



THE SOCIAL IMPACT OF ECONOMIC POLICIES DURING THE MUGHAL ERA

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Abstract

The Mughal Empire (1526–1707) presided over one of the most prosperous and economically advanced periods in pre-modern Indian history, with its economy contributing nearly a quarter of the world's GDP. This paper examines the social impact of Mughal economic policies, highlighting how a centralized administrative system, standardized revenue mechanisms, and expanding trade networks reshaped the socio-economic structure of the Indian subcontinent. Key policies such as the zabt land revenue system and the monetization of the economy transformed agrarian relations by integrating peasants into market-oriented production, while also exposing them to economic vulnerabilities such as price fluctuations and debt. The study further explores the growth of urban centers and the emergence of a dynamic middle class of merchants, bankers, and skilled artisans, supported by state-sponsored infrastructure and commercial expansion. However, despite widespread economic prosperity, wealth remained highly concentrated among the ruling elite, particularly under the mansabdari system, leading to significant social stratification. The contrast between the opulence of the imperial court and the hardships of the rural population underscores the unequal distribution of economic gains. The paper argues that Mughal economic policies were instrumental in transitioning India toward a commercialized economy and fostering global trade integration, but they also deepened social inequalities and created structural imbalances that persisted beyond the empire's decline.

Introduction:

The Mughal era (1526–1707) marked a period of immense economic prosperity, technological advancement, and significant social restructuring in the Indian subcontinent. Driven by a highly

centralized and standardized administration, Mughal economic policies particularly agrarian reforms and a robust trade network fundamentally altered the traditional social fabric, creating a complex, stratified society that was concurrently marked by opulent wealth at the top and deep inequality at the bottom. Historical analysis reveals that the taxation system under the Mughal Empire was both intricate and dynamic. It encompassed various forms of taxes, tailored according to the socio-economic fabric of the region. This system ensured a balanced approach to revenue collection, minimising the burden on the peasantry while maximising state revenue.

Key to this was the implementation of land measurement and assessment systems, like the 'Zabt' system, which allowed for accurate calculation of taxes based on crop yield and land fertility. This scientific approach to taxation was a hallmark of Mughal administrative. Many foreign visitors acknowledged the great wealth and prosperity of Agra and Fathpur Sikri and that all the necessities and conveniences of human life can be obtained in Agra, if desired. This is even true of the articles that have to be imported from distant corners of the world. Mughals valued manufacturing ability and Akbar was particularly keen on developing the technical expertise and greatly encouraged artisans, iron-workers and goldsmiths. In the empire gems and pearls abound in large number gold and silver were plentiful as were horses from Persia and Tartary. The Mughal capital Agra was flushed with vast quantity of every type of commodity.

The Mughal Empire, at its peak, stood as a global economic titan, accounting for nearly a quarter of the world's GDP. This economic supremacy was not accidental but the result of deliberate, sophisticated fiscal policies that integrated the Indian subcontinent into a cohesive commercial network. However, these policies were far more than administrative exercises in wealth accumulation; they were powerful engines of social change. By standardizing land revenue, universalizing currency, and fostering international trade, the Mughal state fundamentally reordered the social hierarchy, transforming the relationship between the sovereign, the merchant, and the laborer.

The cornerstone of this social transformation was the transition from a subsistence-based rural economy to a commercialized "money economy." Under the zabt system, the state demanded land revenue in cash rather than a share of the actual harvest. This policy forced the peasantry to move away from self-sufficiency and toward the market, incentivizing the cultivation of high-value "cash crops" like cotton, indigo, and sugarcane. While this bolstered India's status as a global manufacturing hub, it created a new social vulnerability. The peasant was no longer just a farmer;

they became a market participant subject to price fluctuations and the predatory practices of moneylenders. Consequently, the rural social structure began to fracture between the khudkasht (prosperous, land-owning peasants) and a growing class of landless laborers whose survival was tied to the whims of the imperial tax collector.

In urban centers, the impact of Mughal economic policy was equally profound, giving rise to a vibrant "middle strata" that challenged traditional social silos. The state's focus on infrastructure—building sarais (inns), roads, and canals—facilitated a boom in internal trade, while royal karkhanas (workshops) provided a platform for skilled artisans to gain prestige and patronage. This era saw the emergence of a powerful class of merchant-bankers, known as sarrafs or jagathseths, who operated a sophisticated credit system through hundis (bills of exchange). These individuals often held more liquid wealth than the nobility, creating a new urban social identity that blended economic power with political influence.

However, the social legacy of the Mughal era is defined by its extreme stratification. The wealth generated by these policies was heavily concentrated at the top. The mansabdari system created a military-aristocratic elite whose lifestyle was characterized by unparalleled opulence, funded almost entirely by the surplus extracted from the countryside. This created a social "top-heaviness" where the grandeur of the Taj Mahal and the Red Fort existed alongside a peasantry that lived on the edge of subsistence. Ultimately, Mughal economic policies acted as a catalyst for a modern, commercialized India, yet they simultaneously deepened the divide between the elite and the masses, creating a social framework of high-stakes competition and stark inequality that would persist long after the empire's decline.

The Price of Prosperity:

The price of prosperity in the Mughal era was a high-revenue, centralized system that generated immense wealth accounting for roughly 25% of global industrial output by 1750 but relied on heavy taxation of peasants, often seizing half their produce, and exacerbating severe wealth inequality, where luxury for the elite contrasted with rural debt. The Mughal economy was large and prosperous. India was producing 24.5% of the world's manufacturing output up until 1750. Mughal India's economy has been described as a form of proto-industrialisation, like that of 18th-century Western Europe before the Industrial Revolution. and fostering massive manufacturing hubs, the Mughal state didn't just accumulate wealth; it fundamentally reshaped the social fabric of the subcontinent.

The impact of these policies was a study in contrasts. On one hand, the era saw the rise of a sophisticated "middle strata" of merchants and bankers and the flourishing of urban centers like Agra and Dhaka. On the other, the heavy tax burden required to sustain the imperial lifestyle and military campaigns placed immense pressure on the peasantry, deepening the divide between the opulent nobility and the rural masses. This introduction explores how the Mughal economic machinery drove social stratification, commercialized the countryside, and set the stage for India's complex integration into the global market.

Key aspects of the price of prosperity included:

1. **High Land Revenue:** The backbone of Mughal wealth was land revenue, calculated through systems like *Zabt* and *Dahsala*, which were quite strict and took a massive portion of the agricultural output, particularly under Aurangzeb.
2. **Artisanal Exploitation:** While artisans produced luxury items for global export (textiles, handicrafts), they often operated under state-controlled workshops (*karkhanas*) with minimal gains.
3. **Conspicuous Consumption:** Significant tax revenue was consumed by the imperial court and nobility for constructing magnificent monuments (e.g., Taj Mahal) and funding lavish lifestyles.
4. **Silver Import Demand:** To facilitate tax payments and trade, high demand for silver forced the empire to import vast amounts of bullion, linking the economy heavily to global markets.
5. **Urban-Rural Disparity:** While cities like Agra and Delhi grew, often dwarfing European counterparts, this wealth did not always trickle down, leading to a disparity between opulent urban centers and poor rural peasantry.

Despite the heavy burden of taxation, the period was marked by relative peace, a uniform currency (the silver rupee), and high agricultural productivity, which created unprecedented wealth in India.

- **The Tax and Revenue System:**

With the introduction of the *zabt*, a novel and inventive method of collecting land taxes intended to modernize and expedite the current revenue collection procedures, the renowned Mughal emperor Akbar brought about a significant transformation in the Mughal government. He replaced the antiquated tribute system that had previously dominated India with a more efficient system of

monetary taxes based on the use of a single currency in order to enhance market dynamics and enable quicker transactions.

- **Land Revenue System:**

The 'Zabt' system of calculating land tax was created during Akbar's extraordinary rule. It was a standardized and organized approach to meticulously determining and collecting land taxes throughout the Mughal Empire's enormous territory. In order to determine revenue duties based on the anticipated ten-year average output of different crops, this new model specifically allowed the measurement of land.

- **Administration of Revenue:**

"Zamindars," appointed officials acting as official representatives of the imperial government, were responsible for managing the complex process of tax collection. In addition to managing the vital tax collecting process, which was essential to the empire's financial stability, these officials were also charged with upholding peace and order in their individual provinces. This comprehensive administrative framework ensured a consistent and reliable flow of revenues into the Mughal treasury, providing the Imperial authorities with the money they needed for government, public works projects, and military maintenance.

- **Non-Agricultural Taxes:**

The Mughal Empire created a wide range of other taxing categories that accounted for a sizable portion of the budgetary framework in addition to collecting land income. As a result, an advanced system for producing income was developed. In order to maintain commerce throughout the enormous empire's area, the Mughals established a multitude of taxing structures, including customs taxes, which were crucial for controlling and monitoring port operations and internal trade practices. Levies levied on marketplaces and taxes particularly levied on crafts and enterprises that bolstered the local economy also provided additional money to the Mughal government

- **Economy of the Mughal era:**

The Mughal economy, covering the Indian subcontinent from the early sixteenth to the mid-eighteenth century, was one of the largest in the early modern world. At its peak under Akbar and his successors, it generated an estimated 22–24 per cent of global gross domestic product and produced

roughly a quarter of world manufacturing output. While the Mughal Empire is conventionally said to have been founded in 1526 by Babur, the Mughal imperial structure, however, is sometimes dated to 1600, to the rule of Babur's grandson, Akbar. The economy in South Asia during the Mughal era increased in productivity compared to medieval times. Mughal India's economy has been described as a form of proto-industrialization, an inspiration for the 18th-century putting-out system of Western Europe prior to the Industrial Revolution. It was described as large and prosperous. India under Mughal rule produced about 28% of the world's industrial output up until the 18th century with significant exports in textiles, shipbuilding, and steel, driving a strong export-driven economy. At the start of 17th century, the economic expansion within Mughal territories became the largest and surpassed the Qing dynasty and Europe. The share of the world's economy grew from 22.7% in 1600, which at the end of 16th century, had surpassed China to have the world's largest gross domestic product (GDP). Bengal Subah, the empire's wealthiest province, alone contributed to 12% of GDP and was a major hub for industries, contributing significantly to global trade and European imports, particularly in textiles and shipbuilding.

The Mughals standardized the currency system introduced by Sher Shah Suri, maintaining high purity in their coins and largely relying on imported bullion due to strong exports, particularly from Bengal. The Mughals were also responsible for building an extensive road system and creating a uniform currency. 185–204 The empire had an extensive road network, which was vital to the commercial infrastructure, built by a public works department set up by the Mughals which designed, constructed and maintained roads linking towns and cities across the empire, making trade easier to conduct. In late 16th-century Mughal India, the primary, secondary, and tertiary sectors contributed 52%, 18%, and 29% to the economy, respectively, with urban labor making up 18% of the workforce and contributing 52% to the economy. Grain wages were comparable to England's during the 16th and 17th centuries but fell behind in the 18th century, and per-capita income in terms of wheat was higher than early 20th-century British India. The main base of the empire's collective wealth was agricultural taxes, instituted by Akbar. These taxes, which amounted to well over half the output of a peasant cultivator, were paid in the well-regulated silver currency, and caused peasants and artisans to enter larger markets.

Advantages:

The organizational structure during the Empire of Mughal was notably systematic, particularly with regard to its coinage system. By establishing a single currency system with copper dams, gold

mohurs, and silver rupiyas, Akbar enhanced commerce and trade. The state-run mints' maintenance of the market's proper currency circulation promoted public confidence in the economy and contributed to its expansion. The extensive use of monetary systems across the empire established a single economic region by promoting market and commercial links. Furthermore, the availability of banking and credit services boosted trade and investment opportunities.

Disadvantages:

Despite its effectiveness, the Zabt system imposed a heavy tax burden on the peasantry. The high-income needs were therefore unsustainable, particularly when economic benefits were diminished due to poor harvests or natural calamities. The confiscation of the property was one of the severe penalties for failing to pay taxes. The numerous rebellions over the high tax rates demonstrate how some peasants became hopeless as a result of this taxation. Additionally, by enabling them to pay taxes or by accruing loans, it assisted rural dwellers in becoming indebted, which, as Richards (2022) points out, kept them caught in a debt cycle.

Method:

Design: This study has employed both qualitative and quantitative methods and is descriptive by nature. This study made use of secondary data. Secondary data is gathered from a variety of sources, including government publications, research papers, theses, articles, websites, wikipedia, and more.

Analysis: To support the required presentation and conclusion, the diverse materials collected from the many sources have been scrutinised, verified, and systematically organised under the pertinent topics. Descriptive analysis, content analysis, and text analysis are among the several quantitative and qualitative analytic techniques used.

Result and discussion:

During the Mughal Empire, the Indian Subcontinent's economy functioned exactly as it had in antiquity. The economy of the Mughals was vast and thriving. Up to 1750, India accounted for 24.5% of global industrial production. Similar to Western Europe in the eighteenth century before the Industrial Revolution, India's economy has been compared to a proto-industrialization model. The nation was united under the Mughals, who also constructed a vast road network and standardised the currency. The Mughals established a public works agency that designed, built, and maintained a vast road network that connected villages and cities throughout the empire and facilitated commerce,

making it an essential aspect of the economic infrastructure. Akbar, the third Mughal emperor, established agricultural tariffs, which formed the foundation of the empire's overall prosperity. Peasants and craftsmen were forced to enter bigger marketplaces by these taxes, which was responsible for more than half of peasant cultivators' production and were paid in the highly regulated silver coinage. The economy of the Mughals was vast and thriving. Up to 1750, India accounted for 24.5% of global industrial production. Similar to Western Europe in the eighteenth century before the Industrial Revolution, India's economy has been compared to a proto-industrialization model. The nation was united under the Mughals, who also constructed a vast road network and standardised the currency. The Mughals established a public works agency that designed, built, and maintained a vast road network that connected villages and cities throughout the empire and facilitated commerce, making it an essential aspect of the economic infrastructure.

Conclusion

Mughal economic policy wasn't just about spreadsheets or filling the royal treasury; it was the heartbeat of daily life for millions. It was a system of incredible extremes. On one hand, you had this sophisticated, global powerhouse that minted stable currency and turned India into the world's textile factory. On the other, you had a peasant at the mercy of a "cash-only" tax system that didn't care if the rains failed that year. These policies did two major things. They stitched the subcontinent together into a single, bustling market, giving rise to a vibrant middle class of merchants and artists. But they also created a massive gap between the glittering life of the nobles and the grueling reality of the farmers. It was a period where India was undeniably wealthy, yet that wealth was built on a social structure so rigid that when the political center finally weakened, the whole system struggled to hold itself together. It's a powerful reminder that an economy is never just about money it's about how much breathing room it gives the people living within it.

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