

## *India in the World Economy from Antiquity to the Present*

### **Short description**

India in the World Economy from Antiquity to the Present (Cambridge, 2012) is a long range history of Indian business. It shows, with a narrative covering two thousand years, that India contained two types of capitalist traditions, one looking towards the sea and foreign trade, and the other dependent on land, fiscal system, and agricultural trade. States and empires tried to bridge the two worlds, with occasional success. This dialectic changed since European rule began in India (around 1760), and again in the modern times, but it has not disappeared completely. In view of these geographical continuity, we need to think about the ‘ancient’, the ‘medieval’ and the ‘modern’ in a connected way.

### **Long description**

For more than two thousand years, the Indian subcontinent was pivotal to world trade. A coastline 5,000 miles long, easy access from West Asia, Africa and East Asia, the presence of highly skilled artisans, a rich maritime tradition, and kings who protected merchants and formed partnerships with them, secured the strategic position of trade in Indian life and of Indians in trade. Classics of Indian literature describe the heroic undertakings of the seafaring merchant. Sanskrit and Persian works on statecraft set out kingly duties towards the merchant.

Notwithstanding the evidence on the antiquity of trade, most accounts of the business history of India begin from the coming of the Europeans in the Indian Ocean in the 1500s, as if this one turning point is the only one that really mattered. I wanted to write a book that would break the pattern, and tell a story of enterprise that is millennial in scope. By taking a sweeping view over two thousand years, we should be able to answer three big questions. Is there a long-term pattern in Indian capitalism? When did the big changes in that pattern occur? And does history shed light on economic change in the present? *India in the World Economy* is an outcome of the project.

The plot that holds this account together has, at its centre, the interplay between two distinct business-cum-political worlds that had taken shape from the earliest times. One of these was based in the cities of powerful empires that formed in the land-locked and agricultural interior, and another was based in the seaboard, ruled by weaker states. The former was dependent on grain trade and the fiscal system, the latter on foreign trade. The distance between them was bridged by the imperial ambition to control the seaboard.

That ambition was only limitedly and intermittently successful until the seventeenth century. But the game took a new turn in the wake of Indo-European trade (especially in the 1700s) when, for the first time in Indian history, a merchant-ruled seaboard state began

to rule the interior. This was the territory controlled by the British East India Company. Indian capital migrated from the interior world to the port cities established by the Company, giving rise to a new cosmopolitan milieu based on Indo-European partnerships. There, then, began a slow conquest of the agricultural interior by coastal capitalists, who joined export trades in agricultural commodities in the 1800s, and reinvested some of the trading profits in textile mills.

Since that time, the different business worlds have come much closer, but the dialectic has not disappeared. The cleavage between the agricultural interior and the cosmopolitan and outward-looking commercial towns continues to be deep, and their politics remains divergent in present-day India.

The book is organized around this idea of diversity but not all of it is an illustration of the idea. The world economy foisted upon India unpredictable events, such as wars and depressions, which form part of the discussion. The book also pauses from time to time to consider major academic debates, such as the implications of Indo-European trade, link between colonialism and development, and the rejection of and return to liberal trade regime in the twentieth century.

This is an interpretive work in economic history. The real challenge in writing the book was not gathering information, but to think about the ancient, the medieval, and the modern times in a connected way; to think about the elements of continuity in private enterprise, and therefore, identify the turning points better.