A dominant trend in the historiography of South Asia has been to consider the rounding of the Cape of Good Hope by Vasco da Gama in 1498 and the establishment of the Mughal Empire in north India in 1526 as the two developments with the most profound impact on the political and economic structures and institutions of South Asia. The establishment of the Portuguese Estado da India introduced some changes in the nature and structure of Indian Ocean commerce. One was the increasing use of violence by the Portuguese from the early sixteenth century. Initially in order to eliminate Asian merchant shipping, but later on to control Indian Ocean maritime trade, they subjected shipowners to a protection system. Ships could only sail with a licence (cartaz) issued by the Portuguese authorities on payment of a nominal fee and under obligation to call at a Portuguese-controlled port to pay duties. Although licences were not totally unknown in the Indian Ocean prior to the sixteenth century, the scale and consistency with which the Portuguese implemented this system was really innovative. Since Gujarati shipping was dominant in the maritime trade of Asia, it was most severely affected. This caused some relocation of maritime routes and trade itineraries, changes in the fortunes of Asian ports and port cities as well as of ship-owning merchant communities.

The expansion and consolidation of the Mughal Empire under Akbar (1556–1605) in the second half of the sixteenth century led to the formation of some fundamental political and administrative institutions that helped the emperor establish his political authority and control the surplus economic resources of the empire. There evolved a complex mechanism of revenue collection and redistribution throughout the empire which helped it sustain the processes of internal consolidation and territorial expansion. The political economy of the empire was sustained through an efficient fiscal administration which made it possible to collect a part of the gross produce as revenue from different parts of the empire. The relatively long spell of peace and political stability created favourable conditions for production and trade in a large part of South Asia. An almost similar and simultaneous development took place in West Asia and the Middle East under the aegis of the Safavid and the Ottoman emperors. These three empires facilitated long-distance overland and oceanic commerce throughout the western Indian Ocean littoral.
by ensuring some degree of security and safety to merchants and producers. With its strategic location, long coastline, dozens of ports, and productive indigo and textiles industries, Gujarat was already a major commercial zone in the Indian Ocean, and it came to play an even greater role in the early modern world economy. Prominent ports like Surat, Broach, Cambay, and Gogha and Mandvi in the Gulf of Kachh, served as entrepôts where merchants and merchandise from the vast landmass of interior South Asia converged with the maritime merchants of various Indian Ocean regions.

Mughal rule in Gujarat and the rise of Surat

The annexation of Gujarat to the Mughal Empire in 1573 and the almost simultaneous rise of Surat as the principal port of the empire contributed to the region’s economic growth and its prominent position in the commerce of the Indian Ocean. By the early seventeenth century, Surat had emerged as the most important entrepôt in western India, a position Cambay formerly held. Ashin Das Gupta has remarked that Surat’s rise to prominence was a ‘gift of the Mughal Empire’. It soon earned the appellation of bandar-i mubarak (the blessed port) because of its being an auspicious port of embarkation for a large number of pilgrims going every year to Mecca for the hajj. It emerged as the hub of commercial activities in the western Indian Ocean and a large number of merchants from different parts of the world flocked to the city seeking their fortunes. The Mughal imperial interest in shipping between Surat and the West Asian ports, especially Mokha, Jeddah, and Basra, both to fulfil the Empire’s ritual obligations by facilitating pilgrims and to gain material advantages in the form of freight money, augmented the position of Surat and added to its reputation as the chief port of Mughal India. With the integration of almost the whole of north India into the Mughal system of rule, Surat’s access to the vast interior extending up to the fertile doab (the land between the Yamuna and the Ganga Rivers) became convenient. The valuable products of the imperial heartland such as Bayana indigo and textiles from the Agra and Awadh regions began to be exported from Surat to many overseas destinations. The Mughal Empire contributed to the rapid growth of trade by developing infrastructure and by providing an institutional framework. Ever adaptable, merchants and shipowners took initiatives to benefit from the prevailing favourable circumstances. They invested their capital in lucrative commercial enterprises and built large fortunes.

At the time of its annexation to the Mughal Empire, the Sultanate of Gujarat comprised twenty-five sarkars (administrative units). In 1573,