



Economic Development, Trade, And Commerce in The Marathas Empire

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ABSTRACT

During Chhatrapati Shivaji Maharaja's reign (1630–1680), trade and commerce were vital to the Maratha Empire's economic success. Shivaji enacted laws that accelerated economic growth, protected merchants, and encouraged internal trade which flourished due to a stable administration, efficient taxation policies, and protection for merchants. The Maratha Empire was primarily agrarian, but there was significant trade in agricultural produce, textiles, metal goods, and spices across villages, towns, and cities and promoted maritime trade and challenged foreign powers like the Portuguese, British, and Dutch who controlled key coastal trade routes and he was one of the first Indian rulers to recognize the importance of naval power. He built a strong navy to protect trade routes from European and Mughal interference, established dockyards at Sindhudurg, Vijaydurg, and Khanderi, built strong warships to counter Portuguese, British, and Siddis and encouraged private merchants and gave protection from pirates. His strong navy played a crucial role in safeguarding maritime commerce and ensuring the prosperity of the Maratha Empire. His maritime policies enhanced trade, protected coastal regions, and reduced foreign dominance, leaving a lasting impact on Indian maritime history. Internal trade during Shivaji's reign flourished due to well-organized markets, secure trade routes, and fair taxation policies. His administration provided protection and stability, which helped in the growth of both agriculture and industry, strengthening the Maratha economy. This paper studied the economic condition during Maratha rule and explored the factors contributing to both the empire's rise and fall.

Keywords: Internal Trade and Economic Development, Navy and Maritime Commerce, Foreign Trade and Taxation and Revenue Policies.

Introduction:

Before the rise of the Maratha Empire in the late 17th century, the economic landscape of western and central India was shaped by a mix of agrarian subsistence, regional trade, and the influence of larger empires like the Mughals, Bijapur Sultanate, and Ahmednagar Sultanate. While the region had natural wealth and trade potential, heavy taxation, constant warfare, and administrative inefficiencies often hindered economic growth. The Deccan was divided among the Mughal Empire in the north and the Bijapur and Golconda Sultanates in the south, leading to frequent territorial conflicts. Peasants often bore a heavy tax burden, with land taxes reaching up to 50% of produce, and many local rulers extracting additional levies for their military needs.

During the period of Chkhatrapati Shivaji Maharaja (1630–1680), trade and trade were vital for the economic success of the Maratha empire. Shivaji adopted laws that accelerated economic growth, defended merchants and encouraged domestic trade, which flourished from a stable administration, an effective policy of taxation and defense of merchants. The Marathi Empire was primarily farmland, but there were important trades for agricultural products, textiles, metal products, villages, urban spices, cities, promoted ocean trade, and challenged foreign powers, such as one of the first trade routes on the coast.

Significance of the Research:

The Maratha economic system, which thrived from the 17th to the early 19th century, has some lasting influences on India's economy even today. The Marathas had a decentralized system with local revenue officers (like kamavisdar and patil) collecting taxes. This grassroots administration influenced modern local self-governance and panchayati raj systems, empowering rural areas to manage their own development. Agriculture was the backbone of the Maratha economy and they invested in irrigation, land reclamation, and village-level productivity — concepts echoed in modern rural development schemes and agricultural policies. They built forts, roads, and water reservoirs, boosting regional economies. This highlights the long-standing value of infrastructure for economic development, something that remains a key priority in India's growth strategy today. The Maratha Empire is often recognized for its economic development because of its unique ability to build and sustain a strong regional economy despite constant military conflicts and their economic strategies helped them rise as a formidable power and laid down practices that influenced local economies long after the empire declined.

Objectives of the Study:

1. To analyze the economic conditions of the Maratha Empire, focusing on both internal and external trade.
2. To examine the impact of the Maratha Naval Policy on defense and trade protection, contributing to economic progress.
3. To evaluate the influence of taxation and trade policies on economic growth during Shivaji's reign.
4. To discover the impact of Maratha's different economic policies on economic growth and development during their period.

Methodology:

This study on the economic growth, trade, and commerce of the Maratha Empire is based on secondary data. The data has been collected from various sources, including books, journals, and research papers. A comprehensive review of existing literature has been conducted to analyze historical trends and economic developments within the empire.

Economic Growth During Maratha Empire:

The main employment was agriculture, which included the cultivation of crops like sugarcane, rice, wheat, jowar, and bajra. One of the main sources of income was land revenue, which was gathered using a system that the Peshwas improved after Malik Ambar's. Territories not under Maratha authority were subject to additional taxes known as Chauth (25%) and Sardeshmukhi (10%). Although the system protected peasants, the recurrent battles made it occasionally burdensome.

Trade & Commerce:

Marathas controlled major trade routes in western and central India, facilitating inland trade. Ports like Surat, Chaul, Dabhol, and Karwar were key trade hubs, with goods like textiles, spices, and salt being exchanged. Trade links extended to the Mughals, British, Dutch, and Portuguese. Taxes and tolls on trade routes generated revenue but sometimes hindered commerce due to multiple levies.

Industries & Handicrafts:

Cotton and silk textiles were significant industries, along with metalwork, shipbuilding, and weapon production. The Marathas encouraged indigenous industries, but European competition (especially from the British) later posed challenges.

Currency & Banking:

1. Rupee and Pice (Paisa) were common currency forms. Banking and money lending were dominated by Seths, Sahukars, and Jagirdars, who provided credit for agriculture, trade, and military.

Impact of Wars on Economy:

Constant warfare, particularly against the Mughals, British and other Indian powers, drained resources. However, the Maratha confederacy created economic opportunities by expanding their influence over prosperous regions like Gujarat and Malwa. In later years, British policies and internal conflicts weakened the Maratha economic structure.

Internal Trade During the Maratha Empire:

During the Maratha Empire (1674–1818), internal trade flourished, playing a significant role in sustaining the vast territory and supporting its military and administrative needs. The Marathas, known for their guerrilla warfare and expansive control across western and central India, created an environment where commerce could thrive through a combination of strategic policies and infrastructure.

Trade Routes & Connectivity:

1. The Marathas controlled major land-based trade routes in western, central, and northern India.
2. Important trade centers included Pune, Satara, Nasik, Aurangabad, Burhanpur, and Nagpur.
3. Rivers like the Krishna, Godavari, and Narmada facilitated water-based transport.

4. The Ghats (mountain passes) were crucial for trade between the Deccan and coastal ports.

Key Trading Centers: Cities like Pune, Satara, Kolhapur, and Nagpur emerged as prominent hubs of trade and commerce. Ports like Chaul and Dabhol facilitated coastal trade, while inland towns acted as crucial marketplaces for agricultural produce, textiles, and metals.

Trade Routes and Infrastructure: The Marathas maintained an extensive network of routes that connected villages to major towns and ports. They utilized old trade routes but also secured new ones, ensuring safe passage for merchants. The collection of transit duties, known as chouth and sardeshmukhi, added to the empire's revenue while indirectly regulating trade.

Goods and Commodities: The internal markets were vibrant with a variety of goods. Agricultural products like rice, millet, and spices were staples of trade, alongside textiles, cotton, jaggery, and salt. Artisans contributed by producing weapons, jewelry, and pottery, meeting both local needs and demands from distant regions.

Merchant Communities: Trade was largely driven by powerful merchant communities such as the Baniyas, Komatis, and Bohra Muslims. These groups often acted as financiers to the state, helping to fund military campaigns while benefiting from the empire's protection and trade incentives.

Policy and Protection: The Maratha administration understood the importance of commerce. They provided protection to traders and caravans, and under leaders like Shivaji Maharaj, fortified key trade outposts to prevent looting. At the same time, their flexible tax policies aimed to encourage rather than stifle economic activity.

Challenges to Internal Trade:

1. Frequent wars disrupted supply chains and increased the cost of goods.
2. Multiple tax levies along different routes sometimes led to trade restrictions.
3. British and European traders competed, affecting indigenous businesses in later years.

Taxation & Trade Policies:

The Maratha Empire (1674–1818) had a complex system of taxation and trade policies designed to finance their military campaigns and governance, while encouraging commerce across their vast territories. The Marathas imposed Chauth (25%) and Sardeshmukhi (10%) on external territories, but internal trade taxation varied. Local markets (bazaars) and weekly fairs (jattras) were common. Traders had to pay octroi (transit duties) and toll taxes at checkpoints, which sometimes discouraged free movement.

Land revenue was the backbone of the Maratha Empire's economy. It provided the state with a steady income to sustain administrative functions and military

campaigns. The system was sophisticated, drawing on both traditional Indian practices and innovations introduced by the Marathas themselves. The Maratha land revenue system was tough but effective, balancing state needs with village-level autonomy. It helped sustain the empire's expansionist ambitions while keeping the local agricultural economy relatively stable.

Customs and transit duties were an important source of revenue for the Maratha Empire, especially given their strategic control over key trade routes and coastal ports. They cleverly leveraged their geographic advantage to extract revenue from traders and merchants, both domestic and foreign. The Marathas were shrewd economic strategists — their customs and transit duties turned every road and sea lane into a revenue stream. Despite the burden on traders, the relative safety of Maratha-controlled routes kept commerce flowing, fueling their imperial ambitions.

Role of Merchants & Banking:

The Maratha Empire wasn't just a military powerhouse — it was supported by a thriving network of merchants and financiers who helped sustain the state's expansionist ambitions. Merchants facilitated trade across vast regions, while bankers provided the financial infrastructure to fund campaigns and stabilize the economy. Merchant communities like Banias, Marwaris, Konkanis, and Gujaratis played a key role. Moneylenders (Seths, Sahukars) provided loans for trade and agriculture.

The Hundis (credit notes) system facilitated transactions between different regions.

The Marathas' success wasn't just built on swords and forts — it was equally fueled by the shrewd business sense of merchants and the financial acumen of bankers. Their collaboration with the state helped create a powerful and adaptable economic system that supported imperial ambitions while encouraging commercial prosperity.

International Trade During the Maratha Empire:

The Maratha Empire actively engaged in international trade, leveraging their coastal territories and strategic ports to connect with global markets. Their maritime presence and control over key trade routes made them an important player in the Indian Ocean trade network. The Maratha Empire (1674–1818) was actively engaged in international trade, mainly through its western coastline, connecting India with Persia, Arabia, Africa, and Europe. The Marathas controlled key ports and developed a navy to secure maritime trade from European and Mughal interference.

Key Trade Ports:

The Marathas controlled several ports along the Konkan and Malabar coasts, including:

Surat – A major hub for trade with the Middle East, Europe, and Southeast Asia.

Dabhol – A key center for Arab and Persian trade.

Rajapur, Chaul, and Vijaydurg – Important for spice, textile, and shipbuilding industries.

Goa & Karwar – Indirectly influenced by Marathas through political and naval pressure.

They also controlled inland trade routes linking Deccan, Gujarat, Malwa, and North India to the coastal ports.

Major Trade Goods:

Exports goods sent from Maratha-controlled regions are as under:

1. Textiles – Cotton and silk fabrics from Maharashtra, Gujarat, and Malwa were highly sought after in Persia, Arabia, and Europe.
2. Spices – Black pepper, cardamom, and cloves from the Western Ghats.
3. Salt & Opium – Salt was exported to Persia, while opium was traded with China.
4. Timber & Shipbuilding Materials – Supplied for naval and commercial ships.

Imports goods brought into Maratha territories are:

1. Horses – Imported from Arabia and Central Asia for cavalry.
2. Silk & Luxury Items – Fine silk, carpets, and perfumes from Persia and Turkey.
3. Gold & Silver – Used as currency and for temple donations.
4. Firearms & Gunpowder – European traders brought advanced weaponry, influencing Maratha military strategies.

Trade Relations with Foreign Powers:

The Maratha Empire (1674–1818) built a complex web of trade relations with various foreign powers, balancing commerce and conflict to assert their dominance in the Indian subcontinent. Their strategic coastal position and control over trade routes made them key players in international trade, dealing with European traders, Middle Eastern merchants, and Southeast Asian markets. Middle East (Persia & Arabia) – Strong trade ties through Surat and Dabhol, with exchanges in textiles, spices, and horses. Africa (East African Coast) – Marathas traded cotton and spices for ivory and gold. European Traders (British, Portuguese, Dutch, French) – The Marathas traded but often clashed with European powers due to competition and taxation policies.

The Marathas skillfully balanced trade and politics, leveraging their naval strength and territorial control to assert themselves as powerful mediators of commerce in the Indian Ocean. Their interactions with foreign powers were a mix of cooperation and conflict, but through it all, they ensured that trade enriched their empire and sustained their military ambitions.

Challenges to International Trade:

The Marathas were often at war with the Mughals, the British, and other regional powers. These conflicts disrupted trade routes, increased risks for merchants, and made long-distance trade unpredictable. The main challenges faced by Mughals for international trade are:

1. European Rivalry – British, Portuguese, and Dutch tried to control maritime trade and imposed restrictions.
2. Siddi & Mughal Interference – Siddis of Janjira, loyal to the Mughals, posed a naval threat.
3. Frequent Wars – Maratha campaigns in North India sometimes diverted resources from trade.
4. Role of the Maratha Navy under Kanhoji Angre, the Maratha navy protected trade routes and imposed tolls on European ships.

5. Marathas engaged in naval battles with the British and Portuguese to maintain trade dominance.

Naval Policy under Maratha Empire by Shivaji' Maharaj:

Chhatrapati Shivaji Maharaj (1630–1680) was a visionary leader who understood the critical importance of naval power for protecting his kingdom and promoting trade. At a time when Indian rulers mostly focused on land-based warfare, Shivaji built a formidable navy to safeguard . Their naval strength was mainly due to leaders like Chhatrapati Shivaji Maharaj and Kanhoji Angr and the first Indian ruler to emphasize naval power for both defense and trade protection. Shivaji built fortified naval bases at Sindhudurg, Vijaydurg, Kolaba, and Suvarnadurg along the Konkan coast and developed a fleet of warships, including Gallivats (light warships) and Gurabs (gunboats) and his navy successfully resisted Portuguese and Siddis of Janjira, securing key ports.

Kanhoji Angre – The Admiral of the Maratha Navy (1698–1729):

1. Strengthened the navy and became a feared naval commander.
2. Defeated the British East India Company multiple times, capturing their ships and forcing them to pay tribute.
3. Fought off Portuguese, Dutch, and Siddis, maintaining Maratha control over Konkan and western trade routes.
4. Established dockyards and shipbuilding centers, making the Marathas a dominant maritime force.

Role of the Navy in Protecting Trade:

1. Secured Maratha-controlled ports and trade routes from European pirates and rival powers.
2. Ensured safe movement of goods like textiles, spices, and salt along the western coast.
3. Controlled maritime toll collection, which generated revenue for the empire.

The Maratha Navy, which rose to prominence under Chhatrapati Shivaji Maharaj and reached its peak under admirals like Kanhoji Angre, eventually declined due to a combination of internal weaknesses, shifting geopolitics, and the growing dominance of European naval powers.

Factors leading to the decline of the Maratha Navy:

1. Loss of Visionary Leadership:

After Shivaji and Kanhoji Angre's death, the navy lacked strong, strategic leaders who understood the importance of maritime strength and angre's successors, though capable, struggled to match his tactical brilliance and struggled with internal conflicts.

2. Internal Divisions & Political Instability:

The Maratha Empire fractured into smaller, semi-independent states (Gaekwads, Holkars, Scindias, etc.) after the death of Chhatrapati Shahu and the Peshwa system shifted focus to land-based conflicts, especially against the Mughals, Afghans, and British, neglecting naval affairs.

European Naval Supremacy:

The British East India Company, with its modern ships, heavy cannons, and organized naval strategies, steadily overpowered the smaller, less technologically advanced Maratha fleet and the Portuguese and Dutch navies, though declining themselves, continued to challenge Maratha maritime authority, weakening their hold on sea routes.

Technological Lag:

The Marathas relied on smaller, wooden ships like Gallivats and Grabs, which were agile but poorly equipped to face larger European warships and they struggled to upgrade their fleet with iron-hulled ships and advanced artillery, giving the British a decisive edge in naval encounters.

5. Shifting Trade Dynamics:

The decline of Indian Ocean trade due to British monopolization of commerce reduced the economic incentives for maintaining a strong navy and the loss of key ports like Surat and Mumbai to the British crippled the Maratha ability to collect customs duties and fund naval expansion.

The Treaty of 1756 & British Encroachment:

After several naval defeats, the Marathas were forced to sign treaties that restricted their naval operations, gradually eroding their maritime authority and By the early 19th century, the British had completely dominated the Konkan coast, reducing the Maratha navy to a symbolic force.

Findings of the study:

Positive Effects of Internal Trade on Economy:

■ **Revenue Generation** – Trade contributed to the empire’s wealth through taxes, tolls, and transit duties. Revenue from major trade centers like Pune, Burhanpur, and Nasik supported administration and military expenses. His balanced approach to taxation, focus on protecting trade, and willingness to adapt policies to local conditions became the foundation of the Maratha administrative system. Even the Peshwas retained many of Shivaji’s fiscal practices, helping the Maratha Empire thrive for over a century.

■ **Agricultural Prosperity** – Trade in food grains, cotton, and spices boosted rural economies. Farmers and merchants benefited from increased market access. Shivaji understood the importance of a thriving agrarian economy to sustain his empire. His policies focused on protecting farmers, improving land management, and ensuring a steady flow of revenue without exploiting the peasantry. Let’s explore how agriculture flourished under his rule.

■ **Development of Local Industries** – Textiles, metalwork, and shipbuilding flourished due to strong demand within the empire. Handicraft industries provided employment and sustained urban economies. Shivaji and later Maratha rulers reduced taxes for artisans and small traders to encourage production and the state helped establish local bazaars and weekly markets (haats), creating spaces for artisans to sell their goods. By building forts along trade routes, the Marathas ensured safe passage for merchants, boosting commerce and industry.

Economic Rise & Fall during Maratha empire:

The Maratha Empire (1674–1818) experienced a dramatic economic trajectory — rising to wealth and power through strategic taxation, trade, and agriculture, but eventually collapsing under internal divisions, war, and the growing dominance of European colonial powers. In 16th–18th Century trade wealth helped the Marathas expand and challenge Mughal power. Late 18th–19th Century heavy taxation, European competition, and British dominance weakened Maratha trade and in 1818 the British defeated the Marathas in the Third Anglo-Maratha War, taking over key trade centers and ports. The Maratha Empire's economic system was a blend of agricultural dominance, decentralized governance, and strategic trade management. Despite being heavily influenced by constant warfare, the Marathas managed to build a resilient economy through efficient land revenue systems, local self-governance, and investments in infrastructure. Their taxation policies, though burdensome at times, helped sustain administrative and military needs, while their control over trade routes boosted commerce.

In sum, the Maratha economy, with its strengths and flaws, played a crucial role in shaping the socio-economic fabric of pre-colonial India, laying the groundwork for elements of India's contemporary economic landscape.

Conclusion:

The internal and international trade and the navy played a crucial role in the economic rise of the Maratha Empire. Trade provided wealth, while the navy safeguarded maritime commerce. However, heavy taxation, constant wars, and European interference eventually weakened Maratha economic dominance. The inability to modernize industries and maintain naval superiority contributed to their decline, allowing the British to take control. While the Marathas initially dominated Indian commerce, their failure to modernize trade policies and naval forces allowed the British East India Company to take control, leading to the empire's fall.

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