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# MHI-107

## History of Indian Economy-2 C. 1700-2000

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# QUESTION PAPER

June – 2024

(Solved)

## HISTORY OF INDIAN ECONOMY-2 C. 1700-2000

MHI-107

Time: 3 Hours ]

[ Maximum Marks : 100

Note: (i) Attempt any five questions. (ii) Answer at least two questions from each Section. (iii) All questions carry equal marks.

### SECTION-I

**Q. 1. The eighteenth century was a century of 'anarchy and chaos'. Examine.**

Ans. Ref.: See Chapter-1, Page No. 3, Q. No.2.

**Q. 2. Analyse the British Indian Government's land policy.**

Ans. Ref.: See Chapter-5, Page No. 28, Q. No. 1.

**Q. 3. 'Indian currency system was intended to serve the colonial interests.' Analyse**

Ans. Ref.: See Chapter-8, Page No. 48, Q. No. 4.

**Q. 4. Write a note on epidemics during the colonial period. What was the colonial government's response towards epidemics?**

Ans. Ref.: See Chapter-11, Page No. 65, 'Introduction', Page No. 66, 'The Scourge of Epidemics' and 'Famines and Colonial Policies'.

**Q. 5. Write short notes on the following:**

**(a) Decline of Surat**

Ans. The decline of Surat, once a prominent port city and commercial hub during the Mughal era, was shaped by a convergence of political, economic, and environmental factors. At its peak in the 16th and 17th centuries, Surat connected India to global markets across the Middle East, Southeast Asia, and Europe. However, its prominence faded due to shifts in trade dynamics, particularly with the rise of Bombay (now Mumbai) under British control. Bombay's natural harbour and strategic location made it the preferred trading hub for European powers, especially the British East India Company, which monopolized maritime commerce. This shift redirected trade routes away from Surat, reducing its economic significance.

The decline of the Mughal Empire in the late 17th century also played a critical role. Surat had thrived under Mughal patronage, but as the empire weakened,

the city faced political instability and invasions, notably by the Marathas. Concurrently, European competition intensified, with the Portuguese, Dutch, and British dominating maritime trade and sidelining Indian merchants. Natural calamities, including frequent flooding and the silting of the Tapi River, further hindered Surat's port operations, making it less viable for large ships. The city's famed textile and silk industries also suffered as British industrial goods replaced handcrafted products in global markets.

British colonial policies accelerated Surat's decline. Heavy taxation and the plundering of the city's wealth stifled local economic activity, while the colonial administration concentrated resources on developing Bombay and other strategic ports. By the mid-19th century, Surat's status as a major trade hub had diminished, and its economy stagnated. However, the city reinvented itself in modern times, emerging as a global center for diamond cutting and textile production. This resurgence, while significant, marks a distinct phase from Surat's earlier maritime and commercial glory.

**(b) Pan-Asian Bazaar Economy**

Ans. Ref.: See Chapter-4, Page No. 24, Q. No. 4.

**(c) Pre-Colonial Tribal Economy**

Ans. Ref.: See Chapter-13, Page No. 77, Q. No. 1.

**(d) Early Census**

Ans. Ref.: See Chapter-14, Page No. 82, 'Early Census' and 'Limitations'.

### SECTION-II

**Q. 6. 'There is not much direct evidence of the decline of India's traditional industries.' Analyse the statement in the light of the deindustrialization debate.**

Ans. Ref.: See Chapter-15, Page No. 93, Q. No. 2.

**Q. 7. Trace the emergence and growth of Indian Capitalist Class in Colonial India.**

**Ans. Ref.:** See Chapter-18, Page No. 110, Q. No. 1 and Page No. 111, Q. No. 2.

**Q. 8. Examine the nature of women's employability in colonial India.**

**Ans. Ref.:** See Chapter-20, Page No. 123, Q. No. 2.

**Q. 9. What were the focal points of 1950-1980 industrial policy?**

**Ans. Ref.:** See Chapter-24, Page No. 149, Q. No. 2.

**Q. 10. Write short notes on the following:**

**(a) Indian Response towards colonial interventions in the field of Science and Technology in India.**

**Ans. Ref.:** See Chapter-21, Page No. 132, Q. No. 2.

**(b) Bank Nationalisation**

**Ans. Ref.:** See Chapter-25, Page No. 158, Q. No. 3.

**(c) Birla Brothers**

**Ans. Ref.:** See Chapter-17, Page No. 108, Q. No. 5.

**(d) Globalization**

**Ans. Ref.:** See Chapter-24, Page No. 147, 'Formal Globalization and Corporate Revival from the 1990s' and Page No. 153, Q. No. 11.



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# Sample Preview of The Chapter

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## HISTORY OF INDIAN ECONOMY-2 C. 1700-2000

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### The Eighteenth Century in Indian History

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1

#### INTRODUCTION

In the 18th century, India witnessed a tumultuous era marked by the vulnerability of the Mughal Empire to Afghan invasions, Maratha expansion, and internal strife. The empire's collapse was accelerated by fiscal breakdowns and political disarray. The British East India Company capitalized on this chaos, gradually establishing colonial dominance. Historiography of this period reflects debates on the empire's decline, rejecting simplistic narratives of religious bigotry or moral decay. Instead, it emphasizes systemic failures, economic crises, and local resurgence. Cultural vitality thrived in regional states like Lucknow and Bengal. Debates persist over the Company's transition to a political force, the roots of colonialism, and its social-economic impacts.

#### CHAPTER AT A GLANCE

##### THE EIGHTEENTH CENTURY: SALIENT FEATURES

The 18th century in India marked two significant transitions. Firstly, the Mughal Empire fragmented into regional entities due to internal crises, while concurrently, the British East India Company rose to power post-Plassey (1757) and Buxar (1763), transforming from a trading entity to a ruling power. This century is now viewed as a 'long' one, starting from the 1680s with Mughal disintegration and extending to the 1820s, witnessing major political re-alignments. Economically, despite challenges posed by the Company's dominance, regional growth persisted. Additionally, understanding the century requires considering India's integration into the global economy, with Indian Ocean trade shaping economic dynamics amidst European influences.

#### THE 18TH CENTURY DEBATE

The 18th-century India witnessed profound changes, prompting diverse interpretations. Historians broadly divide into two camps: empire-centric vs. region-centric views pre-1750, and Indianist vs. Euro-peansist perspectives post-1750. Empirecentric views highlight the Mughal Empire's decline, emphasizing chaos and predatory formations. Region-centric perspectives focus on local agency, highlighting the rise of autonomous kingdoms and oppositional polities. Europeansist views stress Europe's triumph over a chaotic India, while Indianist perspectives emphasize India's agency in shaping British rule. Indianists argue for deep continuities amidst commercial growth, viewing the 18th century as a period of transformation rather than rupture. This nuanced understanding challenges traditional narratives of decline and discontinuity.

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

The decline of the Mughal Empire is subject to various interpretations, dismissing notions of moral decay or weak rulers. Irfan Habib emphasizes fiscal crises and factional struggles, while Satish Chandra and Athar Ali highlight flaws in the jagir system. John Richards argues for imperial consolidation failure. Marshall Hodgson suggests technological lag contributed to empire decline. Iqtidar Alam Khan underscores the dual role of gunpowder in empowering both state and subjects. Stewart Gordon illustrates the Marathas' military success through diverse recruitment. Structural and conjunctural issues compounded the decline, revealing a complex interplay between the center and localities, characterized by fluctuating power dynamics and fiscal tensions.



### THE PROCESS OF REGIONALIZATION

A region-centric perspective reveals diverse interpretations of the Mughal Empire's collapse. Andre Wink highlights internal subversion, while Stephen Blake portrays it as a tightrope balancing act. M.N. Pearson argues for the failure to reconcile paternalistic rule with military aspirations. Muzaffar Alam underscores the continual subversion by local elites. Pressures pulling from the state included factionalism and local elite consolidation. Regional elites varied in social status, wielding significant influence through financial and military means. They formed diverse regimes: "successor" states, independent polities like the Marathas and Jats, and local principalities. These dynamics reshaped political landscapes across India, leading to diverse regimes and power struggles.

### HOW 'MUGHAL' WERE THESE REGIMES?

The political changes in north India during the early 18th century did not abruptly depart from the established Mughal governance pattern. Instead, a gradual shift towards regional autonomy occurred, notably in Bengal, Hyderabad, and Awadh. Despite claiming sovereignty, regional rulers maintained Mughal administrative forms and practices, including Persian as the official language. However, significant deviations emerged. Regional governors modified or broke away from Mughal systems, particularly the jagirdari system, and consolidated power. Fiscal management saw the rise of revenue farming, despite Mughal disapproval, leading to closer ties between the state and wealthy individuals. The increasing involvement of European, especially British, elements in Indian politics reshaped power dynamics. European military expertise became sought-after, as seen in conflicts like the Carnatic Wars. British support for regional rulers granted them revenue leases and military presence. Additionally, British loans facilitated indigenous capital flow into the regional state system. This period witnessed a complex interplay of Mughal legacy, regional autonomy, fiscal innovation, and European influence, marking a transformative era in Indian political history.

### THE ECONOMY OF THE EIGHTEENTH CENTURY

The economic context of 18th-century India remains debated, particularly regarding the regionalization processes amid expansion, crisis, or stasis. Post-Mughal polity creation saw disruptions, but transitions in Bengal and Awadh were relatively peaceful. Accusations against the Marathas include plundering, yet some areas saw agricultural encouragement and trade revival, suggesting a nuanced economic landscape.

**Emergence of New Town Centres:** The economic landscape of 18th-century India presents a mixed

picture of urban growth and decline. While some cities like Shahjahanabad declined, others such as Agra thrived. Bengal saw the rise of cities like Calcutta and Murshidabad. In western India, Bombay rose as Surat declined. Central and southern India witnessed urban expansion despite political turbulence, with towns like Ujjain, Indore, Poona, and Hyderabad growing into prosperous trading centres. Overall, despite initial disruptions, the century likely saw a net increase in urbanization and urban economy, with many towns thriving and expanding.

**Expansion of Overseas Trade:** In the 18th century, India's economic vitality was evident through its overseas trade expansion despite disruptions like Maratha invasions and Anglo-French conflicts. Om Prakash highlighted Bengal's significant export growth, compensating for declines in other regions. English trade notably surged, especially in Bengal. Historians debate whether Bengal's exports were primarily to Asia or Europe before British conquest. Regardless, India's trade pre-colonization was already linked to Europe, resulting in substantial export expansion and bullion influx.

This trade boom likely boosted income, output, and employment, with Bengal seeing a 10% increase in artisanal employment. However, increased bullion injection might have led to inflation. Still, Bengal's economy thrived with growing markets and specialization, while other regions also witnessed economic growth, buoyed by expanded trade networks and agricultural advancements.

The British East India Company's dominance from 1757 transformed India's economic landscape. While it maximized revenue and altered trading patterns, the impact wasn't entirely negative, with Bengal's commercial economy largely unaffected. Indigenous financial systems persisted, supporting British financial needs and facilitating trade expansion, particularly in private English trading.

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

Despite India's economic changes under early colonialism, it's erroneous to view it solely through devastation. The East India Company's mercantilist policies aimed at stabilizing Bengal's revenue for its commerce, like the Permanent Settlement. While it expanded private property, it exacerbated agrarian distress, especially post-1790. Rural stratification increased, benefiting *zamindars* and *jotedars*. In south India, *mirasdars* gained power as village contractors, exploiting labourers. The company's harsh control over artisans and weavers caused vulnerability. Despite this, some artisans thrived in the internal market. However,

THE EIGHTEENTH CENTURY IN INDIAN HISTORY / 3

the Company's drain of wealth, estimated at £4 million annually, fuelled India's economic colonization, enriching Europeans while harming India's economy.

**EXERCISE**

**Q. 1. 'The eighteenth century was a century of universal decline.' Comment.**

**Ans.** The assertion that the eighteenth century was a period of universal decline requires a nuanced examination, especially concerning India under early colonial rule. While traditional narratives often emphasise devastation and decay, a closer look reveals a more complex reality shaped by the policies of the East India Company and their impact on Indian society and economy. Firstly, it's crucial to acknowledge that the Company's presence in India wasn't solely marked by devastation. While their mercantilist policies aimed to bolster their commerce, they also introduced changes that affected various sectors of society. For instance, the Permanent Settlement in Bengal, while stabilizing revenue for the Company, expanded private property rights. However, this came at a cost, exacerbating agrarian distress post-1790. The dip in agricultural prices left many cultivators vulnerable, highlighting the downside of company intervention.

Similarly, in south India, the company's actions widened cash transactions and consolidated the power of mirasdars, who began combining cultivation with revenue farming. This led to increased economic and social subordination for less privileged groups. Additionally, the company's harsh treatment of artisans and weavers, coupled with their monopolistic practices, rendered many vulnerable to fluctuations in prices and demand. Yet, it's important to note that some artisans managed to navigate the system, finding success in the internal market.

Despite these challenges, it would be overly pessimistic to paint the entire century as one of universal decline. There were pockets of growth and resilience, particularly in agricultural reclamation along the northern edges of Bengal and its estuaries. While the company's policies strengthened the positions of zamindars and jotedars, rural stratification increased, and some even thrived as "kulak-landlords," providing credit and engaging in local agricultural trade.

Moreover, while the company's interventions tied India's economy to global cycles of trade and production, it also expanded commercial opportunities for some, albeit at the expense of others. Indian merchants, bankers, and financiers capitalized on these opportunities, albeit often with limited benefits to the broader population. However, the drain of wealth from

India to Britain, facilitated by the company's practices, compounded economic challenges, leaving India to subsidize its own colonization.

Despite these complexities, it's evident that the company's policies had a profound and often detrimental impact on various segments of Indian society. While some individuals and groups managed to navigate these changes and even prosper, many others faced increased vulnerability and exploitation. The company's monopolistic practices and drain of wealth further exacerbated economic challenges, perpetuating a cycle of dependence and exploitation.

**Q. 2. Critically analyse the 'empire-centric' approach. Do you agree with a view that the eighteenth century was a century of 'anarchy and chaos'?**

**Ans.** The 'empire-centric' approach to understanding historical periods, particularly the eighteenth century, focuses primarily on the actions and policies of imperial powers, such as the East India Company in India. This perspective often highlights the dominance, exploitation, and sometimes the chaos inflicted by imperial entities. However, a critical analysis reveals that while imperial actions indeed played a significant role, characterizing the entire century as one of "anarchy and chaos" oversimplifies the complex dynamics at play.

While the East India company's mercantilist policies and interventions undoubtedly had profound consequences, including economic exploitation and social upheaval, it's essential to recognize that the century was not uniformly marked by chaos. Instead, it witnessed a blend of continuity, change and resistance.

The Permanent Settlement in Bengal, for example, epitomizes the empire-centric approach, as it was a product of imperial ambitions aimed at stabilizing revenue for the company. However, its implementation led to agrarian distress and exacerbated social inequalities, illustrating the negative impact of imperial policies. Nonetheless, pockets of resilience and adaptation emerged, as some cultivators and merchants navigated the new economic landscape.

Similarly, in south India, the company's interventions widened cash transactions and consolidated the power of certain social groups, leading to increased subordination for others. This aligns with the empire-centric perspective, which emphasizes the dominance and exploitation by imperial powers. However, it's essential to recognize that resistance and adaptation were also prevalent. Mirasdars, for instance, combined cultivation with revenue farming, demonstrating agency amid changing circumstances.

While the company's actions tied India's economy to global trade cycles and exacerbated inequalities,

they also created opportunities for certain individuals and groups. Indian merchants, bankers, and financiers capitalized on these opportunities, albeit often at the expense of broader societal interests. This nuanced understanding challenges the notion of uniform chaos and emphasizes the diverse experiences within Indian society.

Critically analysing the empire-centric approach also requires considering alternative perspectives that offer a more nuanced understanding of historical periods. While imperial actions undoubtedly shaped the trajectory of societies, other factors, such as indigenous agency, cultural dynamics, and regional variations, also played significant roles. Ignoring these complexities risks oversimplifying historical narratives and overlooking the agency and resilience of non-imperial actors. Furthermore, characterising the entire eighteenth century as a period of “anarchy and chaos” overlooks periods of stability, innovation, and cultural flourishing. While certain regions and communities undoubtedly faced upheaval, others experienced relative peace and prosperity.

**Q. 3. How would you view the eighteenth century in the context of the regions emerging as vibrant centres of socio-economic activities.**

**Ans.** Viewing the eighteenth century in the context of regions emerging as vibrant centres of socio-economic activities requires a nuanced understanding that goes beyond the imperial-centric narrative. While the actions of imperial powers like the East India Company undoubtedly had a significant impact, it's essential to recognize the agency and dynamism of local communities, merchants, and socio-economic structures in shaping the socio-economic landscape of the time.

There was a diverse socio-economic activities unfolding across different regions of India during the eighteenth century. Despite the challenges posed by imperial interventions and mercantilist policies, certain regions witnessed vibrant economic activities driven by indigenous actors and local dynamics.

In Bengal, for example, the Permanent Settlement imposed by the East India Company aimed to stabilize revenue for the Company but led to agrarian distress and social upheaval. However, amid these challenges, indigenous merchants, bankers, and financiers capitalized on expanding commercial opportunities. The emergence of markets facilitated by the petty gentry and great nobles created avenues for economic exchange and growth. Additionally, agricultural reclamation projects and the establishment of new marketplaces enabled peasants to engage more easily with wider markets, fostering economic activity at the grassroots level.

Similarly, in south India, the company's interventions aimed to widen cash transactions and consolidate the power of certain social groups. However, local communities, such as the mirasdars, demonstrated re-silience by combining cultivation with revenue farming and local agrarian management. This illustrates how indigenous actors adapted to changing circumstances and continued to drive socio-economic activities in their regions.

Furthermore, indigenous financiers, merchants, and entrepreneurs played an important role in facilitating trade and commerce. In southern India, dubashes, Chetty merchants, and Brahman ijaradars played critical roles in supporting the company's trade and financing operations. Similarly, in Bengal, Indian financiers provided ready-money loans and invested in agency houses to support the growing trade of opium and cotton to China. These indigenous actors not only contributed to the expansion of trade but also played a crucial role in sustaining the socio-economic fabric of their regions.

Moreover, the eighteenth century witnessed the emergence of vibrant economic centres and market towns across India. In Maharashtra, for instance, market towns grew into bustling centres of commerce, landholding, and revenue farming, offering opportunities for a wide range of people to engage in economic activities. This decentralized economic landscape fostered local entrepreneurship and innovation, contributing to the overall vibrancy of regional economies.

Additionally, the resilience and adaptability of certain economic sectors, such as the silk industry in Bengal is notable. Despite fluctuations in international markets and the company's interventions, silk production persisted, albeit with shifts in market dynamics. This re-silience underscores the importance of local industries and economic activities in sustaining regional economies amidst external pressures.

**Q. 4. Examine the region-centric approach of historians in the context of the eighteenth century.**

**Ans.** The region-centric approach adopted by historians in examining the eighteenth century offers valuable insights into the diverse socio-economic and political landscapes that characterized different regions of India during this period. By focusing on specific regions, historians can uncover nuanced narratives that highlight the unique dynamics, challenges, and opportunities faced by local communities and economies.

One of the key strengths of the region-centric approach is its ability to highlight the diversity and complexity of historical experiences across different parts of India. Regions such as Bengal, southern India,