

# Trade & Commerce

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## **Introduction**

- Trade and commerce played a vital role in ancient Indian economy.
- Archaeological evidences have shown that trade and commerce were the main stay of the economy of ancient India

- Trade was carried out by water and land in this period.
- A network of roads merging into the Silk Route helped in establishing commercial and political contacts with adjoining foreign kingdoms and empires of Asia in particular, and the world, in general.
- The maritime routes linked the east and the west by sea and were used for the trade of spices and came to be known as ‘spice route’.
- Due to the flow of wealth through these routes, the chief kingdoms, important trade centres and the industrial belt flourished, which in turn further facilitated the progress of domestic and international trade in ancient India.

## **Harappan Period**

- The period was marked by substantial commercial activities and urban development.
- Harappans had a well-established network of internal and external trade. • Trade was based on barter (no coinage at this time).
- Major circulation of internal trade:

**Product Place of Production (within Harappan civilization)**

- Limestone Sukkur and Rohri Hills
- Copper Khetri Hills, Rajasthan
- Lead and zinc Rajasthan
- Tin Tosam area of modern Haryana
- Gold Kolar fields of Karnataka

(also exported cattles)

- Semi-precious stones for bead making Gujarat

## Harappan Period

- Besides inland trade, Harappans established trade and commercial relations with foreign countries.
- Important zones of long-distance interaction included:
  - Mesopotamia
  - Central Asia
  - Persian Gulf
  - China
  - Arabian Gulf region

- Major items exported from Harappa included terracotta pots, beads, gold, silver, colored gems like turquoise and lapis lazuli, metals, flints, seashells and pearls.
- Products procured by Harappa from other lands:
  - Tin, Lapis lazuli: Afghanistan
  - Jade: Turkmenistan
  - Tin: Central Asia
  - Shells, Chlorite vessels: Oman
  - Seaborne and land trade



## Harappan Period

• Evidence suggests that the trade was carried out by organised merchant groups as well as nomadic peddlers.

- Modes of transportation ,as suggestive from archaeological remains included:

1. Two-wheeled carts evident through bronze and terracotta models of carts found at various

sites. 2. Caravans drawn by oxen, sheep, goats and donkeys.

3. Camels: evidence suggest that they came to be used towards the end of the mature Harappan phase. 4. Boats-depicted on seals and clay tablets at Lothal and Harappa.

- Lothal in Gujarat was one of the biggest port towns of that period with a huge dockyard constructed out of brick.



## Vedic Period

- The Rig-Veda contains several references to sea voyages undertaken for commercial and other purposes.
- The Vedas credit Varuna with the knowledge of sea routes followed by ships.
- From 1st century A.D. commodities greatly in demand in Roman world from India were spices and perfumes, precious stones such as beryl and silks, muslins and cotton.
- All these commodities were paid for in gold and silver by the Roman traders.

- Indian items were sold 100 times their original price.
- From Rome came gold, wine and perhaps Roman soldiers and women whose services were needed in the courts of South Indian kings.
- To guide ships to ports, lighthouses were built. One such light house existed at the mouth of river Kaveri. •

Roman traveler Pliny (77 A.D) wrote about the trade between Indian subcontinent and the Roman Empire.

## **Mauryan and Post-Mauryan Period**

- During the Mauryan reign commercial activities flourished.
- One committee of the municipal board of Patliputra (Mauryan capital) was entrusted with the supervision of manufactured articles in the metropolis which seem to have bolstered manufacturing industries in the Mauryan period.
- There were considerable number of foreign residents in Patliputra and they were in all probability were traders.
- Describing the commerce under Mauryas, Greek writers refer to the manufacture of chariots, wagons, arms and agricultural implements and building of ships. Strabo mentions richly embroidered dresses in gold duly adorned with precious stones and also flowered robes made of fine muslin.
- Exports: fine silks, muslin, spices, perfumes, medicinal herbs, indigo, sandalwood, pearls, ivory, iron, steel, etc.
- Major items of Imports: sweet fine wines, pigments, glass-vessels, costly vessels of silver, singing boys and maidens for the harem and choicest ointments.

- While the Mauryans carried on their trade mainly with the east through the Kalinga ports, their powerful successors Guptas not only increased their eastern trade effectively but opened up the western sea-borne trade and this led to unprecedented economic prosperity.
- They maintained maritime trade with Eastern Archipelago and China through the following ports:
  - a) Tamralipti in Bengal
  - b) Kaveripattanam and Tondai in Tamil Nadu
  - c) Kottayam and Muziris (modern Crangnore) in the Malabar Coast
- The Arabs used to visit the west coast to purchase goods like teak, drugs, perfumes, shoes, black salt, spices, indigo, textiles, muslin, etc., and Indian commodities were very popular in Arabian countries during this period.

## Transport

- Trade was maintained by both land and sea.
- Roads as a means of communication had assumed key importance in the entire process of growth, particularly of the inland trade and for trade over land.
- The northern roadway route is believed to have stretched originally from Bengal to Taxila. • There were also trade routes in the south spreading east and west. Trade routes were structurally wide and suitable for speed and safety.
- Maritime trade was another important branch of global trade network.
- Malabar Coast, on which Muziris is situated, has a long history of international maritime trade going back to the era of the Roman Empire. It was in the search for an alternate route to India for spices

that led to the discovery of America by Columbus in the closing years of 15<sup>th</sup> century and also brought Vasco da Gama to the shores of Malabar in 1498.

- Calicut was a bustling emporium which was visited by Chinese ships to acquire items, like pepper, diamonds, pearls and cotton from India as well as frankincense (essential oil) and myrrh (fragrant resin used in perfumes, medicines) from the Middle East.
- On the Coromandel Coast, Pulicat was a major port in the 17<sup>th</sup> century which emerged as a principal port for export of Textiles to Southeast Asia.

## **Trading Class**

- The Vaisyas are the traditional trading class of the Indian subcontinent. They became the richest business class and contributed much to the cultural progress of the country. Some of them excavated caves and build temples while others were well versed in folklore and astrology.
- Later, in different parts of the country, different communities dominated trade, major ones included:
  - Khattris/Punjabis in Punjab
  - Parsis, Baniyas and Marwaris in Bombay Presidency
  - Chettis and Komatis in the Madras Presidency
  - The Lingayaths in Karnataka region
  - The Bhats in states of Gujarat and Rajasthan.



- Mahajan in western India
- In urban centres , such as Ahmedabad, the Mahajan community collectively represented by their chief called nagarseth dominated the trade.

## **Merchant Communities**

- Merchants and traders were organized into Guilds called Nigamas, Sresthi-Vanijas and Sarthavahas.
- Guilds were autonomous corporations formed to protect the interests of the traders. These were autonomous bodies headed by a chief and these bodies had their own rules, regulations and bye-laws, which were usually accepted and respected by the state.
- The guilds arose as a front to resist depredation by highway robbers on merchants who used to traverse long distance with their goods through insecure roads.
- The guilds brought members of the same profession or craft together and regulated productions, fixed prices and wages and prevented unhealthy competitions. They also trained apprentices.
- Over a period of time these guilds extended their activities and acted as banks; giving loans to fellow members and interest to the public who used to deposit money with them. The rate of interest varied from two to twelve percent per annum.
- Guild masters were nominated either by hereditary succession or by election and were known as Jyesthaka (elder), Sresthin (best) and Mahattama (most important).

- The guild chief dealt directly with the king or tax collectors and settled the market toll on behalf of its fellow merchants at a fixed sum of money.

## **Merchant communities**

- According to Katyayana there were four grades of partnership for sharing the profit of the guild and they were Sikshaka (apprentice), Abhijna (advanced student), Kusala (expert) and Acharya (teacher).
- Every guild possessed a special seal (*namamudra*) made of bronze, copper, ivory or stone and possessed a banner and ceremonial flywhisks which were carried in procession during festivals.
- Many guilds emerged immensely prosperous in ancient India. For instance the ivory workers of Vidisa in the 1<sup>st</sup> century A.D. were in a position to offer one of the four monumental porticoes of the great stupa at Sanchi. The Mandasor inscription reveals that the guild of silk weavers at Dasapura built a Sun temple in the city in A.D. 436. In course of time the temple fell into ruins and was repaired by the same guild in 472 A.D.
- In ancient India, merchants and artisan guilds were generally referred as Sreni (but the specific term for a merchant guild was Nigama). Those who controlled the financing of trade on individual as well as partnership basis were known as Sresthin.

## **Major Commercial Centres**

- Pataliputra: Known as Patna today. It was not only a commercial town, but also a major centre for export of stones.
- Peshawar: It was an important exporting centre for wool and for the import of horses. It had a huge share in commercial transactions between India, China and Rome in the first century A.D.
- Taxila: It served as a major centre on the important land route between India and Central Asia. It was also a city of financial and commercial banks. The city occupied an important place as a Buddhist centre of learning. The famous Taxila University flourished here.
- Indraprastha: It was the commercial junction on the royal road where most routes leading to the east, west, south and north converged.
- Mathura: It was an emporium of trade and people here subsisted on commerce. Many routes from South India touched Mathura and Broach.
- Varanasi: It was well placed as it lay both on the Gangetic route and on the highway that linked North with the East. It grew as a major centre of textile industry and became famous for beautiful gold silk cloth and sandalwood workmanship. It had links with Taxila and Bharuch.
- Mithila: The traders of Mithila crossed the seas by boats, through the Bay of Bengal to the South China Sea, and traded at ports on the islands of Java, Sumatra and Borneo. Mithila established trading colonies in South China, especially in Yunnan.
- Ujjain: Agate, carnelian, muslin and mallow cloth were exported from Ujjain to different centres. It also had trade relations through the land route with Taxila and Peshawar.

# Major Commercial Centres

- Kanchi: Today known as Kanchipuram, it was here that the Chinese used to come in foreign ships to purchase pearls, glass and rare stones and in return they sold gold and silk.
- Madura: It was the capital of the Pandayas who controlled the pearl fisheries of the Gulf of Mannar. It attracted foreign merchants, particularly Romans, for carrying out overseas trade.
- Broach: It was the greatest seat of commerce in Western India. It was situated on the banks of river Narmada and was linked with all important marts by roadways.
- Kaveripatta: Also known as Kaveripatnam, it was scientific in its construction as a city and provided loading, unloading and strong facilities of merchandise. Foreign traders had their headquarters in this city. It was a convenient place for trade with Malaysia, Indonesia, China and the Far East. It was the centre of trade for perfumes, cosmetics, scents, silk, wool, cotton, corals, pearls, gold and precious stones; and also for ship building.
- Tamralipti: It was one of the greatest ports connected both by sea and land with the West and the Far East. It was linked by road to Banaras and Taxila.

## Major items of exports and imports

- Exports consisted of spices, wheat, sugar, indigo, opium, sesame oil, cotton, parrot, live animals and animal products—hides, skin, furs, horns, tortoise shells- and precious pearls, sapphires, quartz, crystal, granites, turquoise and copper etc.
- Pepper was particularly valued in the Roman Empire and was known as ‘Black Gold’. For centuries, it remained the reason for rivalry and conflict between various empires and trade powers to dominate the route for this trade.
- Imports included horses, animal products, Chinese silk, flax and linen, wine, gold, silver, tin, copper, lead, rubies, coral, glass, amber, etc.

## **India in Precolonial World Economy**

- Between the 1<sup>st</sup> and the 7<sup>th</sup> centuries CE, India is estimated to have the largest economy of the ancient and medieval world, controlling about one third and one-fourth of the world’s wealth.
- There were two major features of pre-colonial trade that favoured Indian economy:
  1. A favourable balance of trade
  2. A foreign trade most suitable to the level of manufacturing in India
- Owing to its commerce, Indian subcontinent was often referred to as ‘Swaranbhumi’ and ‘Swarndweep’ in the writings of many travellers, such as Megasthenes, Faxian (Fa Hien), Xuanzang (Huen Tsang), Al Beruni (11th century), Ibn Batuta (11th century),

Frenchman Francois (17th century) and others. They repeatedly referred to the prosperity of the country.

- The pre-colonial period in Indian history was an age of prosperity for Indian economy and made the Europeans embark great voyage of discovery.
- However, despite the growing commercial sector, it is evident that by 18<sup>th</sup> century India was far behind Western Europe in technology, innovation and ideas.
- With the increasing control of the East India Company causing lack of freedom and no occurrence of agricultural and scientific revolution, limited reach of education to the masses, population growth and preference to machines over manual skills made India a country which was prosperous but with people who were poor.
- The British empire began to take roots in India in the mid– 18<sup>th</sup> century and soon the condition of the Indian economy changed from being an exporter of processed goods to the exporter of raw materials and buyer of manufactured goods.
- After Independence, the process of rebuilding the economy started as India went for centralised planning and as of presently, the Indian economy is one of the fastest growing economies in the world today and a preferred FDI destination