

An Economic History of India

This book offers a major new economic history of India from the reign of Akbar in the sixteenth century to India's post-independence integration into the global economy. Using concepts and theories from economics and economic history alongside extensive new data, Bishnupriya Gupta builds a new framework for understanding the economic impacts and legacies of British rule. She charts India's transition from precolonial economy to colonial rule and evaluates its economic performance from a comparative perspective, particularly in the context of the Great Divergence between Europe and Asia. Finally, she examines India's post-independence economy and the evolution of social and economic inequality through to the turn of the twenty-first century. By taking a long view, the book sheds new light on the persistent effects of historical institutions as well as the impacts of policy-driven changes. It will be essential reading for anyone seeking to understand the long-run evolution of the Indian economy.

Bishnupriya Gupta is Professor of Economics at The University of Warwick and the research director of CAGE Research Centre. She has published widely on industrial development in colonial India, gender norms in India and is a key contributor to the debate on the Great Divergence.

Cambridge University Press & Assessment
978-1-108-49162-4 — An Economic History of India
Bishnupriya Gupta
Frontmatter
[More Information](#)

Cambridge Studies in Economic History

Editorial Board

Gareth Austin: *University of Cambridge*
Stephen Broadberry: *University of Oxford*
Naomi R. Lamoreaux: *Yale University*
Sheilagh Ogilvie: *University of Oxford*
Şevket Pamuk: *Bogaziçi University*

Cambridge Studies in Economic History comprises stimulating and accessible economic history which actively builds bridges to other disciplines. Books in the series will illuminate why the issues they address are important and interesting, place their findings in a comparative context, and relate their research to wider debates and controversies. The series will combine innovative and exciting new research by younger researchers with new approaches to major issues by senior scholars. It will publish distinguished work regardless of chronological period or geographical location.

A complete list of titles in the series can be found at:
www.cambridge.org/economichistory

An Economic History of India

*Growth, Income and Inequalities from
the Mughals to the 21st Century*

Bishnupriya Gupta

The University of Warwick



CAMBRIDGE
UNIVERSITY PRESS

Cambridge University Press & Assessment
978-1-108-49162-4 — An Economic History of India
Bishnupriya Gupta
Frontmatter
[More Information](#)



CAMBRIDGE
UNIVERSITY PRESS

Shaftesbury Road, Cambridge CB2 8EA, United Kingdom

One Liberty Plaza, 20th Floor, New York, NY 10006, USA

477 Williamstown Road, Port Melbourne, VIC 3207, Australia

314–321, 3rd Floor, Plot 3, Splendor Forum, Jasola District Centre,
New Delhi – 110025, India

103 Penang Road, #05–06/07, Visioncrest Commercial, Singapore 238467

Cambridge University Press is part of Cambridge University Press & Assessment,
a department of the University of Cambridge.

We share the University's mission to contribute to society through the pursuit of
education, learning and research at the highest international levels of excellence.

www.cambridge.org

Information on this title: www.cambridge.org/9781108491624

DOI: 10.1017/9781108869065

© Bishnupriya Gupta 2025

This publication is in copyright. Subject to statutory exception and to the provisions
of relevant collective licensing agreements, no reproduction of any part may take
place without the written permission of Cambridge University Press & Assessment.

When citing this work, please include a reference to the
DOI 10.1017/9781108869065

First published 2025

A catalogue record for this publication is available from the British Library

*A Cataloging-in-Publication data record for this book is available from the
Library of Congress*

ISBN 978-1-108-49162-4 Hardback

ISBN 978-1-108-79873-0 Paperback

Cambridge University Press & Assessment has no responsibility for the persistence
or accuracy of URLs for external or third-party internet websites referred to in this
publication and does not guarantee that any content on such websites is, or will
remain, accurate or appropriate.

Cambridge University Press & Assessment
978-1-108-49162-4 — An Economic History of India
Bishnupriya Gupta
Frontmatter
[More Information](#)

For
Dhruva, Cherry and Anirban

Contents

<i>List of Figures</i>	<i>page</i> viii
<i>List of Maps</i>	x
<i>List of Tables</i>	xi
<i>Acknowledgements</i>	xiv
Introduction	1
1 The Decline and the Rise of the Indian Economy	16
2 Agriculture as the Engine of Growth	43
3 From Handlooms to Modern Industry and the Emergence of a Planned Economy	77
4 Origins of India’s Service Sector Advantage	108
5 Region, Income, Caste, and Gender: Continuity and Change	130
6 Colonial Development in a Comparative Perspective	161
Conclusion: The Myths and the Realities of India’s Long-Run Development	187
<i>References</i>	192
<i>Index</i>	212

Figures

1.1	Per capita GDP in India and other developing countries (1950) (1990 International Geary-Khamis dollars)	<i>page</i> 17
1.2	Changes in GDP per capita in Asia and Latin America (1910–1950) (1990 International Geary-Khamis dollars)	17
1.3	Grain wage, cloth wage, and consumption wage (1600–1871): 1871=100	26
1.4	Absolute and relative decline of Indian GDP per capita (1600–1871)	28
1.5	Industrial and agricultural exports per capita relative to GDP per capita (1871=100)	32
1.6	Agricultural and industrial output per capita relative to GDP per capita (1871=100)	33
1.7	The Great Divergence between India and Britain (1600–1947)	36
1.8	Reversal of fortune: Indian per capita GDP (1900–2000) (1990 International Geary-Khamis dollars)	41
2.1	Agricultural map of India (1911)	46
2.2	Land tenure systems	50
2.3	Expansion of the railway network	54
2.4	Share of food crops on irrigated land (1920)	61
2.5	Changes in yield per acre by crop: KG/HA (1950/51=100)	71
3.1A	Community concentration at entry in cotton textiles firms in the Bombay region (1860–1910)	86
3.1B	Community concentration at entry in cotton textiles firms in the Ahmedabad region (1860–1910)	86
3.2	Community concentration at entry in jute textiles firms in the Calcutta region (1914–1930)	87
3.3	Growth in industry (1900–1947) in million Rupees in 1938/39 prices	92
3.4	Growth of subsectors in the modern manufacturing industry	93
4.1	Relationship between literacy and share of the service sector in employment	117

List of Figures	ix
4.2 Sectoral GDP in 1948/49 prices (log scale)	122
4.3 Output per worker by sector in million Rupees in 1948/49 prices (1901–1945)	123
4.4 Human capital by sectors (2001)	128
5.1 Correlation between GDP per capita for provinces (1911 and 2003)	133
5.2 Poverty–headcount ratio (1951–2006)	135
5.3A Correlation between per capita GDP for the provinces (2003) and poverty–headcount ratio (2000)	137
5.3B Correlation between per capita GDP growth for the provinces (1980–2000) and poverty–headcount ratio (2000)	138
5.3C Correlation between literacy in 1973 and the poverty–headcount ratio for provinces (2000)	138
5.4 Changes in the top income shares (1885–2000)	143
5.5 Differences in heights by social classes (1915–1940)	148
5.6 Correlation between 0–10 sex ratio (1931) and 0–9 sex ratio at the district level (2011)	157
5.7 Missing women by age groups (1921) (per cent female in the population)	159
6.1A GDP per capita in the developing countries in Asia and Latin America in 1990 International Geary-Khamis dollars (1910–1950)	162
6.1B GDP per capita in the developing countries in Asia and Latin America in 1990 International Geary-Khamis dollars (1910–2000)	162
6.2A Change in GDP per capita in four colonial economies in Asia in 1990 International Geary-Khamis dollars (the colonial period)	163
6.2B Post-colonial divergence: India, Indonesia, South Korea, and Taiwan in 1990 International Geary-Khamis dollars	163
6.3A Public school enrolment in Korea and Taiwan	177
6.3B Gender gap in school enrolment in Korea and Taiwan	177
6.4A Structural change in India (1900–2000)	182
6.4B Structural change in Korea (1910–2000)	182
6.4C Structural change in Taiwan (1910–2000)	183
6.5A GDP per worker in colonial India in million Rupees in 1948–49 prices (1905–1945)	184
6.5B GDP per worker in colonial Korea in 1,000 Yen in 1935 prices	185
6.5C GDP per worker in colonial Taiwan in 1,000 Yen in 1935 (1905–1940)	185

Maps

I.1	Rainfall map of 1908	<i>page</i> 6
I.2	Mughal India	7
I.3	Political conquest by the East India Company	8
I.4	British India	9
I.5	Partition of India	10

Tables

1.1 Indian silver and grain wages (1595–1874)	<i>page</i> 23
1.2 An England–India comparison of the daily wages of unskilled labourers (1550–1849)	24
1.3 Allen’s bare-bones consumption basket for India	27
1.4 Changes in GDP by sector (1600–1871) (1871=100)	30
1.5 Indian and British GDP per capita (1600–1871) (1990 International Geary-Khamis dollars)	31
1.6 Economic growth in the long run (% per year)	34
1.7 Share of trade in income: from colonial times to independent India (%)	35
1.8 Accounting for growth: a long view (1950/51=100)	40
2.1 Yield per acre (1600–1960)	47
2.2 Composition of revenue (1858–1940)	50
2.3 Changing composition of Indian exports (1811–1935)	52
2.4 Land under irrigation (% share)	58
2.5 Comparative yields per acre (lbs per acre)	60
2.6 Gross domestic capital formation	62
2.7 Government spending on infrastructure: irrigation and railways	62
2.8 Changes in yield per acre, before and after independence (% per year)	63
2.9 Differences in growth in yield per acre by region and by crop (1891–1946)	64
2.10 Frequency of famines (1759–1947)	65
2.11 Average annual growth in the value of agricultural output	71
2.12 Expansion in irrigation as a share of total cultivated land	72
3.1 Best-practice labour productivity in spinning 80s yarn in England (1780–1825) (operative hours to process 100 lb) in comparison to traditional technology in India in the eighteenth century	80
3.2 Emergence of British comparative advantage: relative total factor input cost, price, and total factor productivity	80
3.3 Sterling and Rupee investment (1914–15) (£m)	84

xii List of Tables

3.4	Shares of subsectors in net output in modern manufacturing	93
3.5	Capital formation and the public sector	97
3.6	Share of manufacturing in gross fixed capital formation (%) in a comparative perspective	97
3.7	Annual industrial growth by sectors (1951–2004) (%)	99
3.8	Top ten business groups by assets (1939, 1958, 1981, 2000)	101
3.9	Economic reform and growth in manufacturing industry: organized versus unorganized sectors (% per year)	106
4.1	Sectoral shares of value added in GDP in comparable developing countries and in employment (%)	109
4.2	Classification of households by occupational groups in Golepa (1692)	112
4.3	Literacy among trading communities in Bombay Presidency	114
4.4	Highest literacy by caste in selected provinces	115
4.5	Comparative enrolment rates (number enrolled per 1,000 school age population)	119
4.6	Share of secondary and higher education in total government spending on education (%)	119
4.7	Changes in sectoral shares in GDP and employment in the twentieth century (%)	121
4.8	Changes in sectoral labour productivity (% per year)	123
4.9	Sources of growth in output per worker (1960–2004)	125
4.10	Growth rates in selected services (% per year)	126
4.11	Sectoral labour productivity in India relative to Britain	128
5.1	Per capita provincial GDP in Rupees in 1948 prices	132
5.2	Changes in poverty gap and poverty–headcount ratio	136
5.3	Long-run between and within group income inequality in India	140
5.4	Changes in province-level inequality in independent India	141
5.5	Share of growth captured by income groups (distribution of per adult pre-tax income)	144
5.6	Caste literacy by province (1931)	147
5.7	Changing life expectancy at birth (1931–2001)	152
5.8	Changing life expectancy at birth by region (1931–1971)	153
5.9	Age-specific sex ratios in the age groups 0–15 by region (1931) (males per 100 females)	154
5.10	Changing sex ratio in children 0–5 (1931) and 0–6 for all other years (males per 100 females)	156
5.11	Missing women in Indian provinces by age group (%)	159
6.1	Share of Japanese investment and human capital in Korea (1940) (%)	169

List of Tables	xiii
6.2 Skilled personnel in Bombay cotton textile industry	170
6.3 Growth and composition of manufacturing industries (%)	170
6.4A Composition of exports from Korea to Japan	171
6.4B Composition of exports from Taiwan to Japan	171
6.5A Changes in agricultural production in Korea and Taiwan	174
6.5B Changes in agricultural production in Korea and Taiwan	174
6.6 Sectoral distribution of GDP and employment in South Korea and Taiwan after 1950 (%)	179
6.7 Gross fixed capital formation and the share of manufacturing (%)	180
6.8 Growth of exports (1950–1990) (%)	180

Acknowledgements

This book brings together my work on colonial India and my understanding of the country's long-run economic development. Many people have helped in this journey. Among them are my co-authors, Steve Broadberry, Latika Chaudhary, Johann Custodis, James Fenske, Dilip Mookherjee, Kaivan Munshi, Cora Neumann, Tirthankar Roy, Mario Sanclemente, Anand Swamy, and Song Yuan.

To Monobina Gupta, I owe the inspiration to embark on this book project. To Steve Broadberry, I owe the conceptualization and measurement of the Great Divergence between Europe and India, which forms the core of Chapters 1 and 4. I owe many friends and colleagues for their intellectual input into various research projects and for many discussions over the years. Among them are Jean Pascal Bassino, Sascha Becker, Nick Crafts, Kyoji Fukao, Mark Harrison, Debin Ma, Takashima Masanori, Sharun Mukand, Sevket Pamuk, and Debraj Ray.

The pandemic put a brake on excursions to libraries and access to data, books, and the old notebooks in my office. I thank the weekly virtual happy hour community of colleagues – James Fenske, Dennis Novy, Herakles Polemarchakis, Giacomo Ponzetto, and Claudia Rei – for keeping discussions alive and staying afloat.

I thank Didi Egerton Warburton for her careful reading of the chapters, Cathy Humphrey for reading the final draft and Viswarajan Pillay for his help with the bibliography. I thank Joerg Baten, Guilhem Cassan, Latika Chaudhary, James Fenske, Kyoji Fukao, and Sun Go for sharing their data and Tim Goodfellow for drawing the maps. I thank Eric and Doreen Anderson and Robert and Cynthia Swanson of Arc Indexing for doing the index of the book. I am grateful to the CAGE Research Centre for financial support and to Michael Watson at Cambridge University Press for his patience and helpful suggestions. I thank an anonymous reader of the book draft for valuable comments. My biggest debt is to James Fenske for reading the first draft and to Steve Broadberry for many conversations and joint projects on the economic history of Asia and Europe. The errors are mine alone.