



# IDENTIFYING THE HISTORICAL ROOTS OF POVERTY IN INDIA

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## ABSTRACT

Today India is a leading economy in services sector and is reckoned as the “back office of the world”. India is also poised to become the manufacturing hub of the world economy. The leading corporate consultant Deloitte has visualised India as being poised to become the second largest manufacturing economy of the world. The Indian manufacturing sector is expected to create 90 million domestic jobs and would grow six fold by 2025. This is possible because of two propelling forces. The first propelling reason is the tremendously rising consumption and industrial demand in India. And the second reason is the desire of the multinationals to diversify and include low-cost plants in countries other than China. This undoubtedly is the pleasant part of the story. The other side of the story is equally a sad story. Despite the tremendous economic growth, the economy is still marred by the wide-spread poverty and a big number of people are still compelled to live a treacherous life. It is estimated that as at present in India there are almost 220.1 million people (about 25% of the population) living below the poverty line. This constitutes a whopping proportion of poor population living below the poverty line. This reveals the gravity and seriousness of the persisting problem of poverty in India. The dichotomy of the situation is that on one hand, India is poised to become the leading economy of the world and is all set to be reckoned as the “back office of the world”, and at the same time, it cuts a very sorry picture by being marred by a whopping proportion of population (over 25%) living below the poverty line. It is in this background the present paper has made an attempt to trace the historical roots of poverty in India. The paper presents a glimpse of journey through the processes and phases that have gone on continuously for thousands of years in the Indian history. A journey into Indian history has revealed that India was not marred by the mass poverty in ancient times. It was even not there during the Sultanat period and Mughal Period. The study reveals that it was the destruction of Indian industry, shift of trade from Indians to British traders, deindustrialization, ruralisation and pauperization of the Indian economy during the colonial rule which led to the onset of mass poverty in India. Displacement of people from trade and industry to agriculture and drain of wealth augmented the pace of pauperisation and finally pushed the Indian economy in the clutches of poverty.

## 1. Building the Context:

The economic history of India as the story of the past is essentially a story of progressive development and well-being. Way back into prehistory and ever since then, the human life, ways of life, human settlements, patterns of human thought, belief system, language and the means to eke out life have all undergone enormous and transformational changes. Conforming to Charles Darwin’s theory of evolution of species, India has altered and evolved through the processes and phases that have gone on continuously for thousands of years in the history and are still continuing in the modern times.

Today India is a leading economy in services sector and is reckoned as the “back office of the world”. India is also poised to become the manufacturing hub of the world economy. The Government of India in the year 2011 has come out with the National Manufacturing Policy (NMP) wherein it is aimed to enhance the share of manufacturing in India's GDP to 25% and to add at least 100 million jobs by 2025. The leading

corporate consultant Deloitte has visualised India as being poised to become the second largest manufacturing economy by 2017. Another interesting study has come out from McKinsey in which it is reflected that the Indian manufacturing sector is expected to create 90 million domestic jobs and would grow six fold by 2025.<sup>1</sup> To them, this is possible because of two propelling reasons. The first propelling reason is the tremendously rising consumption and industrial demand in India. And the second reason is the desire of the multinationals to diversify and include low-cost plants in countries other than China. This undoubtedly is the pleasant part of the story. The other side of the story is equally a sad story. Despite the tremendous economic growth, the economy is still marred by the wide-spread poverty and a big number of people are still compelled to live a treacherous life.

It is estimated that as at present in India there are almost 220.1 million people<sup>2</sup> (about 25% of the population) living below the poverty line. This constitutes a whopping proportion of poor population living below the poverty line. This reveals the gravity and seriousness of the persisting problem of poverty in India. Further, the poverty proportions in India are not the same everywhere. India being a large country with myriad of diversities in terms of people, religion, political views and social standings, reflects a wide gap between rich and poor and in distribution of wealth. The highly unequal distribution of wealth and income implies that people in different regions suffer more with more serious pinch of poverty. For example, states like Goa, Delhi and Punjab have relatively low poverty ratios. As against this, the States like Bihar and Orissa suffer with greater poverty ratios. In Bihar and Orissa, about 38% of the population lives below the poverty line. Further, when we look to poverty figures in regional pockets and places, we find the poverty situation even worse with nearly 50% of the population living below the poverty line.

Some studies suggest that about 60% of the world's poor call India home. Severity of the problem of poverty in India is also reflected by the figures of child malnutrition. India suffers with the highest malnutrition of children under the age of 36 months and the proportion is estimated to be a massive 46%. It is well known that a big number of children do not see the face of school due to poverty. Children who ever find a place in school, they drop out of school at a very young age and are so situation-compelled that they do not have any other option but to get to work to support their families. It is common experience in India to see the tiniest of children extracting and picking out plastic bottles, poly bags and other waste materials, and dragging out rags from huge garbage piles horrendously abuzz with buzzing flies.

What is emerging out from the above discussion is a dichotomy wherein, on one hand, India is poised to become the leading economy of the world and is all set to be reckoned as the "back office of the world", and at the same time, it cuts a very sorry picture by being marred by a whopping proportion of population (over 25%) living below the poverty line. It is in this backdrop of dichotomy, the present paper is devoted to trace the historical roots of the present day mass poverty of India.

## 2. Approach and Method of the Study:

Being a study into historical roots, the approach and methodology of the present paper are similar to that of papers in 'history and old economic history'. Relying on approach and methods of history, the paper places an emphasis on historical arguments and qualitative aspects rather than the quantitative. Therefore, the focus of the paper is placed on tracing of historical evidences out of the socio-economic uniformities without distorting the essential historical reality. As such, the present paper is based on the explorations in the existing literature in the field of history and economy. The paper represents the closest approximation to available historical evidences in studies conducted in the domain of history. Following the approach and method of historical studies, the paper is devoted to have a glimpse of journey through the processes and phases that have gone on continuously for thousands of years in the Indian history. Accordingly, the discussion that follows in the pursuit of digging out the historical evidences relating to mass poverty in India runs through an enquiry into pre-history and ancient India, an enquiry into post Indus and pre-sultanat India, an enquiry into Sultanat period, an enquiry into Mughal period, and an enquiry into Colonial India.

## 3. An Enquiry into Pre-history and Ancient India:

History reveals that the earliest humans, the Homo erectus, appeared in the Siwaliks (India) and the Salt Range (Pakistan) about two million years ago. However, not much is available in history about the way of life of the people of the time. It is believed that anatomically modern human reached the periphery of Indian subcontinent from Africa by 75000 years ago. Further, historians believe that the modern human must have moved across India to reach Sri Lanka within the next 25000 years. Modern human skeletal fossils have been found at Fa Hien cave and at Batadomba Lena cave in Sri Lanka. It is worth mentioning here that the profusion of stone tools found in the Rohri Hills (Pakistan) and similar other debris

found at other places reveal that while some communities must have been engaged in hunting whereas some other must have been engaged in making stone tools and stone quarrying. Then, it could be safely presumed that barter system and division of labour had existed at that time. History believes that at around 11000 to 4500 years ago there was a migration of modern humans into eastern India from the Myanmar (Burma) side also. A good number of artefacts made of fossil-wood and a backed knife have been found in Tripura and eastern Bangladesh. This also reaffirms that some communities must have been engaged in hunting and some other communities must have been engaged in making stone tools and stone quarrying.

Evidences from Sarai Nahar Rai and Mahadaha in the planes of central Uttar Pradesh reveal that parallel sided blades, bow and arrow with arrowheads of bone and flint were in use. Evidences also suggest that animals hunted and eaten included Indian humped ox (zebu cattle), buffalo, sheep, goat, stag, pig, rhinoceros, elephant, tortoise and different birds. Evidence of using fire to roast meat has also been found. However, no evidence indicating the domestication of animal has been found. Stone querns and mullers have been found which were used to grind grains and seeds. But there was no evidence of plant cultivation. People used pieces of animal skin to wear and there was no evidence of fibrous cloth used for wearing purposes. Men wore pendants and necklaces as ornaments of bones. By around 6000 BC (around 8000 years ago) the Mesolithic culture advanced further as evidences of domesticated animals such as Zebu cattle. Buffalo, sheep, pig, and dogs have been found from Adamgarh in Narmada valley. Domestication of animal reveals that the purely hunting community had turned partly pastoral community. At around this time hand-made pottery was also found. People who lived in caves they started cave paintings. Paintings in Bhimbetka rock shelter near Bhopal show animals being hunted with bow and arrow.<sup>4</sup>

Renowned archaeologist V. Gordon Childe (1892-1957) has observed that the new tools developed during that period led to very important changes in human life. The new tools resulted into development of ground tools making easier the cutting of trees to clear the ground, ploughing of the field and sowing of the seeds. All these opened the possibility of cultivation at wider spread. Further, with sharper and more effective tools hunting became easier and exact. This enabled the hunters to remain in close confines of their settlement and farming. Since time consumed in hunting was reduced and people were enabled to remain in close confines of their farming fields, domestication of animals gained firm footing. Cultivation ensured availability of fodder and therefore more and more cattle were domesticated. Domestication of cattle supplied both milk and meat. This resulted into a new change in human activity. Availability of milk and meat from domestic animals reduced the need for and dependence on hunting. Reduced dependence on hunting and tremendously increased food supply from cultivation and domestic animals resulted into population growth and settlement of population groups in agricultural village communities. Settled agricultural village communities succeeded in producing more food than what was required and thereby generated surplus grain. Clay and pottery work provided the pots to store the surplus grain for future use as also for using the same to barter the item of need. These developments in the Neolithic Revolution amply reveal the tremendously enriched level of economic activities over the previous time frames.

At around 5000 to 4000 BC wheat and barley seeds were found at Mehargarh near Quetta in Baluchistan.<sup>5</sup> These seeds required irrigation as the area was low rain area. The need for irrigation must have been fulfilled by small dams built to retain rain water. Control over water through dams must have enabled the people to cultivate cotton. At Mehargarh II, a large number of charred cotton seeds<sup>6</sup> have been found. Cultivation of cotton indicates first ever occurrence of textiles in Indian subcontinent. At around this time the horizontal potter's wheel also came into use. This technological device was imported from west Asia. Potter's wheel proved a truly time saving device and made pottery work easy, cheap and producible in greater numbers, and thereby made pottery accessible to all. Level of economic riches during this period is also revealed by the system of cultivation and labour. Initially cultivation was carried out by the family and the clan labour. Younger members of the family and clan were made to labour for the elders. The system of family and clan labour evolved further with the induction of non-kin labour. Non-kin labour gained prominence as people started coming forward willingly to work for compensation as also as captives. Use of kin and non-kin compensated and captive labour in cultivation gave rise to a system which could be related with the present day system of authority and management. Under the new system of non-kin labour, the chief of the family had to exercise authority over labour and to manage them productively in the cultivation process.<sup>7</sup>

The way to the development of Indus Civilization was paved by the developments in the prehistory and particularly with the onset of Neolithic revolution. That is why the Indus Civilization did resemble to prehistory pattern and framework of development. Excavations done by the historian R. D. Banerjee in the

early 1922<sup>8</sup> and later by Sir John Marshall resulted into the discovery of Mohenjo Daro in Larkana district of Sindh and Harappa in the Sahiwal district of West Punjab (Pakistan). Mohenjo Daro and Harappa are regarded as the two of the earliest cities of the India and the world. The cities of Harappa and Mohenjo Daro reveal a very planned and systematic layout with proper settlements of permanent nature. The occupied area of Mohenjo Daro and Harappa is now estimated over 200 and 150 hectares respectively. At their greatest prosperity, the population of Mohenjo Daro could have been about 85000 and of Harappa 65000.<sup>9</sup> The cities were laid out as planned cities in acropolis or citadel form constructed with dried and fired mud brick walls. The city plan, the roads and the drainage system of the Indus Valley civilization stand unique to the Bronze Age cities of the world.

The development of planned city during the Indus Valley Civilization marked the most wonderful development in the way people lived. Historians interpret the arrival of planned cities and people living therein in planned way as the presence of a great number of people not engaged in cultivation and growing of food. This implies that they must have been engaged in activities other than growing of food. Such people must have been engaged in crafts or in rendering services for their subsistence. This also implies that a different set of people living in villages must have been growing food not only sufficient for their subsistence but also for the subsistence of craftsmen living in cities. Castration of Oxen during that period may perhaps be regarded as the first step in bio-engineering.<sup>10</sup> The spindle, the loom, the potter's wheel, the smelting of copper, the cart wheel, the fire-baking of brick, the clay pottery, the marine shells, the beads, the seals, and the bow and arrow are some examples of craft practices of the time. All these craft items were naturally the other source of local trade. Presence of all these items in the different areas of the civilization and that too with a great degree of uniformity in style and shape indicates that not only these items were traded in the entire civilization but the craftsmen did also moved from one area to the other area. Export of commodities over long distances but within the Indus territory was also done. This is evidenced by the export of agate and cornelian pieces from the Ratanpur mines (south of the Narmada) to Lothal, Kuntasi (Saurashtra coast) and to Chanhu Daru in the middle of Sindh as a raw material for bead manufacturing.<sup>11</sup> Gold and specialized products like faience and shells were also the items of long distance trade. Historians have also reported trade links with Oman where Indus pottery, copper and steatite seals, ivory items, agate and cornelian beads, metal items and other artefacts have been found. Historians have recorded that the trade links of Indus civilization extended to Persian Gulf and Dilmun (islands of Bahrain and Faylakah) via Oman. Dilmun resulted into establishing of trade links with Iraq (Mesopotamia).<sup>12</sup> Iraq gave the Indus the name of "Meluhha". Indus pottery, copper and steatite seals, ivory items, agate and cornelian beads, metal items and other artifacts were found at different places in Mesopotamia. Mesopotamian historical texts report that pottery, copper and steatite seals, ivory items, agate and cornelian beads, metal items, other artefacts and slaves were imported from Meluhha.<sup>13</sup>

#### 4. An Enquiry into Post Indus and Pre Sultanat Period:

In the previous section we have noted the riches of the Indian economy during the period of Indus civilization. We have seen that the economy of the time was highly developed and rich and there were no evidences available indicating the presence of mass poverty. A very rich spectrum of industries were engaged in production of copper smelting, casting and hammering of metal, metal and clay tools, terracotta-spindles and spools, agate and cornelian bead making, jewellery making, pottery work, mud-brick and fired mud-brick, seal-making, sculptures etc.

As like it was there in the Indus Valley Civilisation, the Indian economy in the post-Indus and pre-Sultanat period was characterized by developed cities/towns and self-sustaining villages, predominantly engaged in agriculture and artisan activities. The developed cities/towns were very rich in manufacture, trade, commerce and administration. The division of labour was manifest in the presence of activity specific professionals such as goldsmiths, carpenters, weavers, cobblers, potter, barber, and *Vaidya* (medicine practitioners). The division of labour was later seen as *Varn* and *Jaati*. People engaged in these activities followed the hereditary as they received their occupation passed on to them by tradition by their father. In lieu of their services, these craftsmen received their reward out of the crops which farmers cultivated. Crops cultivated by farmers served the food needs of the village community and surplus of grains were made available to cities/towns for their consumption needs. Raw material needs of village craftsmen and of traders and manufacturers of the city were also supplied by village farmers. Pt. Jawahar Lal Nehru, quoting Sir Charles Metcalfe, has written in his book „Discovery of India“ that village communities were self-sufficient little republics having everything they needed within themselves. During the period under consideration, the cities had manufacturers and traders of cotton and silk fabrics, calicos, silk

and woollen clothes, artistic wares, spices, cosmetics, ornaments, clay and wood artefacts, metal products, so on so forth. Given the vivid occupational spectrum, the cities had a significantly different life from that of the villages. The cities were not only trading and commercial centres, but they were the places of pilgrimage and sacred religious centres. Some of the highly developed cities functioned as the capital of a province as also as the administrative and court centres. Delhi, Lahore, Tanjore, Lucknow, Puna were such cities.

At this juncture it is worth mentioning about the silk trade between China and India. Historians have written about three silk routes through which China traded silk with India and Rome. The three silk routes as have been conceived by scholars are: (i) the Eurasian road connecting Europe with eastern China, (ii) the sea route between Chinese ports and eastern coast of Africa, and (iii) the southern silk route connecting south-west China with south Asia and India through land and sea both. History has recorded that Chinese merchants sold silk, tea and other goods to India and Indian merchants sold pepper, cotton, perfumes, jewels, ivory products and even horses. *Kautilya's Arthshashtra* has mentioned about Chinese silk dresses (*cinamsuka*) and Chinese silk cloth (*cinapatta*).<sup>14</sup> The ancient Indo-Chinese trade in silk is revealed by Chinese records pertaining to Han emperor Wu during the 140-87 BC. The emperor Wu had sent Zhang Qian to central Asia for developing alliances in favour of China against the Hun tribes who were engaged in serious hostility with China. Zhang Qian in his visit to Daxia (a place in Afghanistan or near to Afghanistan) found silk fabrics which were originally made in China. He was told that these fabrics were exported by India to Daxia and to some other parts of the central Asia. China had trade links with Daqin (Roman Empire) in a triangular route including India. The Chinese silk and other products were exported to India and from here they were re-exported to Europe. In Rome, silk was very popular and was highly demanded. India supplied their needs by re-exporting the silk and goods imported from China.

Historians have written that in this process of trade, India started producing its own silk and silk fabric. The word *Kauseyan* as used in *Arthashastra* refers to Indian silk. The spread of silk and silk products took place from China to India to South Asia to Central Asia and further to Europe. When silk was spreading via India, it produced a similar spread for cotton, cotton-fabrics, cotton-textile technology from India to Central Asia as also to China. The Chinese emperor Wu was very fond of Indian hat and Indian quilt.

It is reported that the items made in India had become very popular in Britain. The rich trade through the sea and land route resulted into the development of very rich people in Takshila, Shravasti, Ujjain, Bharuch, Banaras, Vidarbha, Andhra and Tamil areas. Historical evidences and coins found in different parts of the subcontinent have revealed that use of metallic money in trade resulted into a rapid movement and exchange of goods at the market place. A new community of traders in the name of *Vaniks*, *Shresthis* and *Sarthvahas* came up with new vigour. They as traders and merchants collected various items from different areas and sold them at different places within the country and outside also. For facilitating their trade they maintained warehouses at different places. *Vaniks*, *Shresthis* and *Sarthvahas* used metallic money and changed the pattern of exchange. The items traded by them included a wide range of products. Items of trade included pottery, ivory, jewellery, precious metals, precious stones, glass, textiles, perfumes and so on so forth. A word *Apanas* was used during that time which referred to shops selling food items in the city market. A new trader in the name of *Sreshthis* came into being who basically financed caravan trade in which luxurious items were transported over long distances for the use of elite people. *Sreshthis* were the financiers of the carava trade and *Sarthvahas* were the leaders of the caravan. Historical texts speak of caravans undertaken from Varanasi and Sravasti to Takshila in north-west. Mention about two road networks is available. One was known as *Uttarpath* which connected northern and eastern India. The second network was known as *Dakshinapath* which connected southern India reaching down to *Paithan* on the Godawari. This reflects the richness of Indian industry and trade during the Mauryan Empire.

The story of Indian riches during the Mauryan Empire continued during the Gupta Period. Evidences of Indian riches during the Gupta period are available from the writings of Hiuen Tsang. He has reported about different types of clothing materials. These included cotton, silk, linen, wool and clothes made of goat/sheep hairs. Similarly, the world famous Ajanta frescoes have revealed four types of weaving techniques: (i) gold brocade, (ii) silver brocade, (iii) tie and dye work, and (iv) spotted muslin. Banaras, maintaining its ancient reputation, continued to be the producer of best silk fabrics and garments in the Gupta period. In an excavation near Allahabad some ivory seals of the Gupta period have been found. During this period, brass and iron of high quality was very extensively produced and used in different products. The glaring example of the quality of iron of the time is well exemplified by the famous Iron Pillar near the Qutab Minar in Delhi. Having such a long exposure to weather, even today the Iron Pillar does not show any signs of corrosion.

During this period, a good number of ports were actively engaged in oceanic trade with other countries.

Ports along the Indus and Malabar and the *Tamrapliti* port in Bengal were very busy ports as they catered to the trade needs of eastern India across the sea and facilitated external trade sea voyages to and from China, Indonesia and Ceylon. It is interesting to note here that the exports from India were always significantly more than the imports and therefore, India always enjoyed a favourable balance of trade.

### 5. An Enquiry into Sultanat Period:

As the Gupta period ascended up, the Indian trade and commerce gained new heights. However, by the close of the Gupta period, signs of decline emerged and became stronger by the 6<sup>th</sup> century AD. The times which followed between 10<sup>th</sup> and 12<sup>th</sup> century were highly turbulent and witnessed aggressions from across the border. The Islam was on the rise in the west and central Asia which adversely affected India's foreign trade. It was under these circumstances, India faced the Turkish advancement and aggressions towards its borders. In 999, Mahmud the ruler of the Ghazni started preparing for India operations. In 1001, he attacked the Shahi ruler Jayapala and defeated him in the furious battle which was fought near Peshawar. However, Jayapala's son Anandapala ascended to the throne and posed a serious hurdle in the Mahmud's further advance into India. But soon having conquered the Afghanistan, Mahmud conquered the Punjab and Multan. In the mean time, India witnessed the decay of the two most powerful Rajput states (Gurjar-Pratihara of Kannauj and Rashtrakuta of Manyakheta) of the north and central India. Given these situations Mahmud finally crossed Yamuna, defeated the Rajput ruler at Baran (Bulandshahr), then conquered Mathura, and moved towards Ganga valley to attack Pratihara of Kannauj. He defeated the Pratihara ruler and in the process conquered other opponents also. Having looted the India then he returned back. Lured by the Indian riches and to plunder India again, Mahmud attacked India in 1019, 1021 and 1025. The raid made by Mahmud in 1025 was a plundering raid across the Rajasthan extending to Somnath. It is important to note here that Mahmud was remembered in Indian history as a plunderer and not as a good ruler. After some time Mahmud died in 1030 and then after India started facing the Ghurid invasion.

In 1191, Muizzuddin raided and captured the fortress of Tabarhinda which was strategically important for the capture of Delhi.<sup>15</sup> Prithviraj Chauhan realized this and moved towards Tabarhinda. In a fierce battle he defeated Muizzuddin. The seriously wounded Muizzuddin returned back and Prithviraj did not chase to finish him completely. This proved very costly to India and Prithviraj. Muizzuddin was busy preparing to attack again. In 1192, the second battle of Tarain, Muizzuddin defeated Prithviraj completely. Having defeated Prithviraj, the Ghurids expanded into upper Ganga valley also. Consequently, in India a new socio-cultural and economic order developed which continued till 1526 with intermittent influences inflicted by Cenghis Khan (Mangol) plundering and rise of Khalji rule during 1290-1320. In general the economic life in India continued to flourish during the Sultanat period despite the continuous plundering by different invaders. Ibn Battutah, who travelled India during 1333 to 1346, has written about rich markets of the Malwa, Gujarat, Bengal, Malabar, and upper Gangetic valley. He has also described the magnificence of the Quilon and Calicut ports and has observed them to be no less than the Alexandria in Egypt, Sudak in Crimea and Zaytun in China in terms of size and the amount of trade served by them. Similarly, a well known Portuguese writer, Barbosa, has written about rich sea ports of Gujarat, Deccan, Bengal and Malabar. He has written that these ports handled huge inland trade, trade along the coastal lines and overseas trade comprising of vast variety of products.<sup>16</sup> During the Sultanat period among the many traders, Sahas, Modis and Sarrafs were very rich traders. They traded bulk commodities within the country and were involved in exporting a variety of luxury and other goods to various places outside the country. The Sahas, Modis and Sarrafs were so rich that they also worked as financiers. For overland trade, they provided finance to *Banjaras*. When trade loads on horses, bullocks and bullock-carts moved for trade to different places, the *Banjaras* with their families moved along with the trade caravan.

The richness of the Sultanat period is also revealed by the city of Vijayanagar. Portuguese writer Domingo has described that the streets and markets of the Vijayanagar were always busy and full of pack-oxen carrying variety of goods. The Vijayanagar city was highly populated and there were large number of craftsmen and traders. There were traders engaged in precious stone trade. Vijayanagar enjoyed a large overseas trade also.<sup>17</sup>

The textile industry of the time was highly developed and it flourished extensively in Gujarat. Cambay (Khambayat), the great industrial city of the time, had a large number of a variety of highly skilled craftsmen. Silk and cotton cloths with rich colours and embroidery (Zardozi) were produced on a large scale. The Cambay cloth enjoyed a great demand and a big market in Western Europe. The cotton and silk cloth and other items were exported to Burma, Malacca, Sumatra and Indonesian Islands via the Burmese and the Malayan ports. The Shaliyat town near Calicut in Malabar area was very famous for cotton fabrics. The area

which presents the modern day Tamil Nadu was very famous for silk cloth with coloured stripes. The Malabar area was famous for coloured cotton items and flowered chintz. The Maldives Islands were known for rich cotton, silk and gold cloth. Bengal was known for variety of finer cloth. A glossy looking starch paper type was produced and sold in Bengal which came to be known as “*Organdi*”. Turmeric cloth which later came to be known as chintz and cotton gauze which in Persian is known as “*Shana-baf*” were also produced and sold in Bengal. Bengal cloths enjoyed a good demand in overseas market of Malacca and Ormuz.<sup>18</sup> During the Sultanat period India had a large overseas trade through the West Asia, Mesopotamia, Mediterranean countries, ports on the Red Sea and Egypt. The Indian goods from here were distributed to Western Europe by the Italian and Venetian merchants. Ormuz, Aden and Jeddah were three great trade centres for Indian products. Malabar worked as the clearing house of the merchandise from the east and west in the Indian Ocean.

Besides cloths, there existed a great industry for cutting and polishing precious stones. The work on precious stones, coral and carnelian was very developed. The workmanship and the finish of these items were very fine. Diamonds were mined and worked upon. The world famous diamond “Kohinoor” was mined at Golconda. Diamond mining was also done at Panna in Madhya Pradesh. Ivory products were very popular and ivory was used for filling the inlay work in jewellery, sword hilts and chessboards. Goa was a great centre for imported horses. It is worth mentioning here that Carpet weaving was developed under the patronage of the Sultans with many Iranian and Central Asia designs being incorporated. Dyeing industry also prospered along with calico-painting using bright colours of indigo and other vegetables. Like carpet making leather work was also very widespread. A very high quality of horse-saddles were produced which were used for horses in the stables of the Indian Sultans and other high officials of Sultan and his army. In Gujarat, the leather workers were known for making beautiful mats using red coloured and blue coloured leather. These coloured leather mats were decorated with the designs of birds, animals and beasts. Another great achievement of the industry during this period was the rise of paper-making. Paper-making was not known to India prior to 13<sup>th</sup> century. The technology of paper-making was known to China in 100 AD and from there it reached Samarqand and Baghdad by the 8<sup>th</sup> century. The paper-making technology improved further when the Arabs started using rags and ropes in place of mulberry barks and trees. The all time prosperous external trade of India led this new paper-making technology known to her. As a result the paper-making industry developed tremendously in India which ultimately resulted into a great increase in the availability of books.

### 6. An Enquiry into Mughal Period:

We have seen that developments and upheavals in the Central Asia had always delivered their impact on India. The rise of Sultanat period in India was caused by the developments in the Central Asia during the 10<sup>th</sup> to 12<sup>th</sup> century. Similarly the advent of Mughals in India could be traced with the developments in Central Asia during the 15<sup>th</sup> and 16<sup>th</sup> century. During the 14<sup>th</sup> century there was a tremendous upheaval in the Central Asia with the rapid rise and decline of Mongols.

It was in this scenario, Babur thought of conquering India as he heard the stories of Timur’s loot in India. He planned to take on Ibrahim Lodi, the then ruler of the Delhi. Finally, in 1526 the battle of Panipat took place between Babur and Ibrahim Lodi. In the fierce battle, Ibrahim Lodi died along with soldiers. Then after, Babur fought two fierce battles (one with Rana Sanga of Mewar and the other with the Eastern Afghans) in order to consolidate his control over India. This is how the Mughal Empire was established in India. Let us now enquire into socio-economic life and development of trade during the period with a view to trace out the evidences of mass poverty, if there was any.

The socio-economic structure during the Sultanat period, which we have discussed in the previous section, continued during the Mughal period. With continuity there were some signs of change. The changes were visible in rural society, in urbanization, and in the group of artisans and craftsmen. A new category of master-artisans came into being. A new ruling class accompanied with bureaucratization of the governance system emerged on the scene. The middle segments grew and expanded both in cities and in rural areas. The commercial classes became more rich and expanded further. Historians and modern scholars have tried to estimate the population of the time. They have reported that by the end of the 16th century the population of the country was somewhere between 140 and 150 million. This increased to about 198- 207 million by the end of the 18th century. The increase in population reflected a compound growth rate of 0.21% per annum. The growth rate of population was matching similar to the growth rate of population of the West of the time.

During the 16th and 17th centuries of the Mughal period, of the total population, about 85% lived in rural areas of India. The rural society was highly stratified and people were divided on the basis of their

residential status, caste, and official position in administration. The major chunk of the village people consisted of cultivators who claimed to be the descendants of original inhabitants of the village. They were known as *sthaniks*. The cultivators were generally categorised into *riyayati* category (the privileged ones of the village) and *raiayati* category (the ordinary ones of the village). Villages were characterised by land ownership, privileged status to some people, ordinary peasant status to some others, and use of family labour supplemented with hired labour. Along with cultivators, the villages also had landless labourers (*majors*) who were hired for cultivation purposes by *Riyayatis* and *Raiyatis*. The villages of the time were characterised by a very rich spectrum of service people, which included village priests, potter, carpenter, tailor, water carrier, gardener, ironsmith, gold smith, rope-maker, leather worker, barber, washer-men, village watchman, drum-beater, vocalist, musician, oil presser, betel nut seller, and so on so forth. It is worth mentioning here that the available literature does not indicate the presence of mass poverty in villages during this time.

Like the village structure, city and city-life also registered some very good changes and thus became richer than what it was in the Sultanat period. It is worth mentioning here that the growth of cities became faster during the 16th and 17<sup>th</sup> centuries which continued till the middle of the 18th century. Historians report that during Akbar's empire there were 120 big cities and 3200 townships (rural towns or *qasbas*) excluding townships of southern India. The basic feature of the town of the time was the existence of a market with the town. During the Mughal period, there was a hierarchy of towns which included humble *qasbas*, districts (*sarkar*) headquarter where the *faujdar* resided, and the provincial and imperial towns like Agra, Delhi, Lahore, etc. The smallest towns in India were known as the *qasbas*, which were like a village with a market and were characterised by the features of village life. A *qasba* was also a *pargana* headquarter. The local market of the *Qasba* was called *mandi*. At *mandis* villagers sold foodgrains and purchased salt, spices, metal work and other commodities which were not available locally.

Administratively and economically developed nature of rural and city life of the Mughal period is suggestive of the presence of a very rich spectrum of artisans and craftsmen during the period. India inherited this legacy from the past. It is interesting to note here that the villages in India which previously had traditional crafts like manufacture of sugar, oil, indigo, raw silk, etc., they developed localized centres of production of non-traditional products also. As in the past, the artisans continued to work on domestic basis. As such, in a weaving family, men worked on loom and women and children worked for cleaning the cotton and spinning the thread. In general, the domestic based artisans owned their tools of trade. Examples of royal *karkhanas* are also available wherein the craftsmen worked at one place under supervision of some people. The artisans were provided with the tools and raw material at the *karkhana*.

Like the artisans and craftsmen, people engaged in commercial activities were also widely spread and quite large in number. The commercial people were engaged in local trade, inter-regional trade and foreign trade. Those commercial people who specialised in long distance inter-regional trade were known as *seth*, *bohra* and *modi*. Those who specialised in local trade were called *beoparis* or *banik*. The *baniks* not only traded in grains and other goods at local levels, they also had their own agents in the villages and townships. The agents of the *baniks* sold goods and purchased food-grains and cash-crops from the villages and townships. *Banik* were also known as *bania* (*baniya*) or *baqqal*. Rich *bania* not only collected food-grains from villages, they also acted as money-lenders there. Generally they had a poor reputation as money lenders because by lending money they in a way exploited the village people.

The trading community during that time was spread to different places, different castes and different religions. Bohras, the Gujarati merchants, included Hindus, Jains and Muslims. Traders in Bengal were called *gandha-banik*. In Rajasthan, the Marwaris included Oswals, Maheshwaris and Agrawals. The Marwaris later spread out from Rajasthan to Maharashtra and Bengal. Multanis, Afghans and Khattris were involved in overland trade to Central Asia. In South India, the prominent trading communities included the Chettiyars of the Coromandal coast and the Muslim merchants of Malabar. The *sarrafs* (shroffs)<sup>19</sup> functioned as money changers and they also specialised in dealing with *hundis*. Working as money changers, they also acted as private banks. They received money in deposit from the nobles and provided loans to traders and others.

Historians have written that the trading community during the Mughal period was very rich in general. The traders especially of the port towns had some of the richest merchants whose wealth and power compared no less than the merchants of Europe. Virji Vohra was one of such merchants. Historians are of the view that Virji Vohra was one of the wealthiest persons of his time<sup>20</sup>. He owned a very large fleet of ships and prevailed over the Surat trade for several decades. Abdul Ghafur Bohra, Malay Chetti, Kashi Viranna and Sunca Rama Chetti<sup>21</sup> were some other extremely wealthy merchants of the time who had extensive inland



trade in India and overseas and overland trade abroad. It is important to mention here that merchants during this period started to adopt a life style which helped them look poor as they had developed a sense of insecurity. Bernier has written that the rich merchants were scared of being squeezed of their wealth by the ruling class if their lifestyle reflected their wealth and richness.

At this juncture, let us look into the arrival of the Dutch, the English and the French trading companies in India. The Dutch and the English trading companies arrived in India by the beginning of the 17<sup>th</sup> century and the French trading company arrived by the end of the 17<sup>th</sup> century. Attraction towards and final arrival of foreign trading companies in India in itself is the revelation of the richness of Indian economy of the time. Precisely, the foreign companies came to India because of the growing demand for Indian products in the European countries. The Dutch and the English Companies were joint-stock companies which were like the precursors to the modern times multinational, multiproduct business corporations. Both the companies had received charters from their governments. The charter from the respective Governments gave them monopoly of trade with India.

The Indian overseas trade was so rich that it needed a very strong battery of ship-owners and operators. The sea borne trade was along the coast and long-distance both. Some of the overseas traders and Indian ship-owners were so big that they owned a fleet of ships and were based on big ports, such as, Surat and Masulipatam, Coromondal, Bengal and Orissa. They were engaged in export, import and entrepot trade with various places including the Europe. Abdul Ghaffur of Surat, Mir Kamaluddin of Masulipatam, and Astrappah Chetty of Pulicat (Coromondal) were some very big overseas traders. Abdul Ghaffur was said to be the largest sea trader of the time. He owned 20 ships with a total carrying capacity of more than 5000 tons.<sup>22</sup> Historians have written that his overseas trade extended from Manila to Mocha. He is said to have managed his fleet very efficiently and exercised a very strict control over his *nakhudas* (managers of ships) so that they did not deviate from the trading and sailing directions and destinations. Apart from big fleet owners, there were smaller ship owners who owned five to ten vessels. There were still smaller operators who owned self operated one or two ships and themselves made regular overseas trips. Ship owning and going on overseas trade was the very specialized activity of the time. There were some overseas merchants who were not the ship-owners, but in overseas trade they were considerably bigger than the ship-owner merchants. For their overseas trade they hired either the full ships or space on ships of others. The overseas trade was so huge that it created demand for construction of new ships. Historians have written that the Mughal Emperor had ordered in 1650 to build six to eight ships every year. The ship building activity continued during the Mughal period till Aurangzeb discontinued it.

The English and Dutch succeeded in penetrating and reaching all the important trade centres of the Indian market of India. They succeeded so quickly because of their organisational skill and deceitful policies. Given the level of economic development, the presence of transportation system, and the well organized financial and credit system helped the European traders to spread faster. In their Indian trade they started experiencing a serious problem in terms of trade deficit always going against them, which necessitated the payment in gold and silver. The export of goods from India to Europe required to be paid off in gold and silver because the Europeans had no such good products which could have been exported to India in sufficient quantity so as to offset the trade deficit. The trade deficit was a cause of concern for English merchants. Their worry found expression when in the year 1686 Sir Joshua Child wrote to the Madras Council. He had written that running deficient in revenue would make it impossible for English firm to continue in India. Without sufficient revenue and without sound political base, the English would always remain mere merchants and that too at the discretion of the Indian merchants and Kings.

Thus, the fear of losing ground led the English to devise rules and policies in their favour as also tactfully not to abide by the rules and regulations of trade which governed the natives and Asian traders. Soon they started thinking of getting control over the revenues of the areas so as to use the same for financing their exports. To work on this ambition, the English started devising and hatching such schemes and policies which could weaken and disintegrate the Mughal Empire. They found their way through the rivalries and internal discords of the states. The rivalries provided the English the much needed opening to intervene in the politics of the country. By the year 1714, the English increased their intervention and use of unfair means and even force against the Indian artisans and merchants in order to suppress them to lower the prices of their products. The increased intervention and use of force by the British paved the way for them to increase their domination on the Indian inland trade as also on the overseas trade through the Indian Ocean. Even though the Indian trade and Indian shipping declined, but still the share of the Indian merchants and traders in various commercial regions of India was very high and the inland and overseas trade was in their

dominance. An indication to this point is available from the Ashin Das Gupta's work. He in his work entitled *Indian Merchants and the Decline of Surat* has written that in Surat, of the total annual turnover of Rs. 16 million, the European share was only Rs. 2 million by the end of the 17th century. This works out to be just one-eighth of the total. The situation did go in favour of the British merchants and carriers only when India became a colony and the colonial rule of the British was established.

### 7. An Enquiry into Colonial India:

In the earlier section we have taken a glimpse of the Indian economy in the Mughal period. Therein we have seen that the Indian economy during that period consisted of self-sustaining villages and towns. The villages were self sustaining villages. People in villages were engaged in agriculture. The village economy was supported by the local artisans and craftsmen. The towns were developed and they were the seats of administration, pilgrimage, commerce and handicrafts. Markets, indigenous banking activities, means of transport and communication were developed. The business richness, the potential of doing business, the wealth of India, and the growing demand for Indian products in the European countries were the forces of attraction for the foreign companies. Accordingly, the Dutch and the English trading companies arrived in India by the beginning of the 17<sup>th</sup> century and the French trading company arrived by the end of the 17<sup>th</sup> century. We have also seen that the foreign companies were hatching ambition of their spread to wider India with a view to dominate over the Indian trade and conquest control over the revenues. Working on this ambition, the English started devising and hatching such schemes and policies which could weaken and disintegrate the Mughal Empire. They found their way through the rivalries and internal discords of the states. We have noted that by the year 1740, the English increased their intervention and use of unfair means and even force against the Indian artisans and merchants in order to suppress them to lower the prices of their products. This helped them increase their domination on the Indian inland trade as also on the overseas trade. At this juncture, it is worth mentioning here what Paul Kennedy has written in his work entitled 'The Rise and Fall of Great Powers'. In his work he has given statistics on the manufacturing strength of India in 1750 and onwards running through the period 1900. According to him, in 1750 India accounted for 24.5% of the world manufacturing output. When we compare the Indian share in world manufacturing output with that of the United Kingdom, we find that United Kingdom stood miles behind India. While India accounted for 24.5% share in world manufacturing in 1750, the share of United Kingdom was a paltry 1.9%. The Indian share of 24.5% in world manufacturing was even higher than the share of Europe which included the United Kingdom, France, Germany, Habsburg Empire, Italian States, and Russia. The share of Europe (United Kingdom, France, Germany, Habsburg Empire, Italian States, and Russia) in world manufacturing output was 23.2% which was less by 1.3% from that of India.<sup>23</sup> The Indian manufacturing and trade richness was one of the strong motivating force for British to conquest India. It is in this backdrop, we would now take a look into the British conquest of India and India becoming the British colony.

But before we proceed ahead, let us see what the Robert Clive had said about Indian riches. Robert Clive, who is known as the chief architect of British conquest of India and who laid the foundation of British empire, while visiting the Murshidabad (the capital of Bengal during the Mughal period) in 1759 had reckoned that the capital of Bengal was equal in extent, population and wealth of the London of the time. He had reckoned that the men at the then capital of the Bengal were richer than the men of London and the palaces there were far greater than those of the Europe. Robert Clive had also reckoned that India was a country of inexhaustible riches. It was the riches of India which attracted the foreign forces to come to India and plunder her wealth.<sup>24</sup> The British also came to India with this objective in mind and realising the inexhaustible riches of India they stayed back and established their rule in India.

The defeat of Nawab Siraj ud-Daulah in the Battle of Plassey paved the way for the British East India Company to establish its rule over the major part of India. This marked the beginning of the period of colonial exploitation of India. The colonial exploitation continued and the situation did not change even with the transfer of power from the East India Company to the British Crown. Under colonial exploitation, there was massive drain of wealth from India to England which ultimately resulted in pauperisation and poverty of the Indian masses and shattering of the economy.

Let us now look into the ways in which Britain exploited India and drained its wealth. The literature in Indian History and the studies in the domain of Indian economy have thrown light on the ways of exploitation, deindustrialization and ruralisation of the Indian economy. We have made an extensive survey and review of literature on modern history of India and based on this review the present section is devoted to discuss the exploitation, deindustrialization, ruralisation and pauperization of the Indian economy.

## 8. Conclusion:

The destruction of Indian industry, shift of trade from Indians to British traders, deindustrialization, ruralisation and pauperization of the Indian economy during the colonial rule led to the onset of mass poverty in India. Displacement of people from trade and industry to agriculture and drain of wealth augmented the pace of pauperisation and finally pushed the Indian economy in the clutches of poverty. As a result, the poor people were left with no other refuge and they all moved towards agriculture in one or the other form. Thus, soon agriculture became almost the only occupation of the people at large in India. The Census of 1901 showed that of the total population, about 52% were either landlords or tenants, 12% were field labourers, 1% were growers of special products or were engaged in estate management, 2.3% were partly agriculturists and partly followed some other form of employment, 6% were general labourers but who were mainly supported by work in the field. Thus, a total of 71.7% of the population depended directly or indirectly on agriculture for their livelihood. Further, it was estimated that in rural India about 90% of the people lived directly or indirectly by agriculture.

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