

## CONCLUSION

How dynamic was Gujarat's economy in the eighteenth-century? is the fundamental question that this book set out to answer. The central issue raised in the introduction was to identify in what ways and to what extent Gujarat fits into or deviates from the broader historiographical debates and issues that have stimulated enquiries into the continuities and changes in South Asia as a consequence of the English industrial revolution and the beginning of colonialism in the middle of the eighteenth century. That South Asia experienced a major political change in the course of the eighteenth century is beyond doubt, but the enquiry into the nature of the change and its economic consequences has resulted in diverse and even contradictory interpretations. The present study reinforces the idea of South Asia's internal political and economic diversities and distinguishes the nature and forms of interaction between state and economy on the scales of time and space. I have argued that the political economy of Gujarat followed a trajectory distinct from that of the rest of South Asia and that some of its fundamental features showed remarkable historical continuity over a long period.

One major aspect analysed in this book is the interdependence of trade and politics. I have indicated that its nature was different from the other two major commercial regions, namely Bengal and southeastern India. In the political economy of Gujarat, merchants enjoyed a strong position and constituted a dominant group with which the states often negotiated. Gujarat was a region of commercial towns and cities, of powerful merchant families and banking houses, and of a highly commercialised agriculture. Its economy was oriented towards oceanic commerce and its vitality depended much on prosperous merchant groups and industrious manufacturers. The penetration of merchant capital in the running of the state was much deeper than elsewhere in South Asia. This was more so in the eighteenth century as political entities, in their quest for money to finance their military apparatus, increasingly came to depend on advances and loans extended by local money merchants. As elsewhere in India, the uncertainties of actual revenue collection, in terms of both schedule and amount, as well as the anxiety and delay in converting the revenues collected in grain into cash, compelled states to borrow from merchants. Under such circumstances, the merchants exerted considerable influence on the economy. The difference with other regions of South Asia was that in Gujarat the negotiating position of the entrepreneurial class in their dealings with those pretending to rule appear to have been stronger than elsewhere. What the preceding chapters have established is the continuity in the relative predominance of merchants in the political economy of Gujarat and their strong negotiating position during this period, whereas in some regions 'state mercantilism' and 'military fiscalism' were on the increase. Most of the time, trade was the prime mover of the political economy of Gujarat.

Another aspect of the political economy that this study examines is the extent of the interpenetration of politics, trade and production. This study underscores the continuity in the relative autonomy of trade and production and the freedom of producers and merchants from state

intervention. Whereas in Bengal and southern India, the English and some local states were able to establish their control over trade and production, in Gujarat merchants and producers retained their prominent position.<sup>1</sup> In other words, the market economy continued to function rather smoothly and to retain its autonomous dynamic even after the English Company had obtained a degree of political power in Surat in 1759. This was possible largely because the early eighteenth-century political reconfiguration and the eventual dyarchy that governed Surat and Gujarat in the second half of the eighteenth century hindered the English takeover of the region and thereby delayed the region's transition to a colonial economy for more than half a century. The multiple centres of political authority and the fluidity of their mutual relationship did not allow any one of them to control commerce and production. The presence of a powerful merchant class and the penetration of merchant capital into the production system was a bulwark against any such attempt by the state. An almost total absence of state official's participation in commerce may be attributed to the merchant's predominance and the existence of large capital resources independent of political power whose longevity was highly uncertain in eighteenth-century Gujarat.

It appears, therefore, that the role of the state in promoting commerce was rather limited. To merchants, it was not important who the ruler was. Their primary concern was to ensure that the state provided basic security to merchants and their property. The efforts of some merchants to help the English Company take possession of the castle may be attributed to their concern for security and not to any conscious choice of rulers. In this respect, Gujarat, and particularly Surat, compares well with the Dutch Republic, where the state was weak and merchants dominated the political economy in the eighteenth century. Unlike the Dutch Republic, merchants of Gujarat experienced no political ascendancy in the actual sense of the term. We have hardly any example of a merchant assuming administrative position or exercising actual political control in the region in the second half of the eighteenth century.

The nature of economic growth in Gujarat invalidates the 'top-down' trajectory of growth attributed to most Asian economies. I have argued that the relationship between the state and economy was confined to the former's appropriation of a part of the produce and a fee on all market exchanges, beyond which the economic processes were free of state intervention or control. It is true that merchant capital and producers' labour was sometimes vulnerable to state exploitation and the right to property or labour was not transformed into 'transparent' institutions. In general, however, the merchant communities of Gujarat were strong enough to resist oppression by articulating their grievances and forcing the state to come to the negotiating table.<sup>2</sup> In many cases, their actions secured

---

<sup>1</sup> Subramanian, 'Power and the weave'.

<sup>2</sup> Merchants knew how to protect their interests and resorted to every means, from written representation to violent actions, whenever they felt threatened. There are several references to such collective measures taken by Surat merchants in the early eighteenth century (*Mirat-ul Haqiq*, ff. 235<sup>b</sup>, 236<sup>a-b</sup>, 237<sup>a</sup>, 362<sup>a</sup>, 363<sup>a</sup>, 422<sup>a-b</sup>; *Mirat-i Ahmadi*, II, 106, 113, 139). Elsewhere, I have discussed this aspect in detail (G. A. Nadri, 'The Trading World of Indian Ocean Merchants in Pre-colonial Gujarat

for them the dismissal of a corrupt official. Some powerful ones played a role even in the appointment of governors.<sup>3</sup> This dynamism is quite visible in various representations and successful negotiations with the authorities in the second half of the eighteenth century. Even during the heyday of the Mughals, the institutions that governed commerce and ensured historical longevity to merchants' familial fortunes were not authoritatively framed or influenced by 'the state'. They had their independent origins and that is why merchants were able to retain their dominant position even under politically uncongenial circumstances in Gujarat.

By analysing quantitative and qualitative evidence on the volume and value of trade, I have argued that the economic experiences of eighteenth-century Gujarat were not different from those of the seventeenth century. This study shows that the contraction of economic activities in the 1720s and 1730s was soon followed by a phase of economic growth in the second half of the century when the region showed its remarkable potential to generate large-scale production and consumption of goods and market-exchange activities. The notion of the eighteenth century as a period of economic decline in South Asia compared with a seventeenth century of prosperity does not tally with the trajectory of economic developments in Gujarat. The data on the volume of trade presented in this book suggest that the economy was experiencing vibrant growth in total output as well as in the relative material prosperity of the people involved in various economic processes. The increasing demand for cotton and textiles stimulated production and a highly competitive market induced peasants and artisans to produce and reap the benefits. The import of spices and sugar and their consumption on a much larger scale than anywhere else in South Asia at the time testify to the general affluence and comparatively better living standards in eighteenth-century Gujarat.<sup>4</sup> Through a favourable balance of trade and acquisition of precious metals, Gujarat continued to be a major contributor to South Asia's pre-eminence in the late pre-colonial world economy.

The 'great divergence' theory has stimulated comparison between European and Asian pre-industrial economic growth. In the present state of our knowledge it is not possible to estimate GDP or to determine the living standards of various segments of society. But considering the fact that Gujarat on the whole produced high-value commercial crops and that its textile industry continued flourishing due to increased demand, it seems probable that its per-capita GDP was higher than in many other regions of South Asia. The benefits of commerce trickled down to the producers and peasants thus narrowing the gap between growth in the GDP and per-capita income of a larger number of people. The general affluence of merchants in Gujarat is incomparably greater than that of

---

1600-1750', in Prakash (ed.), *Trading World of the Indian Ocean 1500-1800*, to be published under the project History of Science, Philosophy and Culture in Indian Civilisation, 2007).

<sup>3</sup> Mulla Mohammad Ali was one such merchant who in the 1720s played some role in the appointment or removal of the governors of Surat (*Mirat-i Ahmadi*, II, 194).

<sup>4</sup> Thus, Surat's share in the total sale of cloves in India between 1714-15 and 1716-17 was 58.05 per cent as against Coromandel, Bengal and Malabar share of 30.44, 9.28 and 2.21 per cent, respectively (Prakash, *Dutch East India Company*, 159-60).

merchants in any other region. It may well be impossible to find any merchant in South Asia who can be compared in affluence and luxurious lifestyle with Abdul Ghafur or his grandson Mohammad Ali. The wastrel behaviour of Muslim and Parsi merchants also indicates a high living standard in Gujarat. With relatively higher real income, the living standard of merchants, artisans and manufacturers must have been good. The money wages of artisans and manufacturers were comparatively higher in almost all categories of work on which I was able to collect figures.

Contrary to the notion of the state as the motor of economic change in Asia, this study suggests that the role of the state in the political economy of Gujarat was at best confined to facilitating trade by ensuring the safety of land and water transportation and security to merchants and their property. Even this protection did not always work and quite often, merchants and producers had to negotiate with local authorities and officials to devise ways of getting through or around impediments. To a large extent, economic growth was on the Smithian evolutionary pattern in which the essential stimulation to produce or exchange goods came largely from market economic forces. The artisans and merchants devised on their own all possible means to benefit from the market. They were able to expand production by accommodating larger number of labourers in the manufacturing sector. The labour intensive production process was a crucial factor in the horizontal diffusion of wealth and income and the consequent convergence of per capital GDP and the living standard of greater number of people than was the case in some parts of Europe. The absence of labour-saving devices cannot be interpreted as the economy's inability to respond to the challenges posed by the changing nature of the world market.

Thus, the divergence between European and Asian economic developments occurred not so much because of any technological backwardness of the latter as due to colonial economic policies of the former which strangled growth and negated South Asia's advantages in cheap labour and, therefore, the ability to supply textiles to the world market at extremely competitive prices. But this was to come later in the nineteenth century, and as the responsiveness of Gujarati merchants to these challenges is beyond the scope of this study, suffice it to say here that until the end of the eighteenth century, the features of Gujarat's political economy displayed remarkable historical continuity. The evidence culled from the two major European companies' archives, the Dutch and the English, shows that the character of Gujarat's trade in the Indian Ocean did not change to the degree Das Gupta has suggested. His conclusions that 'from exporting manufactures, Surat became a collecting point for raw cotton' and that Surat's shipowners avoided the European-dominated sea lanes needs to be qualified in the light of evidence presented in this book.<sup>5</sup>

---

<sup>5</sup> Gupta, 'India and the Indian Ocean', 141.