HUMANITIES INSTITUTE

INDIAN TRADE

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Overview India was part of inter-regional trade from at least the time of the Indus Valley civilisation in the third millennium BCE. By 100 CE, overland and maritime routes had connected Indian traders and goods with Roman, Greek and Persian empires. Later maritime routes linked them with China and Southeast Asia, but trade across the Indian Ocean to Africa and the Middle East remained the most lucrative. The arrival of British, French and Dutch ships during the colonial era pushed India into the very centre of global trade. In general, India enjoyed a healthy balance of trade, due to the foreign demand for such commodities as sugar, spices, indigo and cotton.

Indus Valley Civilisation

Internal trade Food, raw materials and manufactured goods were traded between villages, regional markets and urban centres within the IVC area. Harappa had an open-plan market for stalls, surrounded by workshops where shell, copper and agate artefacts were produced. Fascinating new analyses of grain deposits (phyloliths) suggest that rural farmers shifted from growing a single crop for local consumption to a variety of crops that were processed for trade with the regional centres. It is thought that this shift occurred because of commercial demands from powerful merchants in the cities.

External trade External trade was crucial to the IVC economy. Lapis lazuli, tin, gold, silver and fine woollen textiles came from Central Asia, West Asia and Afghanistan. To these regions, the IVC exported mainly cereal grains, livestock and cotton textiles. Trade with Mesopotamia is demonstrated by the fact that shell bangles, carnelian beads and numerous Indus Valley seals have been found in ancient Near Eastern cities.

Classical Period

Mauryan Empire The Mauryan Empire rested on the development of an extensive network of internal trade routes with regular resting places. In particular, routes reached to the far northwest, where trade continued through to Persia and Greece, who became major trading partners with India under the Mauryas. Much of this domestic trade utilised rivers, especially the Ganges and the Godavari. Maritime trade extended to the Malay Peninsula into Southeast Asia, exporting luxury items such as silk and textiles, spices and exotic foods. The Mauryas also created a special department for the construction of roads.

Gupta Empire The modernising urban economy that flourished under the Mauryas developed even further under the Guptas (320-c. 550 CE). The Mauryan state instituted a single currency across India to facilitate trade, while the Gupta rulers improved roads and extended trade routes so that even interior areas had access to commercial centres and seaports. This sophisticated transport system enabled the Gupta rulers to collect land tax and import duties.

Arikamedu Archaeologists have excavated a large trading centre at Arikamedu near modern Pondicherry, south of Madras. Along with a hoard of Roman coins, they found residential quarters, warehouses, docks and fortifications. Other sites have been found along the east coast and west coast, suggesting a network of linked trading outposts.

Early Postclassical Period 500-1000

Indian Ocean The Indian Ocean, separating India from Africa and the Middle East, became a major trading route. The fall of the Roman Empire created a vacuum that was filled by Arab, Persian and Indian merchant. This route became a truly global one, with India in the middle, from the 8^{th} c. CE onward, when the Tang Empire in China sought to extend its commercial connections. For centuries, this crossing was undertaken at great risk to boats, subject to unpredictable winds and the less-than-regular monsoon. By about 1000 CE, a number of depots were broke the voyage into smaller and safer segments.

South India Another major maritime trade route ran from coastal south India to Southeast Asia. This trade was largely controlled by the Chola Empire, which reached the peak of its power around 1000 CE. Chola ships sailed to the tip of Sumatra, down the straits of Malacca and up the eastern coast of the Malay peninsula and then to Cambodia and China. The medieval guilds in central and south India funded these expeditions. One guild based in the Deccan (The Five Hundred Lords of Ayyavole) left inscriptions in their name in Cambodia and Sumatra. These routes were also protected by the sophisticated Chola navy, which conducted military campaigns along the same route and controlled much of the coasts for two centuries.

Late Postclassical Period

Domestic trade Domestic trade flourished under the Delhi Sultanate, as evidenced by the descriptions of foreign travellers. The account given by Ibn Battua (14th c.) includes details of Delhi as a major centre, where high quality goods (rice, betel leaves, sugar and wheat) were brought provincial regions. The sultans also saw to it that major roads and riverine routes were well maintained and policed. Foreign imports were also transported from coastal ports to major centres, such as the road from Goa to Hampi, the capital of the Vijayanagar Empire in the hinterland. One report mentions more than 5000 bullock carts carrying goods between the two points. The Vijayanagar Empire also carried on its own lucrative, domestic trade in diamonds.

Foreign Trade During the Sultanate major exported goods included silks, gold-trimmed clothes, guns, diamonds, elephants, pearls and coconuts. The big cash earners were sugar, indigo and spices. Chief imports were horses from the northwest, dates and precious stones from Arabia (across the Indian Ocean), satin and other luxury textiles from Persia, and raw silk and porcelain from China. Among favoured foreign goods were scented oils and perfume, wine, coral and velvet. During this period, and generally throughout history, India enjoyed a good balance of trade, with exports far exceeding imports.

Early Modern Period

Domestic trade The efficiency of the Mughal administration contributed to expanded trade routes within the empire. Although metalled roads were still unknown, and the long journeys took trade into isolated and dangerous parts of the countryside, the Mughals perfected the old tradition of the caravan. They were organised like military units, with hierarchical officers, armed guards, and set of regulations. The Mughals also built a large number of new roads, bridges and military posts along the major trade routes. The near-constant warfare between the Mughals, Mahrattas and Afghans disturbed and in some cases halted trade, but

Foreign trade The foreign trade stimulated by the arrival of European ships contributed significantly to the wealth of the Mughals and their allies. Spices, indigo, sugar, salt, turmeric, textiles and opium were exported, in return for guns, horses, amber, precious stones, drugs, perfume and certain types of luxury fabric, such as velvet. Another curious foreign item was *chai*, or tea, but the main import was gold and silver, primarily from the Spanish colonies in the New World. Foreign trade increased considerably in the 17th century. For example, in the 1620s, the English East Indian Company was selling a quarter of a million pieces of cotton cloth at auction in London. By the end of the 17th century, the number of pieces has soared to nearly two million. Indian traders, merchants and artisans, especially silk and cotton weavers, benefitted from this lucrative e trade. Once again, Akbar made a vital contribution to this sector of the economy by opening silk weaving workshops in several cities. Most of the profit, however, remained in the hands of foreigners (Portuguese, Dutch and British).

19th Century

East India Company From the beginning of its rule in Bengal in the mid-18th century until is abolition in the mid-19th century, the economic policies of the East India Company were a continuation of its rivals in India. The 'Company' (as it was known) furthered the mercantilist and proto-capitalist institutions and practices of the Mughals and Mahrattas. However, with its increasing penetration of the countryside, it enjoyed an even greater degree of control and command of resources. Even more important, as an international trading power, the Company itself had resources and expertise beyond those of its predecessors.

Collaboration The extensive trade of the East India Company involved significant participation by Indian merchants, bankers and middlemen.
British merchants were granted large amounts of credit by Indian bankers, who earned a great deal in the process. Some of this income was invested in the very goods, especially textiles, that were being exported to the West.

20th Century

Foreign trade Everything foreign, including trade, was politicised in the first half of the century. The massive export of raw cotton to mills in northern England, which then manufactured finished textiles and sold them back to Indians at high prices was the economic evil that Gandhi sought to eradicate with his *swadeshi* or ‘self-rule’ movement. Indians were encouraged to boycott foreign goods and buy domestic goods, especially hand spun cotton textiles. In Calcutta, the centre of the movement, piles of foreign clothing were burned in the streets. People found using foreign sugar or cigarettes were fined.

Liberalism A complete reversal occurred in the last decade of the century.
In the early 1990s, after 50 years of state planning and international isolation, India accepted an IMF loan of $1.4 billion, which required it to embrace global capitalism. In return, India enacted a slew of radical reforms, selling off nationalised industries and utilities, removing currency and banking regulations, abolishing import tariffs, encouraging foreign investment and relaunching the Bombay Stock Exchange as an electronic trading system. Almost immediately the annual growth rate rose from around 2% to 7%, a level it has maintained up to the present (2017). A redistribution of economic growth also occurred, shifting away from the old centres in north India, such as Calcutta, Bombay and Ahmedabad, to southern cities, such as Bangalore, Hyderabad and Madras, especially in software and other high-tech industries.

Questions/discussion

1. Maritime trade is an under-studied topic in the economic history of this period. Because peninsular India (or south India) had seaports on both coasts, sea trade was a powerful force in shaping its history. Archaeologists have excavated a large trading centre at Arikamedu near modern Pondicherry, south of Madras. Along with a hoard of Roman coins, they found residential quarters, warehouses, docks and fortifications. Other sites have been found along the east coast and west coast, suggesting a network of linked trading outposts.

2. The Hindu kingdom of Vijayanagar, which had extensive economic ties with Muslim states in the Deccan, used a different and very complex system of coins. How were transactions conducted between the two economic systems?

3. The British conquest of India was in part due to the economic power of the outsiders. How much of that power is attributed to the fact that it was sea-based rather than land-based? In other words, is it crucial that the British controlled resources beyond the reach of local complications that beset every other ruler of India?

4. The role of the Indian Ocean trade in the overall history of India is now a popular topic for research. However, the book by Subrahmanyam (listed below) is still the best study available. Anyone interested in Indian history should read it.

Reading

Burton Stein, *A History of India* (Blackwell, 1998)
Romila Thapar, *Early India*. *From the Origins to 1300 AD* (Penguin, 2002)
B. R. Tomlinson, *The Economy of Modern India* 2nd ed. (Cambridge, 2013)
Sanjay Subrahmanyam, *Land, Politics and Trade in South Asia* (Oxford, 2004)