

Indian Business History
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Week - 01
Lecture - 01
Introduction to Indian Business History

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- Week 1 includes **2 lectures**:
 - **Lecture 1**: Introduction to India's Business History and Outline
 - **Lecture 2**: Discussion of the sources and methodology in Indian Business History

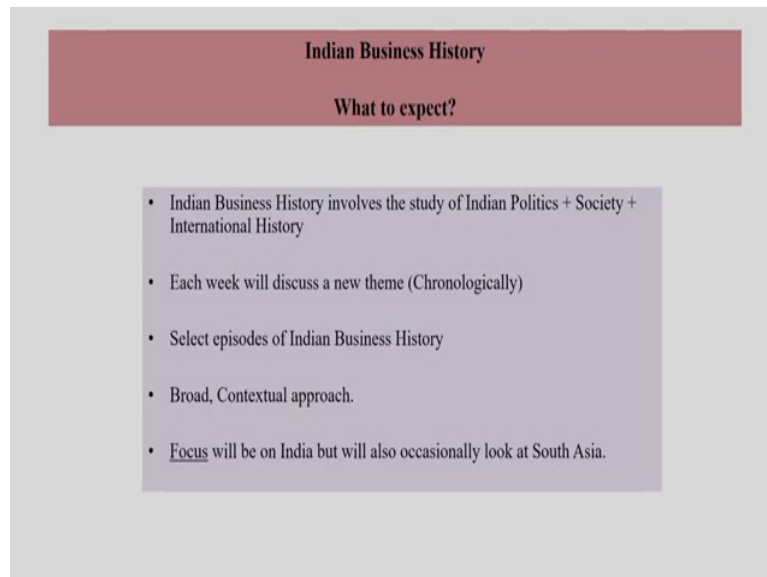
Hello and welcome to Indian Business History. I am doctor Vipul Dutta from IIT, Guwahati and this is an online course brought to you by NPTEL. This is week 1, lecture 1, and the title of this lecture is Introduction to Indian Business History.

Now, as I mentioned in the introductory video this course will be delivered in phases. These phases will be 8 weeks and will cover almost 20 hours of lecturing. This present session will be the first lecture of week 1. Week 1 includes two lectures. So, lecture 1, which is today, will be an introduction to India's business history, and I will also give certain details of its general outline and the various debates associated with Indian business history today.

Lecture 2 of this week will also be a discussion of Indian business histories general principles. This will include a discussion of the sources and methodologies that historians use to write India's business history. It will also include a discussion of the periodization and timing issues involved in calibrating the various phases that mark the progress of India's business history from one age to the other.

So, two lectures in this week and this is going to be lecture number 1. When I utter the phrase Indian business history students, researchers or people generally interested in knowing about India's business history have a few questions and the things that you should be expecting from this online course are roughly as follows:

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Indian Business History

What to expect?

- Indian Business History involves the study of Indian Politics + Society + International History
- Each week will discuss a new theme (Chronologically)
- Select episodes of Indian Business History
- Broad, Contextual approach.
- Focus will be on India but will also occasionally look at South Asia.

Indian business history, even though it is a historical course, cannot be studied in isolation. Therefore, this course has been designed keeping in mind the interdisciplinary nature of history writing and history reading today. Therefore, Indian business history will be a combination of the study of Indian politics. It will also include a study of the different features of Indian society. And it will also include the forces and factors of international history that contribute towards the shaping of India's business landscape and the Indian economy.

So, keeping in mind the multifarious and interdisciplinary nature of Indian history, Indian business history as well, will take into account the different events, episodes, forces, debates and features of the international system of which India is a part of. As I have already mentioned in the introductory video each week in this online course will cover a new chronological theme.

So, we will begin with a rough and brief discussion of 16th century - 17th century political developments in India and, then we will make the discussion more current to 20th century

and 21st century. Therefore, each week will contribute towards a newer understanding of India's business and economic past as the centuries have marched forward.

We will discuss select episodes of Indian business history. This could take the form of a video lecture detailing the debates and events that have taken place in the past. Also in certain weeks, as I will highlight later, we will study different and specific case studies relating to the Indian business story. We could focus on rural cooperatives in India and assess how business sentiments, factors and institutions have shaped India's economic landscape.

And, on certain other occasions we will also look at broad trends, policy principles, different pieces of legislation and governmental policies that have contributed towards the debate that is taking place on India's business policies for a very long time now. As I have mentioned before this course will have a broad contextual approach. Nothing happens in isolation and neither does India's business history.

So, each week will correspond with a distinct theme, yet while discussing that theme we will keep in mind the broad political, economic, social and even cultural context when discussing business ventures, business operations, or the rise in emergence of certain businesses empires in India.

Even though this course is called Indian Business History and the focus will be on India's growth India's growth story in the last centuries, yet India occupies a very strategic and important place in the world - we live in an immensely strategic and economically vibrant neighborhood. So, occasionally we will also look at examples of trade, business, manufacturing from India's South Asian neighborhood, and try and see how developments in those parts of the world have impacted the shape and structure of India's economy and business in these past centuries.

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Week	Module name and contents to be covered	No. of lectures planned
1	Introduction to India's Business History: General Outline, Methods, Importance and Periodization	2
2	Arrival of the East India Company: Agency Houses, Early Financial Operations, 1700-1800 AD	2
3	Rise of Indian Industrial Houses and Cities: Emergence of Bombay and Calcutta, 1750-1850	3
4	Swadeshi Movement in India and Rise of Indian Entrepreneurs, 1850-1900	2
5	Indian Business Operations during First & Second World Wars, 1914-1945: Hindustan Aeronautics Limited (HAL)	3
6	Independence, Industrial Planning, 1947-1960: Origin and evolution of Key Indian PSUs (Indian Railways)	3
7	"License Raj" and Impact on Business, 1960-1980, Nationalisation of Banks and Key PSUs	3
8	Liberalization of economy and Contemporary Trends in Indian Business, Oil Diplomacy	2

In the introductory video, I gave a brief oral summary of the weeks that will be devoted towards the study of India's business history. To give you a more form and visual example, as you can see in the slide here, this course will be divided into 8 weeks and there are specific hours of lecture dedicated to each week and this is also a chronological flow of narrative. So, it also makes the course easily understood by those who may not be familiar so much with India's history.

The course has been designed keeping in mind the academic requirements of a wide range of students and learners. Therefore, in the first week, which is today, we will discuss the introduction to India's business history. I will outline the course structure in a more detailed fashion and I will also discuss the sources, methods and intellectual debates that have taken place in this field to give you a broad familiarization of this important and emerging field.

In the second week, we will discuss the arrival of the East India Company which was a major break in India's political history and while doing that we will discuss some novel business innovations that the East India Company brought to the subcontinent. Of course, the economic practices and the business models developed by the East India Company were largely exploitative and plundered the wealth and the financial riches of the Indian subcontinent. Yet as a political example, it is important to study this phenomenon in order to understand not just the past, but also the future trajectory of business operations in India and South Asia.

The third week we will discuss the rise of Indian industrial houses and cities. In this week we will focus on the cities of Calcutta and Bombay and we will look at specific trading operations that gave a more urban and modern outlook to these cities which are now global centers of finance and manufacturing.

Bombay especially, now known as Mumbai, is internationally recognized as a global metropolis, but also as a hub for Indian financial wealth and a hub of certain business operations. Its present identity as a global economic capital or as one of the many global economic capitals in the world is largely due to its rich and vibrant history of economics and business operations.

Calcutta too, as a center of cultural renaissance, literature, politics and also economy and business is largely a result of its historical experience in dealing with things like the opium trade and the rise and consolidation of jute production in the city. We will discuss these in greater detail as we go along.

And, in the fourth week, we will discuss the Indian national movement in a more detailed way where the Swadeshi movement in India and its critical role in giving a platform to Indian entrepreneurs will be discussed in a more detailed fashion. The rise of Jamsetji Tata and other business leaders in India at this time was largely a result as it was largely a result of focus on generating, consolidating and exporting Indian led growth and Indian capital to different parts of the world.

So, India's modern identity today as a nation developing ever faster and becoming an international hub of international manufacturing and trade is actually a historical result of past policies and structures that made India a convenient location for prosecuting economic operations.

Week 5 we will discuss the global episodes of the first and the second world wars. And while discussing this we will also investigate a particular case study which relates to the manufacturing of aviation equipment in India. India was one of the earliest countries in the world to have a domestic aircraft manufacturing space developed within its region. This was the Hindustan Aeronautics Limited as it is now known today. Yet during the second world war, a very modest airline manufacturing company was established in the Indian subcontinent, which was seen as a landmark event in the history of not just Indian aviation, but also global aviation industry.

Week 6 we will move forward and we will include in its discussion the remarkable event of India getting its independent independence from British rule and we will also discuss the launch and formalization of planning policies in India. So, the inauguration of 5 year plans, its drafting, the people associated with the drafting of those plans, the ideas and institutions that drove that agenda forward will be a critical component of this week.

Week 7 we will discuss industrialization and manufacturing policies from the 1960s to 1980s. This era is also called as the License Raj. License Raj basically refers to the introduction and implementation of licenses for industrial expansion, manufacturing and other associated functions of the Indian economy and we will discuss its limitations, advantages and disadvantages in its historical context when we reach them.

The final week of this course will be a discussion of the liberal reforms of 1990s and I will combine that with a more contemporary discussion of some of the landmark events and policy pronouncements that intend to make India a hub of manufacturing and a source for employment for its citizens. Thus we will complete a full circle of history as far as this course is concerned.

We will begin with the 16th and 17th centuries, but when we end, it is my hope that students and learners will be able to get a broad assessment of the trajectories, forces and the broad brushstrokes of history that have shaped India's business landscape in India's economic affairs in the last 200 to 300 years.

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Expected Outcomes:

- You should have developed a good grasp of India's Business History
- Ability to contextualise contemporary developments in India in the light of the country's past.
- Develop an interest in themes relating to south Asian global economic affairs.

There are a few expected outcomes from this course. The first is that it is expected that you should have developed a good grasp of India's business history which is to say that after this course students are expected to have a broadly familiarization a broad familiarization with some of the associated aspects of economic manufacturing and also business operations.

But, also generally have a more comprehensive understanding of politics, economy and society associated with those precise functions. Economics or trading or manufacturing or international trade as I have said before does not happen in isolation. So, while this course runs, it is an expectation that students also keep in mind the broad international and domestic context within which business history is written down and also understood by people.

The second expectation or the outcome for this course is also for students to be able to contextualize contemporary developments in India in the light of country's past. India's current business ventures, or its economic partnerships with multilateral institutions or other countries, its bilateral diplomatic relationships with its neighboring countries or some of the other more advanced economies in the world is a result of it is historical past.

India's subjugation as a colony of the East India Company and later the British Raj has given us a definite political identity which also shapes our economic decisions today. This is true not just for India, but also largely for Anglophone Africa, parts of the Caribbean, Latin America, also Southeast Asia and countries like China which have witnessed dismal episodes of colonial subjugation.

So, the expectation of this course will also be to have students understand that contemporary business developments are a function of past historical systems and the ways in which those systems have either subjugated, liberated or made the world more integrated as an economic hole.

The fallout of that integration has been uneven the consequences of globalization in the 17th and 18th century which was colonization or colonialism is not felt equally across all parts of the world. While one section of the world benefited immensely from unequal terms of trade colonies such as India and other once prosperous territories of the world witnessed their full exploitative role of those international terms of trade.

So, current policy legislation, governmental policies and the broad legal framework within which the global south or parts of Latin America and other countries engage with the western hemisphere or the advanced economies is a result of what has happened in the past.

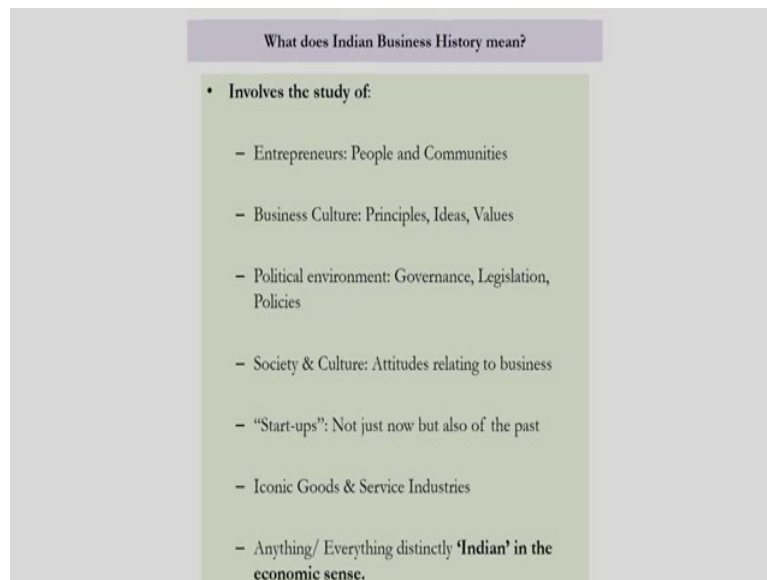
Thirdly, it is also expected that students and learners watching this course will develop a general interest in South Asian and global affairs. Business developments, economic history, or even contemporary economic affairs, is a subset of global studies today. While you may be interested in learning more details about India's business history which is the objective of this course, it is also expected that while learning business history and economic history students will also be able to critically analyze and appreciate the global context in which some burning questions relating to international trade, employment, manufacturing and the sale and transfer of services takes place.

It is the global context that determines the local context and it is local developments that shape global debates on business and economy. So, those are some of the few expected outcomes from this course which I hope you will be able to demonstrate.

What does the study of Indian business history really involve, is one of the commonest questions that I encounter. Is it a study of just economic equations and theorems or is it a more discursive discussion of business operations and the people involved, the culture and the values associated with entrepreneurship.

There are no easy answers to this question, but what can be safely said is that Indian business history is a composite of different subjects, different related fields, is also a combination of different institutions, structural forces and factors that contribute towards either the successful prosecution of a business or its ultimate decline.

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But, suffice it to say that Indian business history generally involves the study of the following elements because we are studying business and entrepreneurship, it obviously, will include an account of entrepreneurs.

Entrepreneurs could be ordinary people with some amount of disposable income to invest in a venture, or it could be groups of communities traditionally involved in business operations such as those of Rajasthan commonly known as the Marwadi community which has been at the forefront of industrialization in certain business practices in the Indian subcontinent for many decades now.

Indian business history will also involve the study of business cultures. Business culture by itself is an abstract term, but it can be studied in association with a deep study of the principles, ideas and values of particular society which either encourages the spirit of entrepreneurship or tries to discourage it. This will involve a study of the institutions, structures, and societal values in India that have contributed towards the florescence of a very rich entrepreneurial culture in India.

So, this course through the study of business culture will also give you a renewed understanding of the historic ways in which Indian society has given rise to specific, vibrant, regional or even or even international cultures of business operations.

Crucially the study of Indian business history also involves an investigation of the political environment in which business operations take place because merchant's businessman or people engaged in international finance and banking also happen to be citizens of one country or the other, sometimes more than one country internationally. It necessarily involves a study of the political systems in which political actors or financial actors or economic actors work and perform their functions.

So, political environment will include a study and comparison of the governance systems that have dotted the index of continent's landscape. We will begin with a discussion of some structural features of the Mughal state which preceded the arrival of the East India Company onto Indian shores. But we will also look at, in addition to governance, some of the legislation that has been enacted in the Indian state specifically which has a direct bearing on the ways in which the economy and businesses have shaped up in the country until today.

We will also do a comparative analysis of the different policies that have been pursued in India in the 20th century. We will look at the different kinds of governments that have prioritized certain sectors of the economy for action, vis-a-vis the others. So, our discussion of political environment, as far as business is concerned, will definitely be a comparative analysis of different governmental frameworks, of different legislations, and the structures and frameworks of policies that have been implemented or considered in India.

When studying Indian business history, it is also important to keep in mind that just as there is a political context to business operations and economic affairs, there is also societal factors and cultural factors that shape the ways in which business histories are now understood today.

So, while we are discussing society in culture, we will give a thought to the attitudes relating to entrepreneurship, to business operations, attitudes towards members who engage in business related activities, or members of the intellectual community who prefer or draft advice on economic matters. So, society and culture will also involve a general appreciation of the official, intellectual and the academic context in which views relating to economic activities are enshrined and circulated.

Startups is rather buzzword today in Indian politics and Indian current affairs. Yet there is a long history to it, as this course will highlight. We will, in the course of our lectures, also

highlight some early Indian business ventures that could be called as startups and which were pioneering innovations in their respective fields.

The establishment of the aircraft manufacturing facilities, which is now HAL, was one such startup that thanks to the pioneering potential of certain Indian businessmen gave India its very modern and business identity in the world today. So, while we will close the discussion of this course with contemporary developments startups as a concept by itself has a long history to it then we would otherwise imagine.

Indian business history is replete with rich examples of some iconic goods and service related companies. This course will also use those examples, develop case studies out of it, and give you a critical analysis of the ways in which they have developed their unique business models and contributed towards the strengthening of the Indian economy.

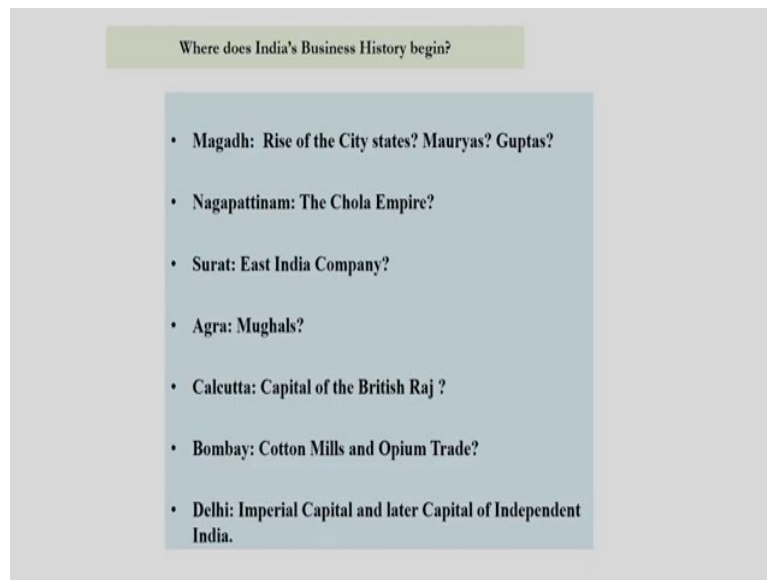
The chief example in this element will be a general discussion of the rural cooperative sector, which has been fabulously successful as far as India is concerned. So products of companies like Amul and certain other cooperative banking institutions will be discussed in great detail when we discuss in business history.

In addition to the above elements, anything that is distinctly Indian or a contribution of Indian entrepreneurial spirit towards the development of global enterprise and business or shapes the global economy in a decisive way will also be discussed. Specific examples relating to these Indian contributions towards managing the global economy will be discussed as we go along. But, for the moment, Indian business history involves a discussion of these following elements that you have just seen in the slides.

In addition to questions relating to what constitutes Indian business history, what are the institutions associated with India's business history, who are the people who gave India its modern entrepreneurial identity, there are also another set of additional questions that complicate the study of India's economic and business past a great deal.

These are fascinating debates. There are fascinating questions associated with those debates. But, just to give an illustration, one of the most foremost questions that historians, policymakers, students, researchers and journalists today ask is where is the exact center or region or state through which we can trace India's general business history.

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Is it Magadh which was the centre for the emergence of city states in the 6th century in ancient India? It was also a center for the consolidation and rise of the Mauryas and Guptas which were remarkable state led empires and contributed towards new architectural styles, gave rise to new literature, and new economic systems and political systems.

Some people also question, whether it is the south of India where one must locate the origins of India's business history? Was it really the Chola empire, with its fabulous wealth and its enormously magnificent temple architecture, that is responsible for India's rich business history? Should South India be seen as the epicenter for India's growth as a business centered region?

In addition to that, people also want to focus our attention towards the western part of the country. In cities like Surat, which was the first place, where the first factory of the East India Company, or in more simple terms, the first warehouse of the East India Company was located. The establishment of the first Non Asian warehouse or industrial facility in Surat is now seen by many as the start of India's formal business history because this was also the advent of the political system that the East India Company brought to the country at this point.

Some people differ with that position and they contend that if you want to trace India's business history you should step back a little and focus on the Mughal state. It was headquartered in Delhi and also briefly in Agra. So, many historians, economists, also want

to study present trends in India's economy by stepping back a little and looking at the historical trajectory of the political systems that have given rise to different economic systems in their wake.

From the Mughals we move to the British Raj and to city of Calcutta. Calcutta, as I have mentioned before, which was a centre of not just international finance or opium trade or the tea trade. It was also a city which witnessed the rise and consolidation of the jute industry. The jute industry played a very critical role in the first in the second world wars where the output of those mills was seen as a critical element in packaging.

So, the fortunes associated with the demands relating to the wartime economy contributed immensely to the growth of Calcutta as a city. So, many historians today also contend that it is not the past, but the more recent developments in the global economy such as the first world war and the second world war and its attendant effect on cities like Calcutta that should be seen as the starting point of India's business history, geographically speaking.

Similar to the previous argument people also suggest that Bombay could also be another geographical center through which a more coherent history of India's business enterprises could be located. Bombay was a center of not just opium trade, it was also a center for textile production manufacturing.

And, some of the most iconic textile mills came up in Bombay which led to certain other cultural and societal influences such as the consolidation of on base labor movement, and the generation of a public culture infused by labor sensitivities and sensibilities. So, in addition to Calcutta, people suggest Bombay as an alternative site to chart India's very vibrant business history.

Contemporary historians, journalists interested in business history, as also students studying contemporary history, will obviously relate to the last point which is that in addition to the historic nature of India's business past, if we want to understand India's contemporary business developments and economics, we should go no close we should go no farther than the city of New Delhi which was made not just the capital of imperial India but also remains to this day the capital of the Indian state.

Its political center, its center of central governance is seen as critical to not just analyze, but also chart the path that policy takes from its legislation to its implementation and the location

of Delhi as the political center of India is seen as the epicenter from which you can chart India's contemporary business history.

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- No one particular region or area, but almost the entire subcontinent was thriving with commercial operations and trade at various times in its history.
- India also had a rich maritime tradition of trade and business with West Asia and Southeast Asia since ancient times.
- Contemporary business trends, therefore, have to be studied in the context of historical developments.
- This course will help you build bridges between the past and present business histories of India.

But, the reality is more complicated. In addition to the different centers and regions that have played their own critical role in making India a very vibrant economy since the past centuries. The simple answer is that there is no one particular region or area that is critical for making India what it is today. In fact, almost the entire subcontinent was thriving with commercial operations and trade at various times in its history.

So, India's economic past is an economic, cultural, social and political palimpsest through which you can chart different trajectories and policies depending on your own research and academic interests. But, to focus on just one region or the contribution of just one community or one person will not do justice to the historic communitarian and pan India sensibility of India's business history.

All regions at various times in history have played their own important roles in making India internationally recognized for its potential in conducting entrepreneurship and business related operations whether it is the 16th century or the 21st century, each area that constitutes India today is responsible in crafting its economically and culturally vibrant image today.

India also had a rich maritime tradition as far as the sale and trade of commodities is concerned. It had extensive maritime connections with West Asia and also Southeast Asia.

So, when historians today seek to understand India's business past by focusing on southern India they are mainly focusing on the extensive rich, diplomatic and interstate relations that India has historically enjoyed since the past centuries with territories in West Asia and also in Southeast Asia.

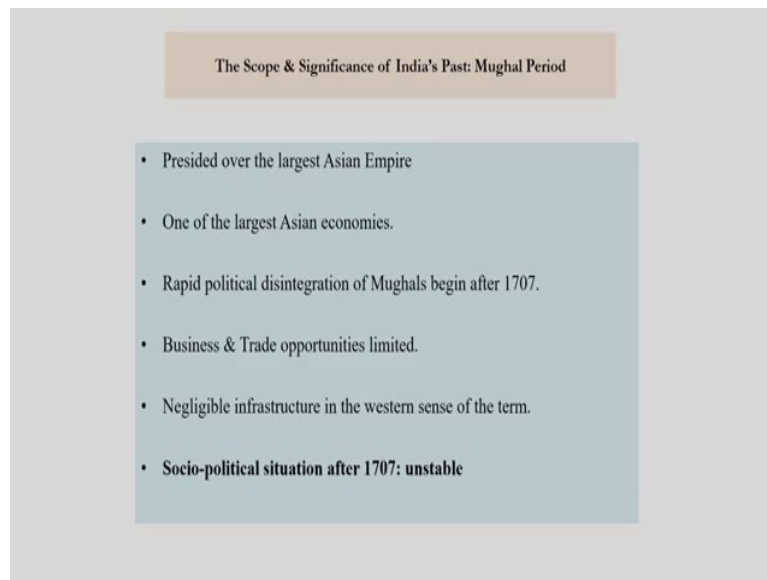
So, India's current economic partnerships with countries like Singapore, Malaysia, even China or India's emerging relationships with countries of West Asia or the Middle East is again the latest example of India's historic dealings and relationships that it has crafted with different areas of the world.

Contemporary business trends therefore, have to be understood and studied in the context of historical developments. It does not matter where India's business history began. What is critical to understand is the regional phenomena and the collective identity the different communities and regions have given to India's business landscape and economic identities. What is also crucial to understand is the historic contribution that is resulted in India's present framework of policies and legislation associated with business practices.

Therefore, this course will help you build bridges between the past and present histories of India. Even though the focus of this course will be on the historical developments in policymaking and the different structures that determine patterns of economic production. Yet the raw materials that will be provided to you as a result of these lectures and discussions will give you enough tools to understand, assess and even predict the future trends in economy and business.

So, in that sense India's business history then becomes a crucial and strategic tool for you to understand not just what has happened in India's past, but also gives us crucial elements to understand current debates on India's economy and the ways in which Indian institutions, Indian people and Indian society and culture can shape the next level of debates being discussed in global policy-making forum.

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Because this course will help you build bridges between the past and the present, I want to spend some time in discussing the scope and significance of India's past and by past I mean the recent past. So, I want to spend a few minutes on the Mughal period which presided over one of the largest Asian empires that have existed in recent history.

It is also important to discuss the Mughal period because it precedes the arrival of the East India Company which will be a theme for week 2. But, if we want to understand the early banking and economic operations of the East India Company we cannot do so until we have a clear idea of the factors institutions and the general trends that characterize the later part of the Mughal state or Mughal empire in India.

While the Mughal empire was territorially and geographically one of the largest Asian empires comparable to medieval China or its near contemporary the Chinese state during that time. What made the Mughal empire also distinguished was the fact that it also was operating one of the largest economies in this period. By any economic indicator that you can look up online the Mughal state while it was in its heyday presided over one of the largest and effectively managed economies that existed in the Indian subcontinent.

However, there was a rapid and political integration of Mughals after 1707 which is the year when emperor Aurangzeb died. So, Mughal fortunes turned for the worse after the after the year 1707 and political decline was associated with a larger economic, cultural and political decline in the Indian subcontinent.

As a result of the fragmentation of political authority exercised by the Mughal empire, there were also a restriction of business and trade opportunities available in the Indian subcontinent. And in the western sense of the term, the absence of any credible infrastructure to carry out effectively any economic or business operation made it almost impossible for the economy to survive beyond a point.

This also paved the way for the arrival of the East India Company and its success of exploitation of existing political opportunities in India to become a paramount political power in the subcontinent. But the precise nature of the weaknesses and the contradictions that were visible in the decline of the Mughal period, set the stage for the next phase of development as far as Indians as far as Indian business history is concerned.

So, to sum it up the socio political condition in the Indian subcontinent after 1707 was largely unstable and a fragmentation of political authority meant that its consequences were felt also in the economic sector, in the social sector and also in the cultural areas.

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Mughal Decline: Some Features

- **Nature of Economy:** Agricultural
- **Manufacturing:** Textiles; Handicrafts
- **State of Business & Markets:**
 - Disconnected Markets
 - Disrupted Communications
 - Multiple Customs barriers
 - Multiple Currencies/ modes of exchange in circulation
 - Weights and Measures: Varying, no regulation
- **Regional Markets** operated by different rules, guilds and associations.
- **Collapsing Political authority** = Weak Economic affairs.
- **Rise of Regional centres/ Kingdoms:** Marathas, Awadh, Bengal, Rajputs: Local sources of revenue consolidated

Some features of the Mughal decline that you should keep in mind while discussing this period and this will also act as a bridge for you to understand why is it that the East India Company became so successful in this period.

The first point that is of importance to understand Mughal decline is the limited nature of economic operations being conducted in this period. The nature of the economy was

primarily agricultural industrial output if any was limited in scope and the sale and transfer of industrial commodities was also restricted in its scope.

There was a lot of manufacturing also taking place in the Indian subcontinent. In fact, some of the commodities and goods being manufactured in India had a global value of sale and transfer. So, textiles, handicrafts, precious stones, semi precious stones, jewellery were some of the commodities that had a global appeal across the world. So, limited manufacturing did take place in the subcontinent, and whatever limited was being manufactured had immense global value as commodities that could be put on retail, could be sold, or could be accumulated.

A few points on the state of business and markets at this point: So, Mughal decline was not just a political decline, it was also a decline in the overall economic sentiment associated with business operations at this period. Some of the elements that characterized the decline in Mughal economy was disconnected markets - so while political authority was getting fragmented into various regional powers, markets as a consequence of that were also getting fragmented.

The absence of any credible communications infrastructure also disrupted market economies at this period. Also the constant state of warfare or animosity between different regional powers while the Mughal empire was declining also made economic operations and business operations unstable volatile and unsafe to carry out.

In addition to all those factors there were also multiple customs barriers. Different regions within the subcontinent carried out trade on the basis of their own locally agreed terms and conditions. These were not necessarily terms and conditions that were agreeable to other regions and other cities in the sub continent. So, the disruptive nature of customs barriers, the incompatibility of different structures in different regions also contributed towards the further decline of the economy during this period.

Additionally, multiple currencies or the existence of multiple modes of exchange also contributed towards the disruption in the economy. The incompatibility of one currency system or one mode of exchange with the other meant that the smooth nature of economic operations and business operations could not be conducted in a smooth manner.

In addition to multiple currencies there were also varying standards in the measuring and weighing commodities. So, the basic premise of international trade today which rests on uniform standards of weights and measurement and pricing was something that was very difficult to imagine in this period. So, the unregulated nature of weights, measures and themes such as scientific measurements at this point made the prosecution of the Mughal economy even more complicated.

Regional markets as I have mentioned before operated by their own rules. There were different guilds or associations of merchants and businessmen who carried out local trade, intraregional trade, or inter regional trade according to their own local customs and traditions. So, the difference of a set of traditions in one region, and its inability to either adjust or match up with the sensibilities of certain other regions also complicated the economy at this period.

The absence of a central power that could dictate its terms and conditions also complicated matters further and the disruption of political authority that began after 1707 further complicated the institutions and structures associated with the smooth functioning of any economy.

So, a collapsing political authority weakened further economic affairs which made the advent of the East India Company that much more easier into the Indian subcontinent because they made use of political tensions, economic tensions in order to maximize economic privileges for themselves. And, the optimization of economic privileges contributed towards making East India Company subsequently the paramount political power in the Indian subcontinent.

So, the disruptive, fragmented and the general economic decline of this period made the arrival of a new political system in India much more easier than it otherwise could have been. While Mughal authority was declining and making the economy of the Indian subcontinent more volatile and weaker, there was also a parallel tradition or a parallel movement in history where the rise of regional kingdoms contributed towards an immense growth in culture and their own local economies. Some of the important regions that emerged after the decline of the Mughal empire were the Marathas, the Awadh region, Bengal and the Rajput leaders, who merge as important political leaders in their own right and while they strengthen their states politically they do not local economies witnessed a massive resurgence. So, Bengal after 1707 became one of the most wealthiest and prosperous regions that engaged in

international trade and domestic trade in the manufacturing of textiles like calicoes and also in the processing and international sale and transfer of spices.

These were also the earliest regions where the East India Company established its flag firmly. So, the promise of massive earnings through trade by the whether it is international or domestic in regions like Bengal attracted the East India Company to gravitate towards that geographical tradition.

So, the concentration geographical direction. So, the concentration of political authority characterized by the East India Company in Bengal or in the port cities of India was a consequence of the resurgence of regional powers in Indian subcontinent after the central Mughal authority had begun to be ineffective after 1707.

So, the rise of regional powers not just gave a fillip to the consolidation of political power in different areas of the Indian subcontinent. It also was a political spectacle because it gave rise to different local cultures in areas as diverse as literature, architecture, cuisine, clothing cultures and other associated traditions. So, the collapse of Mughal authority was by no means a wholesale collapse of the subcontinent but, it could be said that the emergence of regional kingdoms and powers was a second regeneration of Indian political life as it were.

The emergence of the Marathas, the Awadh region, the Bengal region and the rise and consolidation of the Rajput states was also seen as the consolidation of local economies and the consolidation of local sources of revenue for these states. So, the attraction of the East India Company towards these regions was not just economic, but it was also determined by the relative political, economic and also cultural stability that marked the rise of regions such as the Marathas, Awadh and Bengal.

So, while one aspect of the early 18th century if India was the decline of Mughal authority, the other aspect was the regeneration of India's political system across different regions and the consolidation of local economies who became fairly prosperous by the end of the 18th and early 19th centuries and which became principal agents with which the East India Company established its first political contacts in the Indian subcontinent.

I want to take some time to offer a brief sum up of the 18th century in India's economic journey at this point. The facts that I mentioned previously will be summarized in a more effective way so as to give you a synoptic picture of the context of this period.

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A sum up of the Historical context of the 18th century

- Fragmented political authority affected the economy too.
- Loss in the legitimacy of the Mughal state gives rise to the emergence of locally powerful and prosperous regional powers.
- Inter-Regional animosity or rivalry further weakens.
- The East India Company finds an inlet into India by seeking economic privileges from the Mughals and regional powers and by gradually opting for greater economic privileges by manipulating political relations.

The first element that you have to keep in mind is that fragmented Mughal political authority effected the Mughal economy as well. When the central authority conceded it is control over different aspects of the regulation of economy and manufacturing or its general hold on the negotiating terms and conditions of international trade it was seen as the concession of Mughal authority on matters relating to economics and business. This concession of authority was capitalized and maximized by the officials and traders of the East India Company and the gradual and subsequent replacement of political authority of Mughals with the East India Company began in 1707.

The second element which is critical to understand the historical context of the eighteenth century is to understand that the loss in the legitimacy of the Mughal state gives rise to the emergence of locally powerful and prosperous regional leaders at this point. So, while central authority was an obvious decline this could not be said that a similar trend was working out in the regional areas. Leaders of the Awadh region, Bengal and Rajput leaders making political actors important enough at this point.

And, while they were building their own states they were also able to come up with sources and resources that could cook; that could put their economy on a stronger scale. So, the losses of central authority was marked by a rise of parallel regional authorities which were able to rescue their economies form a wholesale decline in this period. So, the regional growth of

India's economy was another important feature when the central Mughal authority was in its decline.

The third element that you have to keep in mind when studying the historical context in this period is the aspect of interregional animosity or rivalry. So, while Bengal, Awadh and southern Indian principalities were emerging as important political regions by themselves, there were also instances where political relations between these regional kingdoms was not always friendly or productive.

Interneccine warfare between the Marathas or the state of Hyderabad or between those of the Bengal Nawabs with other contending political authorities made the general economic picture of the spirit pretty volatile. So, a general period of warfare inter-regional animosities or enmities punctuated the management of the economies of this period.

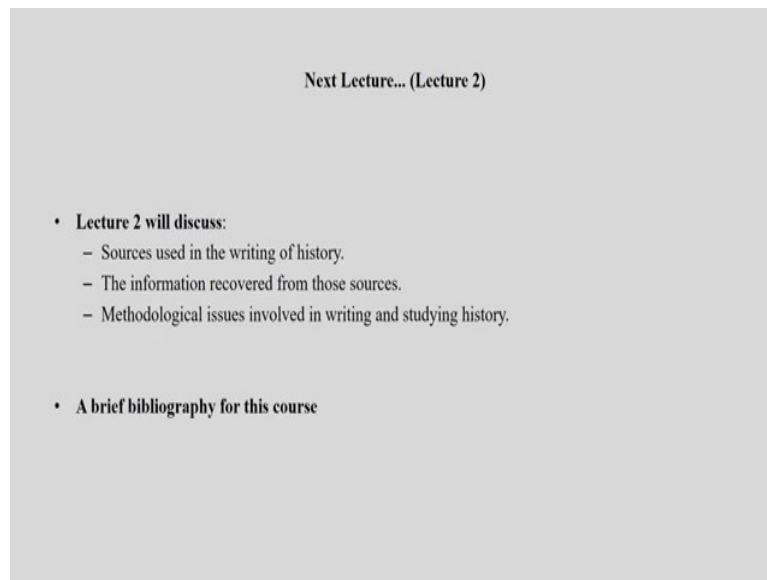
The fourth and possibly the most important point that should be the takeaway of this lecture was the fact that the East India Company naturally found an inlet into India by seeking economic privileges from the Mughals and regional powers and by gradually opting for greater economic privileges by manipulating existing political relations.

So, the rise and consolidation of the East India Company today is not fully understood if you are not aware of the precise ways in which the Mughal state was weakening and was also weakening the economy in its wake. So, the emergence of the East India Company as a political actor, as a supremely political actor, in Indian affairs happens only as a result of the existing political, economic, vacuum created by the decline of the Mughal state in this period.

So, the political tensions that we read about in the region today in the 18th century and the animosities of different regional powers as they emerged after Mughal decline was something that was exploited by the merchants and officials of the East India Company.

And, as a result of that exploitation of those opportunities political privileges, economic privileges and commercial privileges came to the East India Company in greater numbers augmented its treasuries and made it the wealthiest and politically and also militarily the most powerful and prestigious actor in Indian affairs at this point. So, the road leading to the emergence of the East India Company is paved with the fragments of the disintegrating Mughal economy.

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In the next lecture which will be lecture 2 of week 1, I will discuss some of the sources or the raw materials associated with Indian history writing more generally, and to be specific in the case of Indian business history. I will spend some time in detailing the sources and the issues involved in comprehending that history. We will also discuss some of the ongoing debates of interpretation and periodization and the timing that are associated with Indian into business history. So, lecture 2 will be a more academic and methodologically oriented lecture of this week.

In addition to this we will also discuss how sources used in Indian business history deliver what kind of information to historians today. It is not enough to have a list of sources ready for writing history. We also have to be careful what information can be gleaned from those sources and while doing this I will discuss different historical episodes and different histories that are now available to us as a result of the rich variety of sources that historians today use to document India's economic and business related past.

In addition to the just outline themes; I will also highlight a brief bibliography that you can use to read more about the themes outlined in this course. I will outline articles and books that are important for you to read in order to comprehend different themes, debates and aspects of India's business history. So, that brings lecture 1 to close.

Thank you.