India in the World Economy

Cross-cultural exchange has characterized the economic life of India since antiquity. Its long coastline has afforded India convenient access to Asia and Africa as well as trading partnerships formed in the exchange of commodities ranging from textiles to military technology and from opium to indigo. In a journey across two thousand years, this enthralling book, written by a leading South Asian historian, describes the ties of trade, migration, and investment between India and the rest of the world and shows how changing patterns of globalization have reverberated in economic policy, politics, and political ideology within India. Along the way, the book asks three major questions: Is this a particularly Indian story? When did the big turning points happen? And is it possible to distinguish the modern from the premodern pattern of exchange? These questions invite a new approach to the study of Indian history by placing the region at the center of the narrative. This is global history written on India’s terms, and, as such, the book invites Indian, South Asian, and global historians to rethink both their history and their methodologies.

New Approaches to Asian History

This dynamic new series will publish books on the milestones in Asian history, those that have come to define particular periods or to mark turning points in the political, cultural, and social evolution of the region. The books in this series are intended as introductions for students and can be used in the classroom. They are written by scholars whose credentials are well established in their particular fields and who have, in many cases, taught the subject over a number of years.

Books in the Series

1. Judith M. Brown, *Global South Asians: Introducing the Modern Diaspora*
2. Diana Lary, *China’s Republic*
3. Peter A. Lorge, *The Asian Military Revolution: From Gunpowder to the Bomb*
4. Ian Talbot and Gurharpal Singh, *The Partition of India*
5. Stephen F. Dale, *The Muslim Empires of the Ottomans, Safavids and Mughals*
7. Sunil S. Amrith, *Migration and Diaspora in Modern Asia*
8. Thomas DuBois, *Religion and the Making of Modern East Asia*
9. Susan Mann, *Gender and Sexuality in Modern Chinese History*
India in the World Economy

*From Antiquity to the Present*

TIRTHANKAR ROY

*London School of Economics and Political Science*
For
Mrunmoyee Roy
# Contents

<table>
<thead>
<tr>
<th>List of Figures and Tables</th>
<th>page x</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preface</td>
<td>xiii</td>
</tr>
</tbody>
</table>

1  Introduction: India and Global History  
2  Ports and Hinterlands to 1200  
3  Receding Land Frontiers, 1200–1700  
4  The Indian Ocean Trade, 1500–1800  
5  Trade, Migration, and Investment, 1800–1850  
6  Trade, Migration, and Investment, 1850–1920  
7  Colonialism and Development, 1860–1920  
8  Depression and Decolonization, 1920–1950  
9  From Trade to Aid, 1950–1980  
10 Return to Market, 1980–2010  
11 Conclusion: A New India?  

References  
Index  
255  
275
Figures and Tables

Figures

1.1 Geographical zones.  
2.1 Lothal.  
2.2 Trade routes, early Common Era.  
2.3 Bolan Pass, c. 1842.  
2.4 Arikamedu.  
2.5 Terracotta panel on a Bengal temple showing a ship, possibly of Indian construction.  
3.1 Trade in the Gulf of Cambay by the Boucicaut Master.  
3.2 Trade routes, c. 1650.  
4.1 Wall hanging showing early traders to India, late sixteenth century.  
4.2 Maritime routes and ports with European presence, c. 1650.  
4.3 Import of bullion and goods (£) by the English East India Company into India, 1708–1810.  
4.4 Terracotta panel from an eighteenth-century Bengali temple showing a group of Europeans carrying guns.  
4.5 The Mughal province of Bengal showing towns and trade settlements, c. 1650.  
4.6 Fort William, Calcutta, by an unknown painter, c. 1750.  
4.7 Ruins of an eighteenth-century lighthouse on the mouth of the Hooghly.  
5.1 Shipping tonnage (million) entering major Indian ports, 1795–1858.  
5.2 Opium from Patna bound for China during the Opium Wars.  
5.3 Parsi schoolgirl, from a postcard printed in 1897.  
6.1 Shipping tonnage (million) entering Indian ports, 1841–1939.  
6.2 Opening of the Madras railway, 1856.
List of Figures and Tables

6.3 Major railways. 165
6.4 “Coast cruiser” off Coromandel, early-1900s postcard. 173
6.5 Boat in Madras going out to a ship, 1876. 174
7.1 India, 1920. 185
7.2 Raw jute being unloaded at a jute mill in Calcutta, c. 1900. 192
7.3 Chinatown, Calcutta. 196
7.4 European gentleman with his language teacher. 198
7.5 Botanical Garden, Calcutta, c. 1900. 200
8.1 Real domestic product in India and the United States compared. 214
8.2 Implicit GDP deflators in India and the United States compared, 1922–1939. 215

Tables

2.1 Dynasties and states, c. 500 BCE–1200 CE. 23
3.1 Dynasties and states, 1200–1765. 75
6.1 Transport cost of cargo, Rs. per ton per mile. 161
9.1 Net aid inflow in perspective (percentage), 1950–2003. 226
10.1 Export-income ratio (percentage), 1900–2009. 239
10.2 Investment, remittances, and aid in GNP (percentage), 1950–2009. 240
10.3 Main exports (percentages of export value), 1955–2009. 240
Preface

This is a book about transactions between South Asia and the rest of the world in the very long run. I show the antiquity of long-distance intercultural economic exchanges conducted from South Asia, and also show how external factors such as new technology or new partnerships and internal factors such as geography shaped these exchanges, allowing us to mark out distinct epochs in the history of these transactions.

The idea of writing this book occurred to me some years ago while I was taking part in the proceedings of the Global Economic History Network, an international collective of economists and historians, now concluded. The conversations started during those proceedings exposed me to interesting current research on other regions, especially other Asian regions. Useful though the experience was, however, this book does not implement the intellectual program of the network with Indian material. In fact, I formed the idea of this book partly in reaction to the main item on the network’s agenda, namely, to search for the causes of international economic inequality in the modern world. It seemed to me that by placing the inequality problem at the center, we risked making the history of India’s globalization too dependent on the history of Europe’s globalization, which would be a wrong thing to do because every region did business with other regions in a somewhat autonomous and distinctive way, depending on local factors such as politics and geography. And because some of these local factors were extraordinarily durable, a longue durée India-focused narrative of transactions was possible. I did not wish to get into the sterile rhetoric about which region – Asia or Europe – was the center of the world in the seventeenth century. My point was, rather, that it should be possible to write a history of transactions that is mindful of the distinctive qualities of India. This book implements that idea.

The scholars with whom I have discussed my interest in global history since the network began, and who have indirectly contributed to the making of this project, are too numerous to be named. I should thank especially my current and former global history colleagues in the Department of Economic History, London School of Economics and
Political Science. I wish also to thank Douglas Haynes, Giorgio Riello, and the readers for Cambridge University Press, who saw earlier versions of the manuscript and the book proposal and made many useful suggestions on structure, presentation, arguments, and citations. I am grateful as well to Mina Moshkeri for drawing the maps at short notice. Debanjan Dasgupta supplied helpful tips on procuring images for the book, and Rangan Datta, a photographer of historical monuments in West Bengal, kindly provided me with a set of rare pictures representing European trade in Bengal from his impressive collection.