

## The Sultanate Market and the Literary Imagination: Alauddin Khalji's Economic Policy Revisited

Vijay Kumar Rai \*  
Department of History,  
Government Raza Post-Graduate College,  
Rampur, U.P. India.

### ABSTRACT

This paper presents a strong socio-economic critique of the 'Market Control Policy' (Siyasat-i-bazar) of the most powerful and ambitious Sultan of Delhi Sultanate, Alauddin Khalji. The main objective of the study is to consider the reasons that led the sultan to impose strict price controls. It relies chiefly on the chronicles of the historian Ziauddin Barani and demonstrates that the constant Mongol attacks made it necessary to keep a large standing army, and that under limited fiscal means, keeping the commodity prices at a bare minimum was the only way to pay soldiers low wages. The paper goes beyond economic statistics and addresses the general social impact of the policy, which broke down the middlemen, black marketeers, and corrupt traders, but also placed the productive classes—peasants and merchants—in an environment of harsh state control. The study is based on whether Khalji's economic structure was purely military or had a visionary part which was geared towards the economic stabilization of medieval India. Lastly the paper examines the role of the state in the medieval economy by following the policy's downfall and its far-reaching social consequences.

**Keywords:** *Sultanate period, Alauddin Khalji, market control, Diwan-i-Riyasat, Shahna-i-Mandi, socio-economic impact.*

### Introduction

The Delhi Sultanate not only saw the changing of the guard but also epoch-defining administrative innovations. This is one of the most remarkable episodes of the Khalji period; the reign of Alauddin Khalji, the second sultan of the Khalji dynasty, who embarked on an unprecedented attempt to manipulate the medieval economy to meet the needs of the state's military forces. After the assassination of Jalaluddin Khalji, Alauddin ascended to the throne and was confronted with two problems, one of internal rebellion and the other of the destruction of the empire by the frequent attacks from the north-west frontier by the Mongol. This created the necessity for him to keep a large and powerful ready army.

Alauddin's cleverness was to find the answer to how to maintain a large army without the financial strain on the exchequer. Either they should be paid too much or they should be paid

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\* Author: Vijay Kumar Rai

Email: [vijaykumarraigrpg@gmail.com](mailto:vijaykumarraigrpg@gmail.com)

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so little that it will be impossible to make them pay their way. His response was the 'Market Control Policy' which entailed the sultan to impose a minimum strict price at what was considered a stable level on the market of commodities essential for the life of the army – primarily the foodgrains, cloth and horses – so that the army could survive on reduced wages.

The fundamental question raised in this paper does not just affect the structure of the policy, it also examines the social conflicts that occur between coercive power of the state and the desire of the free market. This tension is echoed in a parallel preoccupation in English literature and political economy. It is this type of intervention that Adam Smith condemned in his tract *The Wealth of Nations* (1776): “The natural price of every commodity is, as it were, the central price, to which all prices are continually adjusted” (Smith 75). Smith's conviction that state interference was a taint on markets did not have a medieval Indian equivalent; the Khalji was able to operate on totally different assumptions, which makes it clear that state/market relations are not always as they always are, but is historically contingent. The market policy of ALAUDDIN thus becomes the most characteristic feature of medieval economy, which would shape the state-market relations for a long period of time.

### **Objective**

The overall objective of this paper is to critically analyse the market control policy of Alauddin Khalji on the backdrop of the socio-economic history of medieval India, using the available evidence. The paper draws parallels between the debates in English economic and literary thought, and proposes that the conflict between state intervention and market autonomy is not a modern or western one, but a perennial issue in the governance of complex societies.

### **Research Methodology**

The nature of this study is historical and economic, therefore, a 'historical and analytical research method' is used. The research also presents an interpretation of the reasons and their social implications, as Khalji's market system was not a simple administrative decision but a complex economic experiment. They have used an 'evidence-based comparative approach' that has meant careful analysis of the key historians of medieval India, notably Ziauddin Barani and Amir Khusrau. There is also some emotional bias or hyperbole in these accounts, so a 'logical examination' approach has also been applied - that is, the declared price and availability of goods have been tested against the economic conditions of the time. Also,

'inductive analysis' is used (specific historical facts to a general conclusion). Primary sources (medieval texts) and secondary sources (modern historians' scholarship) are used to provide an impartial, comprehensive account. The whole of the research is based on the principles of historical veracity, impartiality and academic integrity.

## **Primary and Secondary Sources**

### **A. Primary Sources**

The most significant source of this research is a book written by Tarikh-i-Firuzshahi (Ziauddin Barani). Barani describes in detail Alauddin's economic policies, his price lists and administrative measures. His conclusions might be based on the prejudices of his own faith or his own views, but his statistics are essential.

Amir Khusrau (Khazain-ul-Futuh): A court poet, Khusrau is a witness for the sultan's wars and reforms. This source celebrates the things that went well in implementing the policy.

Ibn Battuta (Rihla): The information obtained from Ibn Battuta about the economic situation in Delhi and the remnants of the Khalji system, though a bit late, supports this research.

Futuh-us-Salatin (Isami): This work will throw light on the social effects of the sultan's great administration.

### **B. Secondary Sources**

For modern scholarly views on Indian economic history, one has to turn to K. S. Lal's History of the Khaljis and Mohammad Habib and Irfan Habib's work. Conclusions have been supported with articles from peer-reviewed journals of the leading universities.

## **Analysis and Discussion**

### **I. Administrative Structure and Institutional Framework**

Alauddin Khalji's policy of market control was not only an administrative order, but a well-designed economic structure. The sultan created Diwan-i-Riyasat (Department of Market Control) to manage the whole business apparatus. Supervised each market by a Shahna-i-Mandi (Market Superintendent) whose duty was to keep good things supplied and prices steady. The sultan himself was given intelligence on the true situation of the markets, both by barids (spies) and even by children who worked as informers. This intelligence network is

compared to the 'panopticon,' the name given to a system of control that Jeremy Bentham, philosopher and reformer of the British prison system, described and inspired, and which Michel Foucault theorized in *Discipline and Punish* (1975): a control system so pervasive that the presumption of observation disciplines behaviour. This was exactly what Khalji's surveillance system accomplished; it changed the behaviour of the merchants by instilling fear in them as they were constantly being watched.

## II. Classification of Goods and Price Determination

Khalji had set up three main markets in Delhi, based on the type of items being sold:

Cereal prices were established at a minimum level by the Mandi (Grain market). Cloth, sugar, medicinal herbs and lamp oil were sold at the Sarai-i-Adl (market of manufactured goods). The third market was for horses, slaves, and cattle – important military supplies, the grade and price of which were strictly controlled by the state.

The three-part classification is reminiscent of the Elizabethan Statute of Artificers (1563) and the Assize of Bread and Ale in medieval England, both of which tried to control the price of essential goods. The medieval moral economy held that the "just price" was a proper matter of state, a belief shared by European and South Asian statecraft in the premodern world, as the economic historian R. H. Tawney noted in *Religion and the Rise of Capitalism* (1926) (Tawney 44).

## III. Supply Chain and Rationing System

Khalji introduced an unprecedented policy of storing the stocks, to keep the goods available all the time. Half of the tax levied on the land of Doab was collected in kind (grain), deposited in royal granaries and stored in the royal treasury. In the event of a famine or scarcity of food, a rationing system was instituted, and each household is given a ration as needed. This proto-welfare mechanism looks forward to the one that Thomas Malthus would investigate in his *An Essay on the Principle of Population* (1798) – the crisis of food availability in relation to man's population, and the part the state can play in controlling that crisis (Malthus 61). It also echoes William Langland's fourteenth-century allegorical poem *Piers Plowman*, which also presents Piers as a symbol of just agricultural stewardship, who says "all manner of men" must work and be fed fairly (Langland, Passus VI). So, the concept

of the obligation of the state to the minimum subsistence of its subjects is well rooted in Indian and English medieval morality.

#### **IV. Socio-Economic Impact**

Intermediaries/middlemen were the most affected by the policy. The sultan phased out the special privileges of local rural officials, khuts, muqaddams and chaudhris, and set up a direct economic connection between the producer (peasant) and the consumer. This shielded soldiers and town folk from the inflation, however, it also put heavy pressures on merchants and cultivators under the state.

There is an intriguing parallel in this social phenomenon with John Ruskin's *Unto This Last* (1862), which attacks the political economy of his day and presents a conception of the duty of the merchant: "There is no wealth but Life" (Ruskin 166). Deriving from completely different moral premises, Khalji came to a structurally similar conclusion: namely, that market actors had to be made to serve the common good. But Charles Dickens, in *Dombey and Son* (1848), dramatised the human cost of commercial logic when commercial freedom was given precedence over human solidarity, while Khalji's merchants had the opposite experience: commercial freedom was abolished altogether because of a state that was committed to human solidarity.

#### **Far-Reaching Effects**

The immediate military effects of the market control policy of Alauddin Khalji are not enough to assess it; its far-reaching and widespread effects were more critical than their immediate military impact in determining the course of Indian economic history. The most important outcome of the policy was the introduction, for the first time in medieval India, of a paradigm of price stability which allowed for the complete control of inflation by the state. Even the unruly forces of demand and supply can be kept under control by state command, as Alauddin proved. This stability was a godsend for the soldiers and created economic security for the city of Delhi which in turn gave the sultan the strategic armour to fend off the powerful outside enemies like the Mongols.

The impact was very wide and structural in the context of rural and land-revenue administration. The decision to do away with the privileges of intermediaries and to bring the state directly in touch with the peasantry was a revolutionary step. It did entail a heavier tax

load for the cultivators, but it provided the underlying structure of the great land-revenue systems of Sher Shah Suri and Akbar. In the essay, “The Moral Economy of the English Crowd in the Eighteenth Century,” E. P. Thompson (1971), an English historian, has developed an important concept that is relevant to this context. Thompson suggested that the popular protest in pre-industrial times had been motivated by the idea that the market should be subject to moral standards that safeguard the poor—and that this belief had been responsible for inspiring Khalji's price-fixing even though his approach was more of a coercive than a customary nature.

But the policy had an undercurrent, the psychological repression of the trading community. The harsh laws of the state and the constant harassment and monitoring by informants turned merchants' liberty into fear. The policy was therefore maintained on the basis of both the sultan's personality and his terror; once he was gone, it was brought down like a house of cards by the sharp reaction of the trading community. When the sultan passed away, those strict market regulations were “out of this world,” as Ziauddin Barani puts it (315). In summary, Khalji's policy was a radical experiment in economic centralization wrought by medieval power which changed the nature of the state-market relationship.

A suggestive parallel in a modern context can be found in George Orwell's analysis in *The Road to Wigan Pier* (1937) that systems of economic control, regardless of their good intentions, fail if they are not accepted by the people under its control. As Orwell noted, “A man receiving charity practically always hates his benefactor” (Orwell 80) when it comes to paternalistic welfare. But the merchants of Khalji were not given charity, rather they were compelled to do something, and when their fear was removed, their resentment came out.

### **Conclusion**

This thorough study of the paper reveals that the policy of Alauddin Khalji towards the market was an extraordinarily bold and original experiment of economic nature in medieval Indian history. More than just a whim of a sultan, it was a logical answer to the immediate question of strategy and finances. The state had to have a large standing army of cheap, mercenary soldiers to keep the Mongols at bay, and in order to keep the state alive. Alauddin demonstrated that with firm political determination and effective administrative regulation, the free forces of the market could be brought under control.

One major point illustrated in this study is the social implications of the policy were far reaching, despite its military intentions. The elimination of the middlemen in the economy and the development of a relationship between the state and peasants and consumers was an epoch-making measure that created the basis for future land-revenue systems. However, it was completely based on the personal authority of the sultan and his fear over the people, if they were not sensitive and free from the restrictions of business. That is why, on the death of Alauddin, the complex edifice fell apart as it had no backing of social consent or the interests of the trading community.

What made Khalji's market policy unique was that it was a mixture of economic theory and administrative discipline, which in the short term made the Sultanate strategically invincible, but in the long term hindered the growth of a free market culture. But as Adam Smith later showed in *The Wealth of Nations*, sustainable economic prosperity depends on the process of prices being set through free exchange, not through state orders (47). Khalji's experiment is the medieval Indian proof of just this proposition (proof by refutation). As a result, this policy remains to this day a cornerstone and reference point for all historians of economics.

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