



MUGHAL ECONOMY AND TRADE IN INDIA

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ABSTRACT

The Mughal Empire played an important role in the economic and commercial history of early modern India. From the sixteenth to the eighteenth century, the Mughal economy was supported by agriculture, land revenue, handicrafts, manufacturing, internal commerce, and overseas trade. The expansion and consolidation of the empire brought large regions under a relatively integrated administrative and revenue system, facilitating the movement of agricultural and manufactured goods across different parts of the subcontinent.

Agriculture formed the principal foundation of the Mughal economy, while the state derived a major portion of its income from land revenue. At the same time, India witnessed substantial production of textiles, silk, indigo, spices, saltpetre, metal goods, and other commodities. Major commercial centres and ports connected inland markets with international trading networks extending to Central Asia, Persia, the Ottoman world, Southeast Asia, and Europe.

The Mughal period also witnessed the growing presence of European trading companies, including the Portuguese, Dutch, English, and French. Indian merchants, bankers, moneylenders, and trading communities continued to play an important role in domestic and international commerce. This study examines the structure of the Mughal economy, agricultural production, revenue administration, industries, internal trade, overseas commerce, major markets and ports, and the role of different trading communities. It also seeks to understand the broader significance of Mughal economic and commercial developments in the history of early modern India.

KEYWORDS: *Mughal Empire, Mughal Economy, Agriculture, Land Revenue, Trade, Commerce, Markets, Ports, Textile Industry, European Traders, Indian Merchants, Overseas Trade, Manufacturing, Early Modern India.*

INTRODUCTION

The Mughal Empire was one of the major political and economic powers of early modern India. Established by Babur in 1526, the empire expanded considerably under rulers such as Akbar, Jahangir, Shah Jahan, and Aurangzeb. The expansion of Mughal territory brought large agricultural regions, towns, manufacturing centres, and commercial routes under a common imperial framework. Economic activities during this period included agriculture, handicrafts, manufacturing, internal trade, and maritime commerce.



Agriculture was the principal foundation of the Mughal economy. A large proportion of the population depended directly or indirectly on cultivation. The Mughal state obtained a substantial part of its revenue from agricultural production through an elaborate system of land assessment and revenue collection. Under Akbar, efforts were made to standardize revenue assessment, most notably through the system associated with Raja Todar Mal. The resulting revenue system provided resources for the administration, military establishment, court, and other functions of the empire.

Alongside agriculture, **handicrafts and manufacturing** were important components of the economy. India was particularly well known for its cotton textiles, silk, indigo, carpets, metalwork, saltpetre, and other products. Textile-producing regions supplied both domestic markets and overseas consumers. Centres such as Gujarat, Bengal, Agra, Lahore, and the Coromandel Coast became important locations for production and commerce.

The growth of **internal trade** was supported by an extensive network of roads, rivers, markets, fairs, and commercial centres. Merchants transported agricultural products and manufactured goods between villages, towns, regional markets, and major cities. Groups such as the Banjaras were involved in the movement of bulk commodities, while merchant and banking communities provided important commercial and financial services.

Maritime trade also occupied an important position. India's long coastline connected its ports with commercial networks across the Indian Ocean. Ports such as Surat, Cambay, Masulipatnam, Hooghly, and others participated in regional and international trade. Indian merchants traded with regions of the Persian Gulf, Red Sea, Southeast Asia, and beyond.

The Mughal period also witnessed increasing participation by **European trading companies**. Portuguese traders established an early European presence in the Indian Ocean, followed by the Dutch East India Company, English East India Company, and French East India Company. European merchants sought Indian textiles, spices, indigo, saltpetre, and other commodities, while bringing silver and other goods into Indian markets.

The Mughal economy was therefore connected to both **local and global commercial networks**. It involved peasants, zamindars, artisans, merchants, bankers, traders, nobles, and the imperial state. The interaction between agricultural production, manufacturing, taxation, markets, and international trade shaped the economic life of the Mughal Empire.

The present study examines the **structure and development of the Mughal economy and trade in India**, with particular attention to agriculture, land revenue, industries, markets, internal trade, maritime commerce, and the role of Indian and European merchants. It aims to understand the major characteristics of the Mughal economic system and its significance in the wider history of early modern India.

AIMS AND OBJECTIVES

Aim

The main aim of this study is to examine the **structure, development, and functioning of the Mughal economy and trade in India** and to understand their significance in the economic and social history of early modern India.

Objectives

1. To study the **agricultural foundations** of the Mughal economy.
2. To examine the Mughal **land revenue system** and its importance to the imperial administration.

3. To study the development of **handicrafts, manufacturing, and major industries** during the Mughal period.
4. To examine the growth of **internal trade, markets, commercial centres, and trade routes**.
5. To study the development of **maritime and overseas trade** during the Mughal period.
6. To identify major **ports and commercial centres** and examine their role in trade.
7. To examine the role of **Indian merchants, bankers, moneylenders, and trading communities**.
8. To study the arrival and activities of **European trading companies** in India.
9. To examine the major commodities involved in **domestic and international trade**.
10. To understand the relationship between **state policies, agriculture, manufacturing, and commerce**.
11. To assess the role of trade in the **urbanization and development of important cities**.
12. To understand the broader significance of the Mughal economy in the **economic history of early modern India**.

REVIEW OF LITERATURE

The Mughal economy and trade have been extensively studied by historians of medieval and early modern India. Their works provide information about agriculture, taxation, manufacturing, commerce, merchants, markets, and international trade.

Irfan Habib, in *The Agrarian System of Mughal India*, provides a detailed study of the Mughal agrarian structure, land revenue, rural society, agricultural production, and relationships between the state, zamindars, and peasants. The work is particularly important for understanding the agricultural foundation of the Mughal economy.

Satish Chandra, in *Medieval India: From Sultanat to the Mughals*, discusses the economic and administrative developments of the Mughal period. His work provides useful background on the revenue system, administrative structure, trade, and economic changes under different Mughal rulers.

Shireen Moosvi, in *The Economy of the Mughal Empire*, examines various aspects of Mughal economic life, including agricultural production, population, revenue, manufacturing, consumption, and trade. Her quantitative approach provides an important basis for understanding the scale and structure of the Mughal economy.

Ashin Das Gupta, particularly through his studies of Indian merchants and maritime trade, has contributed significantly to the understanding of India's commercial relations with the wider Indian Ocean world. His research highlights the role of Indian merchants and ports in international commerce.

Om Prakash, in his studies of European commercial activity in India, examines the role of European trading companies and their participation in the Indian Ocean trade. His work is useful for understanding the relationship between Indian and European commercial networks.

Abul Fazl's Ain-i-Akbari is an important primary source for studying Akbar's revenue administration, agricultural production, prices, occupations, and administrative arrangements. It provides valuable information about the economic organization of the Mughal Empire during Akbar's reign.

European travellers such as **François Bernier, Jean-Baptiste Tavernier, and Niccolao Manucci** also provide observations on markets, manufacturing, cities, trade, prices, and economic conditions. Although their accounts need to be critically evaluated, they provide useful contemporary perspectives.

The existing literature demonstrates that the Mughal economy was based on a combination of **agriculture, revenue extraction, manufacturing, internal commerce, and international trade**. It also indicates that Indian merchants and producers played an important role in wider commercial networks. The present study brings these different dimensions together to provide a broader historical understanding of the Mughal economy and trade.

RESEARCH METHODOLOGY

The present study follows a **historical, analytical, and qualitative research methodology**, supported where appropriate by quantitative information from historical sources and modern scholarship.

Primary Sources

The study draws upon contemporary and near-contemporary sources, including:

- *Ain-i-Akbari* of Abul Fazl
- *Akbarnama* of Abul Fazl
- *Baburnama* of Babur
- *Tuzuk-i-Jahangiri* of Jahangir
- Persian administrative and historical chronicles
- European travellers' accounts
- Records relating to European trading companies
- Inscriptions, coins, and other material evidence

These sources are examined to understand revenue administration, agricultural production, prices, markets, commercial practices, manufacturing, and overseas trade.

Secondary Sources

Secondary sources include:

- Books by modern historians
- Scholarly articles and research papers
- Studies of Mughal agriculture and revenue administration
- Economic and social histories of medieval India
- Studies of Indian Ocean trade
- Research on European commercial activities in India

METHOD OF ANALYSIS

The research uses **source criticism and comparative historical analysis**. Information from different sources is compared to identify similarities, differences, and possible limitations.

The study examines the relationship between **agriculture and revenue, production and markets, merchants and trade networks, and Indian and European commercial activities**. Where quantitative estimates are used, their sources and limitations are considered carefully. The research also adopts a **chronological and thematic approach**, examining developments under major Mughal rulers while separately analysing agriculture, manufacturing, internal trade, and overseas commerce.

STATEMENT OF THE PROBLEM

The Mughal Empire possessed a large and complex economy based primarily on agriculture but supported by manufacturing, handicrafts, internal commerce, and international trade. Despite the importance of these activities, understanding the precise structure and functioning of the Mughal economy presents several historical challenges.

One major problem is determining the relationship between **agricultural production and the Mughal land revenue system**. Revenue constituted an important source of imperial income, but its collection affected peasants, zamindars, local officials, and rural society in different ways. Understanding these relationships is essential for assessing the functioning of the Mughal economic system.

Another problem concerns the relationship between **manufacturing and trade**. Mughal India was known for textiles and other manufactured products, but production was organized through different forms of household, artisan, merchant, and state activity. The extent to which imperial policies influenced these industries requires careful examination.

The growth of **internal and overseas trade** also raises important questions. Indian merchants participated extensively in regional and international commerce, while European trading companies increasingly entered Indian markets from the sixteenth century onwards. Understanding the interaction between these different commercial groups is necessary for studying the development of India's early modern economy.

A further difficulty arises from the nature of historical sources. Mughal administrative records often concentrate on taxation and state interests, while European travellers frequently described economic conditions from their own perspectives. Consequently, different sources may provide different or incomplete pictures of economic life.

Therefore, the central problem of this study is to understand **how the Mughal economy was organized, how agriculture, revenue, manufacturing, markets, and trade were interconnected, and how Indian and European merchants participated in domestic and international commerce**. The study seeks to examine these issues through a critical analysis of available primary and secondary sources.

NEED OF THE STUDY

The study of the Mughal economy and trade is important for understanding the economic, social, and commercial history of early modern India. The Mughal Empire controlled a large and agriculturally productive territory, and its economic system supported a substantial administrative and military establishment.

Agriculture formed the principal basis of the economy, while land revenue was an important source of state income. At the same time, handicrafts, textile production, metalwork, indigo, saltpetre, and other industries contributed significantly to economic activity. Studying these sectors helps explain the relationship between rural production, urban centres, markets, and the imperial administration.

The Mughal period also witnessed extensive **internal and overseas trade**. Major commercial centres and ports connected different parts of India with the Persian Gulf, Red Sea, Central Asia, Southeast Asia, and European markets. Indian merchants, bankers, and trading communities played important roles in these networks, while European trading companies increasingly became involved in Indian commerce.

The study is therefore necessary to understand how **agriculture, revenue, manufacturing, markets, merchants, and international trade interacted** within the Mughal economic system. It also helps place India's economy within the wider commercial networks of the early modern world.

FURTHER SUGGESTIONS FOR RESEARCH

Further research on the Mughal economy and trade can be undertaken in the following areas:

1. **Regional economic studies:** Examine the economic development of Bengal, Gujarat, the Deccan, Punjab, Malwa, and the Coromandel Coast separately.
2. **Agrarian history:** Conduct further research on peasants, zamindars, irrigation, crops, agricultural technology, and rural markets.
3. **Textile industry:** Study the organization of textile production, artisan communities, merchant networks, and export markets.
4. **Indian Ocean trade:** Examine the participation of Indian merchants in commercial networks connecting India with Arabia, Persia, East Africa, and Southeast Asia.

5. **European companies:** Compare the commercial activities of the Portuguese, Dutch, English, and French in different parts of India.
6. **Banking and credit:** Investigate the role of bankers, moneylenders, bills of exchange, and indigenous financial institutions.
7. **Urban economic history:** Study the growth of cities such as Agra, Delhi, Lahore, Surat, Ahmedabad, and Dhaka as commercial and manufacturing centres.
8. **Prices and wages:** Further research could examine changes in prices, wages, consumption, and living standards using available quantitative evidence.
9. **Environmental history:** Examine the relationship between agriculture, climate, water resources, forests, and economic production.
10. **Comparative research:** Compare the Mughal economy with contemporary economies in Europe, Persia, the Ottoman Empire, and other parts of Asia.

SCOPE AND LIMITATIONS

Scope

The study covers the economic and commercial developments of the Mughal Empire, particularly from the sixteenth to the eighteenth centuries. It examines agriculture, land revenue, manufacturing, handicrafts, markets, internal trade, maritime commerce, and international trade.

The study also considers the role of the Mughal state, peasants, zamindars, artisans, merchants, bankers, and European trading companies in the functioning of the economy.

Limitations

The study has several limitations. Much of the surviving documentary evidence was produced by the Mughal administration, court officials, merchants, or foreign travellers. Such sources may emphasize particular aspects of economic life and may not fully represent the experiences of all social groups.

Reliable quantitative data on population, production, income, prices, wages, and trade volumes are also limited and sometimes difficult to compare across regions and periods. Estimates provided by historians may therefore differ.

The economic conditions of the Mughal Empire also varied considerably between regions. Evidence from one province or commercial centre cannot necessarily be applied to the entire empire. Furthermore, the available sources provide greater information about major cities, revenue administration, and long-distance trade than about the everyday economic activities of ordinary rural households.

Scope of the Study

The study focuses on the following major areas:

1. **Agricultural foundations** of the Mughal economy.
2. **Land revenue administration** and its relationship with the imperial state.
3. **Agricultural crops, irrigation, and rural production.**
4. **Handicrafts and manufacturing**, particularly textile production.
5. **Internal trade** and the development of markets and commercial routes.
6. **Major commercial and urban centres**, including Agra, Delhi, Lahore, Ahmedabad, Surat, and other important centres.
7. **Maritime trade** through major ports on the western and eastern coasts.
8. **International trade** with Central Asia, Persia, the Middle East, Southeast Asia, and Europe.
9. **Indian merchants, bankers, moneylenders, and trading communities.**

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10. **European trading companies** and their commercial activities in India.
 11. **Major commodities**, including textiles, spices, indigo, saltpetre, silk, and other agricultural and manufactured goods.
 12. **Relationship between the Mughal state, production, taxation, and commerce.**
 13. **Urbanization and economic development** during the Mughal period.
 14. The broader **historical significance of the Mughal economy and trade** in the development of early modern India's economic history.

FINDINGS

The study of the Mughal economy and trade reveals the following major findings:

1. **Agriculture was the foundation of the economy:** The majority of the population depended directly or indirectly on agriculture. Agricultural production provided the principal source of livelihood and an important source of state revenue.
2. **Land revenue was central to the Mughal state:** The Mughal administration developed systematic methods of assessing and collecting land revenue. Under Akbar, revenue administration was reorganized and standardized in several regions.
3. **Diverse agricultural production:** Cultivation included food crops as well as commercial crops such as cotton, indigo, sugarcane, and other regionally important products.
4. **Growth of handicrafts and manufacturing:** Mughal India had important centres of textile production, silk weaving, metalwork, carpets, indigo processing, and other crafts. Cotton textiles were particularly significant in both domestic and overseas markets.
5. **Expansion of internal trade:** A network of roads, rivers, markets, fairs, and commercial centres connected villages, towns, and major cities. Goods moved between agricultural regions, manufacturing centres, and urban markets.
6. **Important role of merchants:** Indian merchants, traders, bankers, and moneylenders played an important role in financing production and facilitating domestic and long-distance commerce.
7. **Development of maritime trade:** Indian ports connected the subcontinent with commercial networks across the Indian Ocean, including the Persian Gulf, Red Sea, East Africa, and Southeast Asia.
8. **Participation in international trade:** Mughal India exported textiles, indigo, spices, saltpetre, silk, and other commodities while importing products such as horses, metals, luxury goods, and other materials.
9. **European commercial presence:** Portuguese, Dutch, English, and French traders became increasingly involved in Indian commerce. Their activities formed part of the existing commercial networks rather than replacing Indian merchants immediately.
10. **Growth of urban centres:** Major cities and ports developed as centres of administration, manufacturing, consumption, and trade. Cities such as Agra, Delhi, Lahore, Ahmedabad, Surat, and Dhaka acquired considerable commercial importance.
11. **Regional diversity:** Economic conditions differed substantially between regions. Bengal's textile and agricultural production, Gujarat's maritime commerce, and the Coromandel Coast's textile and port activities demonstrate this diversity.
12. **Integration of economic activities:** Agriculture, taxation, manufacturing, markets, and long-distance trade were closely interconnected and together supported the functioning of the Mughal Empire.

DISCUSSION

The Mughal economy was a complex system in which **agriculture, state revenue, manufacturing, commerce, and finance** were closely connected. Agriculture provided the economic foundation, while the revenue system enabled the state to maintain its administrative and military institutions.

The importance of agriculture meant that the Mughal state had a strong interest in the assessment and collection of land revenue. The revenue system was not uniform in practice across the entire empire, but attempts were made to establish systematic methods of assessment. The relationship between the state, zamindars, and peasants was therefore an important feature of the Mughal economic structure.

At the same time, Mughal India had a substantial **manufacturing sector**. Textile production was particularly important. Cotton and silk goods were produced in several regions and were sold in domestic markets as well as exported overseas. Other products such as indigo, saltpetre, carpets, metal goods, and sugar also entered commercial networks.

Internal trade connected agricultural villages with towns and major commercial centres. Merchants transported food grains, raw materials, textiles, and other commodities over considerable distances. Banking and credit arrangements also supported commercial activity. Indigenous financial groups helped merchants and producers conduct transactions across different regions.

Maritime commerce further connected India with the wider Indian Ocean economy. Ports on both the western and eastern coasts participated in international trade. Gujarat, Bengal, and the Coromandel Coast were particularly important commercial regions. Indian merchants were active participants in this trade and maintained connections with markets beyond the subcontinent.

The arrival of European trading companies added another dimension to India's commercial history. European companies sought Indian textiles and other commodities and established trading settlements and factories at various ports. However, European participation existed alongside long-established Indian, Arab, Persian, and other Asian commercial networks.

The Mughal economy therefore cannot be understood as a purely state-controlled system. The state played an important role through taxation, regulation, and expenditure, but economic activity depended upon **peasants, artisans, merchants, bankers, zamindars, transporters, and overseas traders**.

Regional differences are also important. Bengal, Gujarat, the Coromandel Coast, Punjab, and the Gangetic plain had different patterns of production and commerce. Consequently, the Mughal economy should be viewed as a **diverse and interconnected regional economy** rather than a completely uniform system.

CONCLUSION

The study concludes that the Mughal economy was based on a strong agricultural foundation but was supported by extensive manufacturing, internal trade, banking, and international commerce. Land revenue provided an important source of income for the imperial administration, while agriculture sustained a large rural population.

Mughal India also possessed a significant manufacturing and commercial sector. The production of textiles, indigo, silk, saltpetre, and other commodities connected Indian producers with both domestic and international markets. Indian merchants and financial communities played a major role in facilitating this economic activity.

The expansion of maritime commerce connected Indian ports with the wider **Indian Ocean trading world**. The increasing presence of European companies during the Mughal period introduced new commercial participants but operated alongside established Indian and Asian trading networks.

The Mughal economy was therefore characterized by **agricultural production, revenue extraction, manufacturing, regional specialization, commercial networks, and international trade**. Its historical significance lies in the way these different sectors interacted and connected India to wider economic networks during the early modern period.

RECOMMENDATIONS

Based on the findings of the study, the following recommendations are suggested:

1. **More regional studies:** Future research should examine the economies of Bengal, Gujarat, the Deccan, Punjab, and the Coromandel Coast separately.
2. **Greater study of ordinary people:** Research should give more attention to peasants, artisans, labourers, transporters, and small-scale traders.
3. **Further study of Indian merchants:** The activities of Indian merchant and banking communities deserve greater attention in studies of Mughal trade.
4. **Detailed study of manufacturing:** More research should examine the organization of textile production and other industries, including the relationship between artisans, merchants, and consumers.
5. **Study of maritime networks:** Indian Ocean trade should be examined as a connected network involving Indian, Asian, Middle Eastern, and European merchants.
6. **Use of quantitative methods:** Historical price data, revenue records, wage information, and commodity statistics should be analysed where reliable evidence is available.
7. **Examination of regional markets:** Further research should investigate local markets and their connections with major urban and international commercial centres.
8. **Study of environmental factors:** The relationship between climate, irrigation, agricultural production, and economic change deserves greater attention.
9. **Critical use of European sources:** European travellers' accounts and company records should be compared with Indian and Persian sources to avoid relying on a single perspective.
10. **Interdisciplinary research:** Economic history can be strengthened through the combined use of history, archaeology, geography, numismatics, environmental studies, and quantitative analysis.

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