges; but the large rivers were all unbridged, forcing travellers to use fords or ferries.

Quick conveyance of persons as well as of news and letters was maintained by the administration through stations for remounts(*dak chauki*), and a system of runners(*meowras*). Indian merchants and bankers maintained their own couriers; and there were '*bazar qasids*', carrying to particular places letters entrusted

to them by any persons desirous of using their services. Private persons could not make use of the government's messenger service. The degree of security on the routes varied, but these had developed an extensive indigenous system of insurance(*bima*), and the insurance rates quoted in our sources are fairly moderate.

COMMERCE

Mughal India, had extensive commodity production, without showing much trace of the emergence of industrial capital. Since to a number of scholars, the distinction between merchant capital and industrial capital is one of degree, and not of essence, it is necessary to enquire whether the absence of industrial capital did not stem from a lack of development of merchant capital.

A strong body of scholarly opinion has held that merchants in Mughal India could not obtain sufficient or secure profits and accumulate wealth, owing to various political and administrative causes: the insecurity of roads; the insecurity of merchants' property, it being threatened constantly by the avarice of the emperor and his nobles; the high taxes; and, finally, the interference with the conduct of free trade by the Mughal officials, who established their monopoly in various lines of trade within the area under their jurisdiction.

In urban commodity production, many artisans must have been selling directly to the consumers. Some worked for the nobles, producing goods directly for use. This would have restricted the limits of the operations of merchants, but not perhaps to a very great extent. In any case, in the trade of all valuable commodities, especially those for the long-distance market, there were merchants buying up large quantities from the artisans. The European sources stated in 1663 that the Surat merchants were "very rich," some of them worth more than 5 or 6 millions (of rupees). They had fifty ships trading with various overseas countries. Virji Vora, reputedly the richest Surat merchant at that time, was said to have an "estate" of 8 million rupees. Subsequently another merchant, Abdul Ghafur, was said to be worth the same sum, and it was reported that he possessed twenty ships, of between 300 and 800 tons each. He alone conducted trade equal to that of the whole English East India Company. It is not to be supposed that Surat was exceptional in respect of its merchants' wealth.

Beside the wealth of merchants, the sums invested in commerce by nobles were equally important. The outstanding example was Mir Jumla, one of the greatest merchants of the time and also one of the premier nobles of the Mughal Empire. The nobles had little hesitation in turning money to profit if the opportunity arose, and they even speculated in the financing of ship cargoes. But in many cases when their investment was combined with monopoly imposed by coercion the investment can hardly be regarded as an addition to the fund of commercial capital. On the whole it would appear that compared to their enormous resources the Mughal nobles made very few investments in commerce.

A patriotic Indian during the seventeenth century could justly take pride in the system of credit and banking that prevailed in India. Tavernier remarks that "in India a village must be very small indeed, if it has not a money-changer, called shroff (*sarrafa*), who acts as banker to make remittances of money and issue letters of exchange. The *sarrafs* not only transmitted money through their own *hundis* (bills) but by discounting the merchants' *hundis* they financed commerce, particularly long-distance and international trade, to a very large extent. So brisk was the use of these bills that in the Ahmadabad market merchants made their payments, or adjusted their obligations, almost entirely through transfer of paper. The prevalence of the system is shown also by the fact that almost any order of payment by anyone (such as a noble's order of payment of salaries to his troops) could become commercial paper, discounted by the *sarrafs*. The discount on *hundis* included the cost of insurance, since if the goods against which it was drawn were lost, the hundi could not be presented for payment. Insurance (*bima*), a business also carried on by the *sarrafs*, was fairly well-developed. *Hundis*, goods in transit, and cargo could all be insured. Since the *sarrafs* accepted deposits while they also advanced loans directly, they acted practically as deposit bankers. Thus they appear to have acquired even sums intended for the imperial treasury as deposits on loan. It is true that they too lent large sums to "men of quality" and others at high rates, and

thus converted part of their deposits into purely usurious capital. Yet it is possible, owing to their ability to advance large loans to merchants, that some of the capital mopped up through deposits was capital. From the point of view of the development of merchant capital, Indian economy appears to have reached a fairly advanced stage. It is noticeable that seventeenth-century European merchants and factors make no serious criticism of the Indian credit system, and there is little inclination to compare it unfavourably with the European, although most of its particularities, or differences, are noted.

But despite all this, the Indian credit system seems practically to have been formed for the requirements of commerce alone. Thus there was no provision for long-term investment. Rates of interest were calculated by the month. A loan was not expected to be carried beyond a year, since by customary practice the creditor could double the rate of interest on the completion of a year. Another feature, which is difficult to explain, is the consistently high rates of interest prevalent in India. The rates of interest current at Surat, Ahmadabad, and Agra and in the Deccan show uniformly a sharp fall, which by comparison with other information may be assigned to the early 1640's. The reasons for this fall remain obscure, unless it was linked up in some ways with the influx of bullion from the West. In any case, even afterward interest rates in India remained much higher than in England, and the difference was so great that it was suggested that the English East India company might send treasure to India solely for the purpose of being lent out at interest.

The high interest rates do not suggest an intrinsically capital starved economy. They may, on the other hand, have been due to the steady expansion of mercantile activity, following upon the wider and wider imposition of the cash nexus, from Akbar's reign onward.

Finally, we may consider the impact on the Indian economy of the great changes in the pattern of international trade during the sixteenth and seventeenth centuries, following the discovery of the New World and the rounding of the Cape of Good Hope. The large influx of bullion, especially silver, from the New World through Europe was bound to raise prices in India. In the course of the century prices appear to have almost doubled as shown by recent researches. It is, therefore, certain that the price revolution steadily affected India, as bullion flowed through the Middle East and round the Cape of Good Hope.

But the structure of Mughal-Indian economy weathered the effects of the worldwide price revolution without much difficulty and the merchants reaped long-term extra profits from the seventeenth-century inflation. Any number of reasons may be offered why a society exhibiting such features should or should not have developed into full-blown capitalism in due course. Here it must be considered whether the entire commercial structure of the Mughal-Indian economy was not largely parasitical, depending upon a system of direct agrarian exploitation by a small ruling class. It is not to be forgotten that practically no rural market existed for urban crafts; rural monetization was thus almost entirely the result of the need to transfer surplus agricultural produce to the towns.

Accordingly, when a crisis developed within the agrarian system, it was bound to extend to the entire structure of Indian economy. In so far as capital, confined practically to the sphere of commerce, had failed to develop any independent basis for itself, its fortunes would lie with the Mughal ruling class, and, after its collapse, with such other classes as imitated or inherited the methods and institutions of that class.