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THE EAST HINDIA COMPANY'S TRADE AND THE MOESLIM ECONOMY IN THE MUGHAL SULTANATE OF INDIA, 1610-1630 AD

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Abstract

The Mughal Sultanate was one of the great Islamic sultanates in the classical Islamic era, the Mughal contribution to Islamic civilization in India was very large in terms of politics, culture, architecture, and economy. In the economic field, the Mughals had been independent before the arrival of the EIC in the sultanate in 1610, the Mughals had exported a lot of their agricultural and mining products to both Asia and Europe by cooperating with Muslim merchants, as well as land rulers both Muslim and Hindu. The arrival of EIC in the Mughal Sultanate changed the existing economic order because EIC in smoothing its business often entered into contracts with landlords and bribes with the Mughal apparatus it had significant implications for the development of the Islamic economy in the Mughal Sultanate. EIC also played a monopoly in India and outside India, resulting in the death of the Islamic economy. Eventually, many Muslim merchants and landlords turned to EIC for the sake of their business.

Key Words: *Mughal Sultanate, Muslim Merchant, Economics, and EIC.*

INTRODUCTION

The English East Indies Company (EIC) is one of the largest trading companies that ever existed. It is recorded in history that the trading company was founded on December 31, 1600. The birth of the company was based on a petition submitted by English merchants to Queen Elizabeth 1 to guarantee the safety of three ships that were launched. to trade, and export gold bullion. During her journey, Queen Elizabeth 1 persuaded Sultan Akbar Mughal to accept her presence on Indian soil through the intermediary of a British merchant named John Mildenhall who was also the British envoy in India via the Constantinople route.

Mildenhall was unable to reach Agra before 1603, but he finally reached it in 1603. And stayed there for three successful years before returning to England in 1607. ¹ The British were granted permission to trade with India in 1610 because of the financial needs of the Mughals, which required economic income, with the presence of a commodity export system to Europe through the EIC partnership from India, a form of Mughal support, namely by licensing the establishment of an agricultural processing factory in Surat. ²

The second decade of the EIC's founding was marked by its entry into India in 1610, which was documented in 1611-1612 AD. This period saw the development of Anglo-Eurasian trade. During the first decade of the Mughal Sultanate between 1611 and 1612, this business was among the EIC businesses that were established. The profits from the 5 ships that sailed totaled £83,000. The total EIC trade profits from 12 voyages carried out by 26 ships in the period 1600-1612 AD were £464,284, with 43% of the profits allocated to the Mughals in the form of gold and goods. In the year 1613, the joint stock system within the EIC began. Relationships with different merchants and financial support are thought to have a more positive impact by this system. Between 1613 and 1616 AD, a total capital of £429,000 was used for the first trial of this system. ³

Relationships with different merchants and financial support are thought to have a more positive impact by this system. Between 1613-1616 AD, this system underwent its initial test with a total capital of £429,000, Between 1625 and 1661, the EIC brought 11,700 packs of Mughal exports. These exports reach Asia and Europe. ⁴ The arrival of the EIC in the Mughal Sultanate resulted in a dualism of leadership in the economic sector where Muslim farmers sold their crops to the EIC, while they also had to pay land taxes to the Mughal Sultanate. There was a lost administration in Agra in 1626 that resulted in no policy to boost Mughal agricultural profits. During Jahangir's reign, there was a mismatch between income and Mughal expenditure, with income being 50 Lakh rupees and expenditure being 150 Lakh Rupees. ⁵

The EIC's interference with Muslim farmers is intertwined with their international trade competition with the VOC. The VOC became a tough competitor to the EIC, which made the EIC think harder in advancing their trade even though at that time the VOC already had a position in Indonesia. India was one of the producers of raw materials needed in Asia, Europe, and East Africa at that time, business and commerce links also opened up important business lines on an international scale. The British provided support for the introduction of Indian cotton cloth products to the Asian market, In addition, the VOC had

¹ Ramkrishna Mukherjee, *The Rise and Fall of The East India Company* (Berlin: Veb Deutscher Verlag Der Wissenschaften, 1955), 27.

² Ading Kusdiana, *Sejarah Dan Kebudayaan Islam Periode Pertengahan* (Bandung: Pustaka Setia, 2013), 236.

³ Bal Krishna, *Commercical Relations between India and England (1601 to 1757)* (London: George Routledge & Sons, LTD, 1924), 55.

⁴ Krishna, 72.

⁵ Moreland W.H, *The Agrarian System Of Moslem India A Historical Essay with Appendence* (Allahabad: Central Book Depot, 1929), 126.

control over Masulipatan and displayed its local products. It was demonstrated that there was a significant increase in the VOC's cloth trade. In 1625, several VOC exports were recorded in Asia from Caromandel 1700 packs, Gujarat 800 packs, and Bengal (which is not yet known for certain) with a total of 2500 packs. EIC also did not lose by exporting commodities to the European market such as Mori cloth and indigo, resulting in a surplus which also provided benefits for the government in Surat. The export was initially limited to 100,000 pieces of cloth, but it increased by twice to 200,000 pieces. In summary, in the economic field, there was competition between the EIC and the VOC, of course, this field would have an impact on the trade monopoly order that the EIC built in the Mughals.⁶

This research aims to see how the EIC's economic hegemony and control over India was born, thus providing an overview of the dynamics of British trade and exploitation in India, which is also related to the neglect of the Mughal Sultanate, The people experienced suffering as a result of the presence of starvation and cannibalism in the majority of Mughal territory in 1630. Apart from that, there is a need for an in-depth study of the steps, methods, and commodities that were monopolized, as well as the profits that the EIC generated from its monopoly in the Mughal Empire. To understand in-depth and comprehensively the existing problems, this research focuses on several problems as follows; Mughal economic development before the arrival of the EIC, the EIC's efforts and steps in developing a trade monopoly in the Mughal Sultanate, and the implications of the monopoly carried out by the EIC on changes in trade and the Muslim economy in the Mughal Sultanate.

RESEARCH METHOD

The historical research technique involves four steps, beginning with heuristics, which necessitates the collection of both primary and secondary research sources. The method used in this research, namely the historical research method, in carrying out this method there are at least four steps used in it, starting from heuristics by collecting both primary and secondary research sources in this article, then criticism, the criticism referred to in this article is criticism of sources used both internally and externally to produce a complete and comprehensive article, the next step is interpretation. Interpretation is used to analyze historical facts that occur. Analysis in this case means elaboration, which is terminologically different from unifying synthesis. The final step is historiography, historiography means presenting the results of research that has been carried out, this presentation can provide a clear picture of the beginning of the research carried out until the end of the research. This article is the culmination or outcome of this research.⁷

RESULTS and DISCUSSIONS

Mughal's Economy Before the EIC Arrives

In the 13th century AD, the Indian economy was driven by maritime trade, in this case carried out by the Delhi Sultanate. This situation continued in the Mughal era until the arrival of the EIC. The arrival of the EIC signaled a shift in the maritime economy, previously under the control of the Sultanate, to the EIC. Indian maritime commercialization in the Middle Ages was carried out in the Western (Roman) World. Export and import patterns also vary depending on the season, when maritime contact occurs, India builds a textile center for Asia, Europe, and Africa. One of the textile factories built in that era was in Caromandel. In that century, Indian textiles had reached the Arabian peninsula. Apart from textiles, India is also known as an exporter of medicines, both anesthetic and non-anesthetic to Europe, teak wood, spices originating from Malabar, and

⁶ Moreland W.H, *From Akbar to Aurangzeb: A Study in India Economic History* (London: The Macmillan Company, 1923), 118–38.

⁷ Dudung Abdurrahman, *Metodologi Penelitian Sejarah Islam* (Yogyakarta: Ombak, 2019), 111–13.
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a variety of luxury goods sent to the West. All forms of export and import were carried out by the Delhi Sultanate, which was supported by native Indian Muslim merchants. Likewise, mining products in the form of gold, silver, and other goods were also sent by Delhi at the end of the 14th century, to the Mamluk Sultanate in Egypt and Syria, the Rasulid Kingdom in Yemen, and other regions until a supply of gold was minted by Europe and parts of the Gulf. Persia as their currency. In its development, many economic activities are carried out pre-EIC in India in various other regions of the world.⁸

The Mughal Sultanate had an established economic system that benefited between Muslim and Hindu people before the arrival of the East India Company (EIC). In addition to empowering its people, the Mughal rulers always cooperated in economic collaboration with the aristocracy who held power in the land sector. empowered its people, both Muslim and Hindu, apart from empowering its people, the Mughal also carried out economic cooperation with the aristocracy who had power in the land sector. It is known that the landed aristocracy was an important element in medieval politics in India, the people who occupied this class were nobles whose important profits depended on the level of surplus harvest produced by farmers working on their land.

It is recorded in the history of the emergence of this class in the 13th century AD, there are different names for the landed aristocracy in India, namely; Ra'is, Ranas, Rangas, Chaudhries, Muqaddams, and Khuts. However, of the many names, the name Muqaddams is the most popular, this is due to the introduction made by Delhi which makes the name more familiar, In the century a document was found entitled Insha-i Mahru 14 AD, which was related to the Fairuz Shah regime which explained the class of landlords, this document explained other names of landlords, namely Muqaddam, Mafruzian, Chaudhries, and Rangas. These names are collected into one, namely Zamindars (landlords).

In the 16th century AD at the beginning of the founding of the Mughal Sultanate, Zamindars participated in Mughal economic politics. Zamindars had great influence and were able to reconcile economic policies with the Mughal sultan. The result of this reconciliation was a great fusion in the culture of the Indo-Muslim Mughal aristocracy. The 16th century also marked the process of accelerating a tolerant civilization for the Mughals. Still, the presence of participation prohibited the sultan, the army, and his nobles from fully interfering in economic affairs, in fact since that century the economy of The Mughals globally had been held by the landlord class.⁹

Before the arrival of the EIC in the Mughal Sultanate, from the time of Babur to Akbar the Mughals had a cloth industry that was produced in villages and distributed. Generally, the distribution is in the form of loincloths which are sold in bundles, these buntal cloths have many functions, one of which is that they are used as a basic material for the mass clothing of the Mughals and foreign countries that were subscribed to by the Mughals. Sometimes, if the market doesn't have enough clothing available, it can lead to the emergence of poor urban communities in large numbers. This, in turn, creates new problems. The shortage of fabric in the market was caused by the military holding back the supply, which led to the emergence of a cartel mafia run by the soldiers.

The Mughals were not only skilled in the cloth industry but also in producing furniture items that became popular as home furnishings. According to Abu'l Fazl, the average cost of this furniture was around Rs. 5,000. This furniture included a variety of wooden crafts and non-wooden, household items, such as brass plate decorations, all types

⁸ Tapan Raychaudhuri and Irfan Habib, *The Cambridge Economic History of India Volume I 1200-1750* (New York: Cambridge University Press, 1982), 125–31.

⁹ Iqtidar Husain Siddiqui Husain Siddiqui, *Mughal Relations With The Indian Ruling Elit* (New Delhi: Munshiram Manoharlal Publisher, 1983), 31.

of pillows, jugs, and pots made from metal.¹⁰ During Akbar's reign, the Mughal Empire laid the foundation for its institutions and geography. The administration of the empire was managed by the military and political elites. The political elite was composed of Mughal officials hailing from Afghanistan, Iran, Turkey, and native Indian Muslims. Additionally, up to 20% of the Mughal aristocracy consisted of Hindus, primarily from Rajputs and Marathas.¹¹

During the era before the arrival of the East India Company (EIC), the Mughals were renowned for producing pepper. Round pepper and black pepper became important commodities during this time. The best pepper was produced in Kerala, located on the Malabar coast of southwest India, which was known as the "pepper country" of the region. According to the notes written by Ghau Ju-kua, medieval European and Arab travelers were already familiar with the high quality of this pepper. According to some people, the majority of pepper is produced in Malabar. This fact is also backed by Marco Polo's notes from the 13th century AD, which indicate that pepper was not a commonly traded commodity in the Sri Vijaya Kingdom (Sriwijaya) and did not grow in Sumatra. In the 16th century, Malabar harvested an average of 3600 tons of pepper, allowing for export outside India to destinations such as China and Southeast Asia.

The Mughal pepper commodity spread from Kannara in North India to Southeast Asia via North Sumatra, West Sumatra, Minangkabau, and the Malay Peninsula. During the 16th century AD, the Mughal Empire became a significant supplier of essential goods to Europe and the Middle East. This increased their fame and garnered offers of cooperation from various countries, including the British Empire under Queen Elizabeth 1 in 1600. However, after the arrival of the British-sponsored East India Company (EIC), the Mughal economic system underwent significant changes and ultimately suffered. In the 17th century AD, the arrival of the East India Company (EIC) caused damage to the Indian commodity market on a global scale. The competition with the Dutch East India Company (VOC) and Portugal also contributed to the market's destruction.¹²

During the reign of the Mughals, the kingdom produced a diverse range of crops, including grain, rice, sugar cane, vegetables, spices, tobacco, and dyes, in addition to pepper. The farmers were obligated to provide one-third of their harvest to the kingdom, as a concession for the industrial development funded by the Mughals for the betterment of their people. This production was primarily concentrated in Gujarat and Bengal. The industrial development had a significant impact on Mughal horticulture and furniture exports, which flourished and reached Asia, Europe, and Africa. During the era of Akbar, the Mughal Empire exercised control over the northern regions of India and utilized their financial income to determine the price of food for the Mughal people. The salaries of individuals in the kingdom were determined by their position or title, with unskilled workers and laborers receiving a payment of 2 dams or 200 rupees and highly skilled individuals, aristocrats, or government officials receiving a payment of 7 dams or 700 rupees.

During the Mughal Empire, the military was structured into two distinct salary divisions. The lower ranks received a salary of 100 rupees while the higher ranks, which were exclusively reserved for the royal family, received a salary of 30,000 rupees. The Mughal Empire also derived a significant portion of its financial resources from taxes. During Akbar's reign, taxes were classified into two categories, high taxes, which were officially collected by the Mughal Empire, and low taxes which were collected from

¹⁰ Raychaudhuri and Habib, *The Cambridge Economic History of India Volume I 1200-1750*, 166.

¹¹ Ira M Lapidus, *Sejarah Sosial Ummat Islam* (Jakarta: PT RajaGrafindo Persada, 1999), 695.

¹² Anthony Reid, *Asia Tenggara Dalam Kurun Niaga 1450-1680 Jilid 2: Jaringan Perdagangan Global* (Jakarta: Yayasan Pustaka Obor Indonesia, 2020), 12.

farmers in the form of land tax and property tax. The initial implementation of taxes in 50 Mughal provinces saw the Governor distributing the provincial tax, which was sourced from a third of the province's income, including proceeds from production and war booty.¹³

Geographically, the Mughal Sultanate has certain regions that are rich in agricultural and textile products. For example, Bengal is known for producing rice, sugar, tobacco, cotton cloth, thread, and butter. These agricultural products are exported through the port of Caromandel. Similarly, Gujarat is also known for its sugar exports and textile industries that produce cloth, cotton, and thread. The Mughals were not only known for their agricultural staples and textile industry but also for their opium exports. They exported opium to China and Portugal. The Orissa region was a regular exporter of 40,000 tons of rice and butter to Portugal through the Caromandel port route. The historical records suggest that the Mughals had a healthy export trade. They exported around 6,000 to 7,000 packs of silk cloth to Japan and exported an unknown number of silk cloths to the Qasimbazar market every year. The Mughals collaborated with Muslim merchants from India and Central Asia to ensure a smooth export process, especially for cotton and silk fabrics, which were popular among European customers.¹⁴

After exporting goods, the Mughal Sultanate used the profits to establish the ruling elite through the mansabdar system.¹⁵ During the Mughal Empire, Mansab officials were compensated in two ways. Firstly, they were paid in cash, and secondly, they were given a plot of land called a jagir, which was similar to the iqtiba' in the Middle East. The jagirs were distributed to local rulers, Indian tribal chiefs, and Mughal military officials. About 7/8 of the jagir land was given to taxpayers, and the tax proceeds were given to military officials. The remaining 1/8 was given to private landowners. The Mansabdar was responsible for collecting Mughal revenues and depositing them into the Mughal treasury.¹⁶

Economic Development of the EIC in the Mughals

Throughout its development, the East India Company (EIC) employed various methods to expand its economy. This included cooperating with the Mughals, entering into agreements with local rulers, bribing authorities, and winning trade competition over the VOC, which entered India in 1617. After the death of Akbar in 1605, the Mughal Empire was in a stable situation. The era was then headed by Jahangir, who oversaw the development of technology and increased production. Jahangir allowed the East India Company to trade with the Mughals in 1610, followed by the Dutch East India Company in 1617. Jahangir ruled pragmatically and believed that the sovereignty of the sultan was a gift from God. Therefore, he did not consider it important to enforce God's laws. Islamic law applies only to court institutions, as was the case during Akbar's reign. He often issued liberal policies, just like Akbar.

During the Jahangir era, the agricultural sectors that were favored included nuts, rice, sugar cane, vegetables, spices, cotton, tobacco, indigo, and dyes. In the textile sector, the Mughals were well-known for producing woven clothes, thin cloth, and curtains, which were mainly produced in Gujarat and Bengal. Various regions, including Asia, Europe, and Africa, import agricultural and textile products. Jahangir increased production and income

¹³ Ferry Ramadhani and Sebastian Herman, "Analysis of Economic Policy During the Time of Sultan Jalaludin Akbar in the Mughal Empire," *Jurnal Islamic Economics and Business Review* 2, no. 1 (2023): 67–68.

¹⁴ Irfan Habib, *The Agrarian System of Mughal India (1556-1707)* (New York: Asia Publishing House, 1963), 71–72.

¹⁵ The Mansabdar system is a system where each official has two positions as a substance that states his position in the hierarchical system and a position as a guard which states the number of troops that must be deployed to the battlefield.

¹⁶ Lapidus, *Sejarah Sosial Ummat Islam*, 696.

by partnering with the EIC and VOC as the main Mughal collaborators.¹⁷ After the East India Company (EIC) arrived in India during the Mughal era, they strengthened their trade dominance. The EIC sold special commodities in foreign markets, particularly in Europe, such as foodstuffs and raw materials. These commodities were divided into two categories: food and raw materials, namely: Rice, sugar, butter, and salt. Meanwhile, the raw materials they sell include iron, asphalt, uranium ore, cloth, and indigo. Apart from selling their goods to Europe, EIC also sells their goods in the Hormuz region (Iran), via the Malabar, Surat, Goa, Cambay, Diu, and Hormuz routes.¹⁸

The East India Company's exports between 1610-1624 were in the form of money and goods, namely;

	Money	Goods	Ship	Return who sails
1610	£19.200	£ 10.081	4	4
1611	£ 17.675	£ 10.000	4	3
1612	£ 1.250	£ 650	1	1
1613	£ 18.810	£ 12.446	5	2
1614	£ 13.942	£ 23.000	9	4
1615	£ 26.660	£ 26.065	8	6
1616	£ 52.087	£ 16.506	7	3
1617-19	£ 298.000	£ 152.000	26	2

Between 1620-1624 there were only 31 remaining EIC ships, a total of 14 lost, used, and taken by the Dutch.

1620-1621	£ 62.490	£ 28.508	10	1
1621-1622	£ 12.900	£ 6.523	4	1
1622-1623	£ 61.600	£ 6.430	5	5
1623-1624	£ 68.720	£ 17.345	7	5

Over 14 years, the total amount of money generated was £653,334 and the value of goods produced was £309,554.¹⁹

The success of the East India Company's (EIC) trading operations was greatly influenced by the practice of bribery, involving the exchange of assets, between EIC and the local government. This allowed EIC to gain exclusive access to goods in India at a reduced cost, enabling them to sell these products internationally. To expedite its commercial operations, the East India Company (EIC) made a payment of 1,000 rupees as tribute to the Mughals in September of 1618. This payment allowed the EIC to strengthen its position in the economy. Moreover, the declaration of the Mughal Sultanate as a friend of the EIC further bolstered the company's status.

During the era of the East India Company (EIC), the company maintained several factories and warehouses to support their commodities trading in major Mughal cities such as Surat, Agra, Ahmadabad, and Broach (now Bharuch). In addition to the Mughal region, the EIC also stored their goods abroad in locations such as the Red Sea ports and Persia. Surat was instrumental in storing cotton cloth, minerals, indigo, and textile dyes. Meanwhile, the Broach and Baroda (now Vadodara) warehouses were the primary centers for purchasing EIC's manufactured goods and eventually became the major wholesalers for EIC in the Mughal region.²⁰

The East India Company (EIC) has pursued several strategic measures to augment its profitability, one of which entails forging partnerships with seasoned merchants. In the

¹⁷ Ajid Thohir and Ading Kusdiana, *Islam Di Asia Selatan Melacak Perkembangan Sosial Politik Islam Di India, Pakistan, Dan Bangladesh* (Bandung: Humaniora, 2006), 96.

¹⁸ Krishna, *Commercial Relations between India and England (1601 to 1757)*, 12.

¹⁹ Krishna, 282.

²⁰ Mukherjee, *The Rise and Fall of The East India Company*, 115.

initial phase of this collaboration, EIC secured exclusive privileges by providing financial backing to a shipping system that carried a total of 786,000 liters of cargo. To further incentivize the partnership, EIC established a factory in the merchants' preferred location and instituted a profit-sharing arrangement tailored to Muslim and Hindu merchants who demonstrated exemplary collaboration.²¹

During the 17th century, the European market saw significant demand for Mori cloth, which was dyed using indigo. According to English reports from the era, over 200,000 pieces of this cloth were traded. As a result of increased production, the East India Company (EIC) experienced a significant surplus of goods valued at £160,000 between 1627 and 1628. In the following year, 1628-1629, the EIC transported Indian mori cloth production on six ships and generated a profit of £104,500.²²

The arrival of the East India Company (EIC) and the Dutch East India Company (VOC) in India marked a significant turning point in the commercialization of Europe and India. The Mughals were intrigued by the EIC's approach, which differed from that of the Portuguese, and extended their support, bringing an end to conflicts with foreign traders. In contrast to the Portuguese, the leaders of EIC and VOC were adept at dealing with Indian and other Asian merchants, which enabled them to expand their trade, develop commercial relationships, ensure the success of their business ventures through local governments, and establish trading partnerships in India.

The partnership between India and Europe resulted in the creation of a significant market power for the former, which was achieved through the export of textiles, indigo, and various cotton fabrics. As a consequence, a hierarchy came into existence between traders and middlemen, represented by the VOC and EIC, respectively, serving as trade distributors,²³ thus creating opportunities for services provided by the company for India.²⁴ The East India Company's (EIC) trade policies in India had a strong connection with Southeast Asia, which was the British trade base in Asia. This connection paved the way for various import-export transactions between the two regions, leading to a thriving trade relationship. For instance, the export of Gujarat textiles to Malacca alone amounted to a staggering value of 1,530,000 cruzadoz. Similarly, ships from Malabar carried textiles worth 12,000-15,000 cruzadoz. The success of these transactions is a testament to the EIC's sound trade policies and its ability to forge strong ties with other regions.

It has been estimated that ships originating from Pulicat transported approximately 80,000-90,000 cruzadoz. Based on these estimations, the total number of cruzadoz from Gujarat and South India is approximately 165,000 and 174,750 respectively. It is also noteworthy that the textile imports from Bengal, which amounted to 80,000-90,000 cruzadoz annually, brought the overall textile imports to Malacca from India to approximately 460,000 cruzadoz. This is a significant amount, almost equivalent to 20 tons of silver at that time,²⁵ During the years 1630-1631, a severe famine struck, which had a profound impact on the East India Company's (EIC) revenue, especially in the areas of textiles and agriculture. This period was particularly challenging for the survival of farmers and impoverished citizens, despite the existence of railways that facilitated food supplies between cities. Regrettably, these efforts were not profitable, leading the EIC to alter its

²¹ James Mill and Wilson, *The History of British India Vol 1* (London: James Madden, 8, Leadenhall Street, 1848), 89–93.

²² W.H, *From Akbar to Aurangzeb: A Study in India Economic History*, 100.

²³ The EIC started trading relations with India in 1600, while the VOC started in 1617, even though at that time they had not been approved to set up factories, the Indian side was already open and accepted their commercial (trade) services.

²⁴ Adam Clulow and Tristan Mostret, *The Trade Dutch and English East India Companies Diplomacy, Trade, And Violence in Early Modern Asia* (Amsterdam: Amsterdam University Press, 2018), 128–29.

²⁵ Reid, *Asia Tenggara Dalam Kurun Niaga 1450-1680 Jilid 2: Jaringan Perdagangan Global*, 35.

focus from being solely a distributor of goods to becoming a supplier of food for farmers and manual laborers. During that year, the Mughal community was tragically affected by the bubonic plague, which resulted in a surge of fatalities, particularly among Muslims who were living below the poverty line. Notably, the British administration documented this event, as per the record maintained by Irfan Habib.²⁶

During the 18th century, the East India Company (EIC) significantly heightened its dominance in trade. The company extended its influence throughout the Indian subcontinent by imposing higher taxes on raw materials in every province it controlled. These taxes were utilized to fund the EIC's military, which engaged in battles against the Mughal Empire. As a result of the EIC's hegemony, India experienced notable changes in its exports of goods and materials, especially in the form of payment for exports, which shifted to gold bullion. During the period of the East India Company's (EIC) monopoly over the Mughal Muslim population, there were substantial negative impacts that were felt. These included the decimation of the economy, the proliferation of nutritional malnutrition leading to widespread hunger, and a significant portion of the population being illiterate. These conditions were in stark contrast to India's remarkable economic growth, which was 27% compared to Europe's 23%.²⁷

Implications of the EIC Monopoly on Changes in Trade and the Islamic Economy in the Mughal Empire

In the course of the monopolistic development carried out by the East India Company (EIC), several implications emerged that affected the shift to Islamic economics in the Mughals. These implications included the establishment of a centralized system in the Mughal EIC, which was limited to symbolic policy-making while all implementation was carried out by the EIC. Furthermore, unhealthy competition in the market (monopoly) emerged where only large companies were able to sell their commodities, which increased slavery, particularly for Muslims. The process of East India Company (EIC) hegemony in the Mughal region began to strengthen in 1618 with the establishment of five large factories in Agra, Ahmadabad, Burhanpur (in Khandesh), Broach, and Surat. During that era, the Fettiplace family and Sir Robert Hughes were responsible for the production of carpets, indigo, and calico for export to England, which contributed to the growth of the EIC economy. As mentioned earlier, one of the implications of the EIC was the control of the economy, which was implemented in 1621. Surat became the EIC's primary shipping route.

The East India Company (EIC) utilized a prosperous business channel that enabled them to send silk to Persia, along with goods from Gujarat and Agra. This strategic trade route not only elevated the Mughal position but also fueled economic concerns, resulting in predictions of a potential battle between the Mughals and the Deccan Kingdom. The EIC, known for its unwavering support of the Mughals, pledged to assist them in the event of a battle. Furthermore, the EIC established a representative letter that functioned to determine policy with London on the worthiness of the ships sailing to the Red Sea. These measures ensured a secure and profitable trade relationship for all parties involved. In general, the economy shifted from being controlled by Mughal Islamic merchants to being controlled by the British.²⁸

During the period of the East India Company's (EIC) monopoly policy, significant changes took place in the trade and economy. One of the implications of this policy was the emergence of a fertile market monopoly. Large factories owned by the EIC, VOC, and

²⁶ Habib, *The Agrarian System of Mughal India (1556-1707)*, 100.

²⁷ Consulate General of India Jedah, "History Of India Economy," 2, accessed May 1, 2024, <https://cgijeddah.gov.in>.

²⁸ Habib, *The Agrarian System of Mughal India (1556-1707)*, 30.

other trading companies controlled both domestic and foreign markets. This monopoly gained even more prominence in the 16th century AD when the EIC exported goods to Southeast Asia from India, particularly to the archipelago. The archipelago imported pepper from India, which was grown in Malabar and transported to Kannara (North Sumatra). From there, it spread to Padang, West Sumatra, and eventually to the Malay Peninsula (now Malaysia and Singapore).

During the 16th century, the Indian economy was under the control of the Delhi Sultanate. The Delhi Sultanate, along with Indian traders, both Muslim and Hindu, facilitated the export of pepper to Europe and the Middle East. However, the arrival of the Portuguese in the 1560s marked the beginning of Western expansion in India, as they began purchasing pepper from Indian traders. It is noteworthy that the presence of the East India Company (EIC) harmed the economic situation of Islam and the Mughals in India. In the Majapahit era, many Indian traders arrived in the archipelago for trade. However, after the EIC's arrival, traders who refused to cooperate with the EIC were no longer permitted to trade independently.²⁹

During the period of the East India Company's monopoly of Islamic trade and economics in India, there was a perceptible increase in the prevalence of slavery. The majority of the slaves were Muslims who were sourced from various parts of the world, particularly from Africa, as well as from low castes in India, both Hindu and Muslim. England's first slave voyage was documented in 1562, and in 1563, a slavery transaction was recorded in ST Domingo. In 1567, England commenced selling slaves from Africa to India. The East India Company's rise in slaves occurred in 1640. In general, Portugal and England were deemed successful in selling slaves.

These various slave victims were then distributed to British colonies such as America, India, British colonies in the Caribbean, and others. Slavery carried out by the EIC ended in 1807 after England passed the slavery law. In its development, 3 ports in England were controlled by the EIC to distribute the slaves they owned. These 3 ports were; London (1660-1720), Bristol (1720-1740s), and Liverpool (1740s-1807). The three ports in England that are of note in this discussion were the largest slave trading centers in the country. Following the abolition of slavery in 1807, the provisions for monitoring and suppressing international agreements with other European countries were strengthened, thereby giving Britain a strategic position in the international arena.³⁰

The presence of Indian Muslim traders, specifically in Gujarat, was gradually replaced by the East India Company's (EIC) importation of cotton cloth and spices through the Caromandel port. In addition to agricultural goods and textiles, India's natural resources include mining products such as sulfur, phosphate, bauxite, and other minerals that are in high demand in the West. Consequently, it is not surprising that the EIC secured a monopoly in India, given that the Mughals lacked the technological capabilities to process the nation's natural resources. As a result, the Mughals sought assistance from the EIC, which led to the legalization of mining by the company.³¹

Political factors played a critical role in consolidating the East India Company's (EIC) dominance in the Mughal Sultanate. Consequently, the Mughal Muslims experienced significant economic changes. The EIC, through the British, agreed with Jahangir, which was represented by Sir Thomas Roe. The agreement aimed to liberalize trade from all regions in India. Furthermore, the agreement indicated the Mughals' genuine commitment to collaborate with the EIC and England. The agreement was formulated owing to the

²⁹ Reid, *Asia Tenggara Dalam Kurun Niaga 1450-1680 Jilid 2: Jaringan Perdagangan Global*, 10.

³⁰ The National Archives, "How Did the Abolition Acts of 1807 and 1833 Affect the Slave Trade?," National Website, July 5, 2022, <https://www.nationalarchives.gov.uk/slavery/pdf/britain-and-the-trade.pdf/>.

³¹ W.H, *From Akbar to Aurangzeb: A Study in India Economic History*, 23–32.

copious natural resources discovered in India. The agreement rendered the Mughals hostage, as it contained a provision that sanctioned sole trading rights with the EIC. Furthermore, the agreement mandated the expulsion of EIC's rivals from the Indian subcontinent. Consequently, the VOC was gradually displaced from the Mughals following the accord's ratification.³²

CONCLUSION

India's economy was primarily driven by the Delhi Sultanate before the East India Company's (EIC) arrival. The Sultanate was supported by Indian merchants of both Muslim and Hindu faiths. India had established maritime connections with Asia, Europe, and Africa, leading to the establishment of a textile center in Caromandel. Indian textiles were exported to multiple global regions, including the Arabian Peninsula. In addition to textiles, India was renowned for exporting anesthetics and non-anesthetic medicines to Europe, teak wood, Malabar-originating spices, and luxury goods to the Western regions.

The success of the East India Company's (EIC) trading activities was largely attributed to the practice of bribery between the company and local government officials, where assets in the form of money or other commodities were exchanged. This practice enabled the EIC to gain exclusive access to goods at low prices in India, which were later sold on international markets at higher prices. Moreover, in September 1618, the EIC paid tribute of 1,000 rupees to the Mughals to expedite its business operations. The declaration of the Mughal Sultanate also fostered a relationship of friendship with the EIC, further strengthening its position in the economy. During the development of the monopoly by the East India Company (EIC), several implications arose that affected the shift to Islamic economics in the Mughals. These implications included the emergence of a centralized system in the Mughal EIC, which was limited to making symbolic policies while the EIC carried out all implementations. Additionally, there was unhealthy competition in the market due to the monopoly, making it difficult for smaller companies to sell their commodities. Finally, the increase in slavery, particularly for Muslims, was also a consequence of this development.

The arrival of the East India Company (EIC) in the Mughal Empire brought about significant changes in the social, political, and economic order of that time. In the economic field, the presence of Mughal Muslim merchants decreased as all the agricultural and mining commodities were handed over to the EIC. The declaration of friendship between the Mughals and the EIC further strengthened the dominance of the EIC in the Indian and international markets, which led to a reduction in the number of indigenous people involved in the economy. The Muslim communities, who had built relations since the Delhi Sultanate until the Mughal pre-EIC era, were greatly impacted.

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³² Mukherjee, *The Rise and Fall of The East India Company*, 55.

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