



The Role of Trade & Commerce in Indian Society

A Historical Analysis of Its Impact on Development

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Basic Limitation of this Study



- **Irrationality**
 - Historical Institutions and practices evaluated using current filters of acceptability
- **Justification**
 - Our desire to use the best of the past to accelerate current and future development

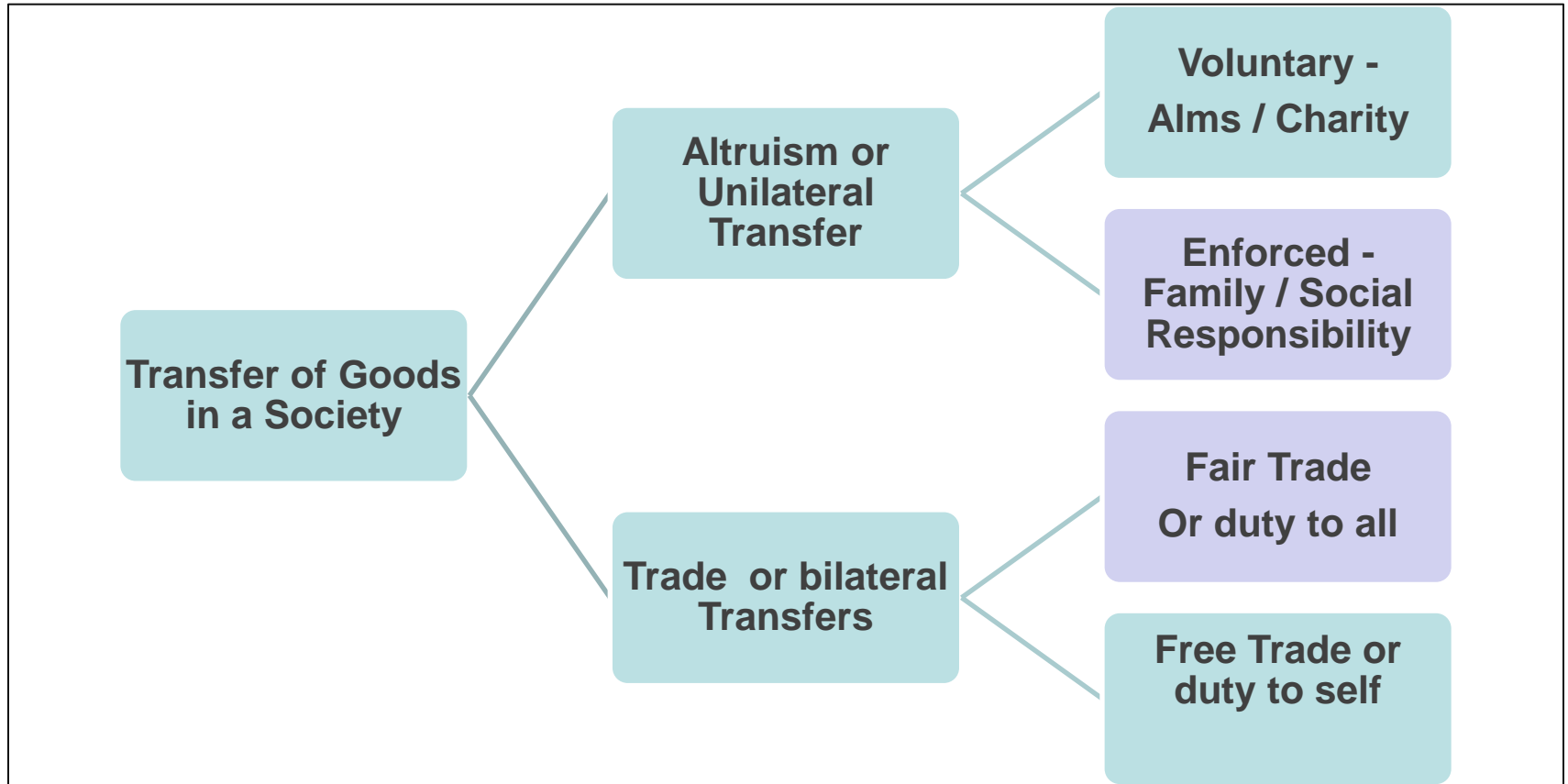
Concept of Development



- **Articulated in the mandate to the Planning Commission in March 1950:**
 1. For all citizens, both men and women equally, the right to adequate means of livelihood
 2. Ownership and control of material resources to be distributed to serve the common good, and
 3. Creation of an economic system that does not concentrate wealth to the common detriment

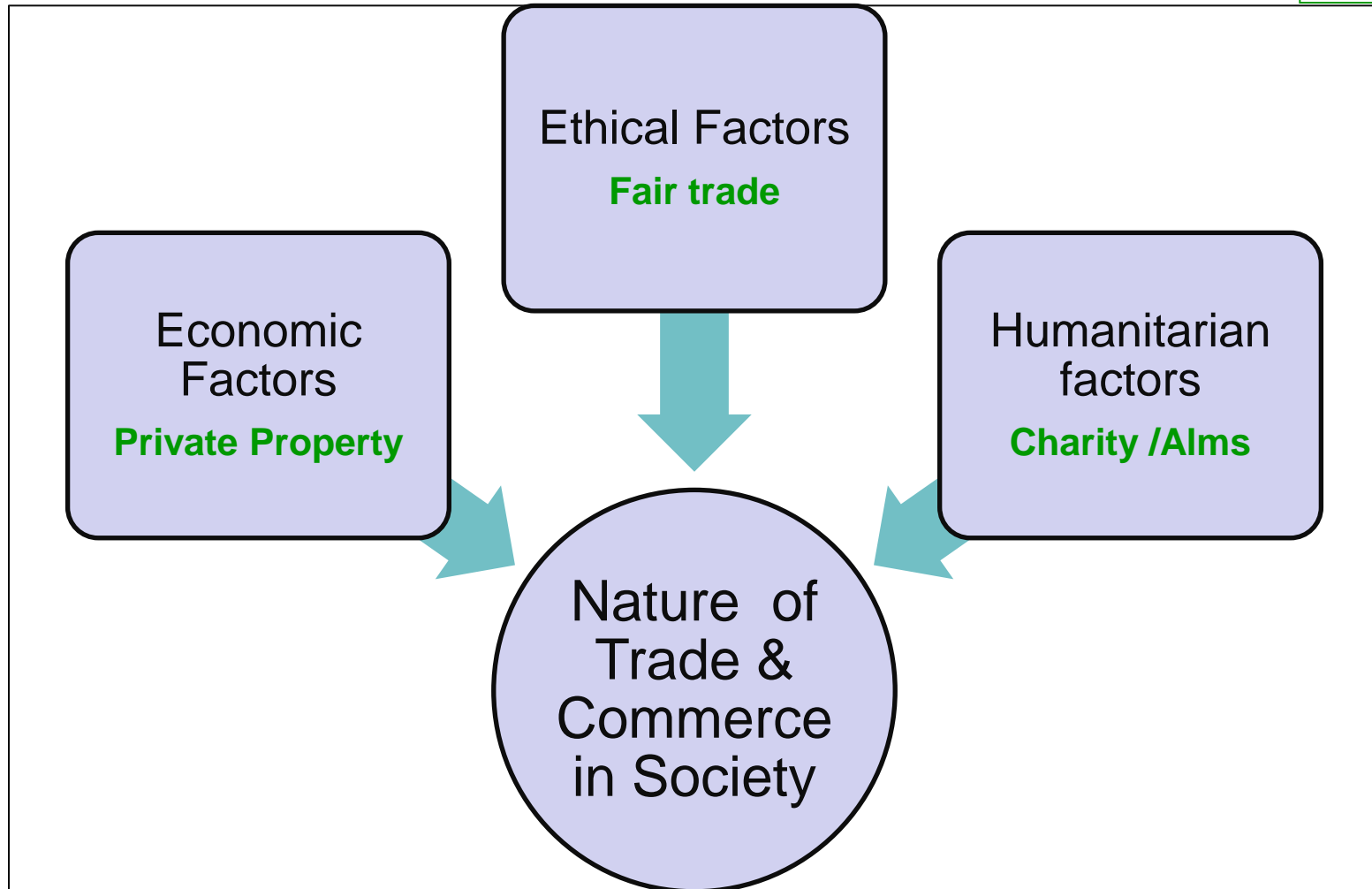
Constitutionally Endorsed

Trade Defined



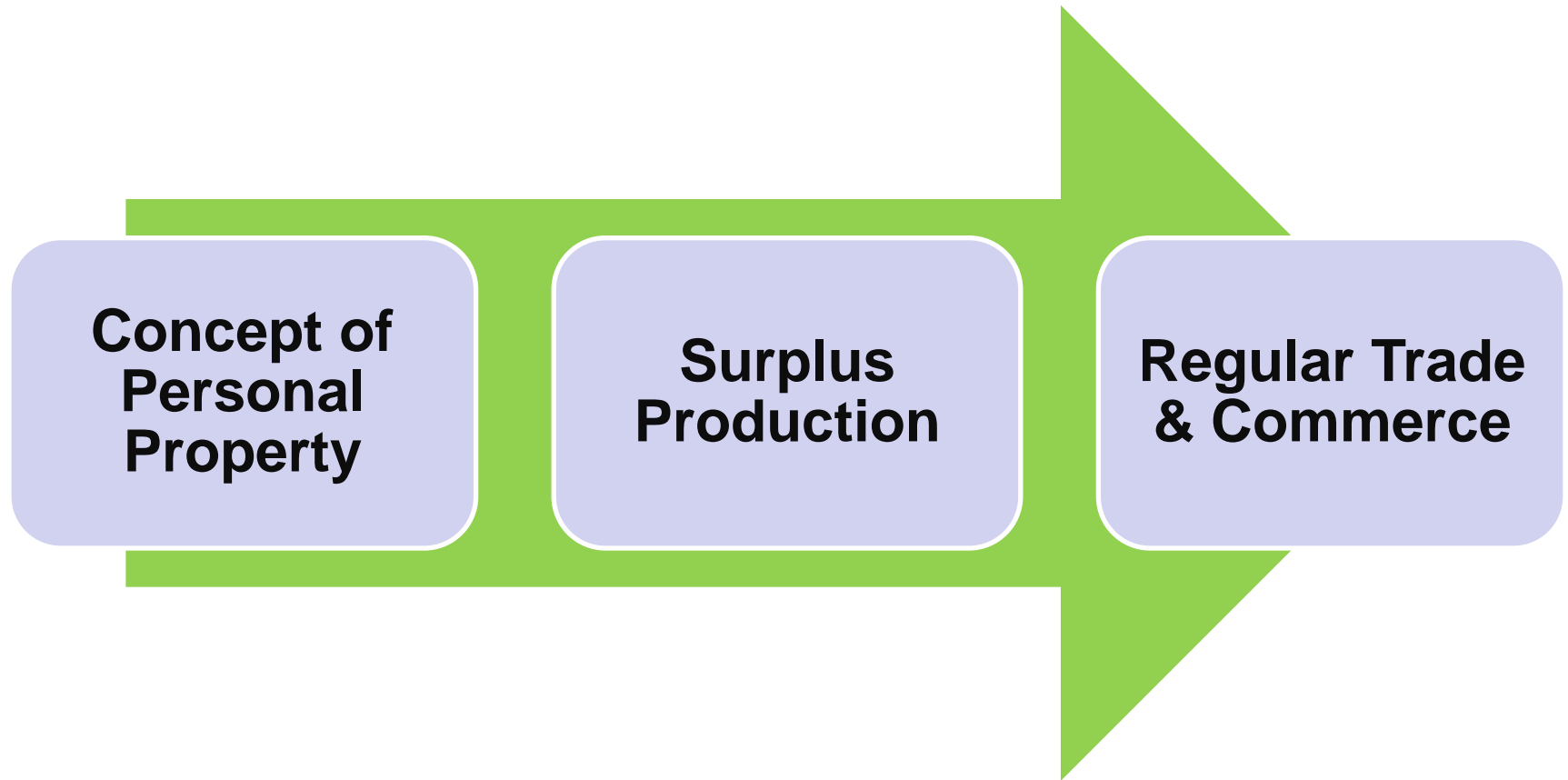
Trade Starts Where Responsibility Ends

Framework for Analyzing Impact of Trade & Commerce for Development



A Multi-dimensional Phenomena

Prerequisites for Regular Trade & Commerce



Trade is the Right to Say No to a Deal

Slicing Indian History



0 to 1000 AD: The Hindu Foundation

1000 to 1657 AD: The Islamic Influence

1657 to 1857 AD: The British Influence

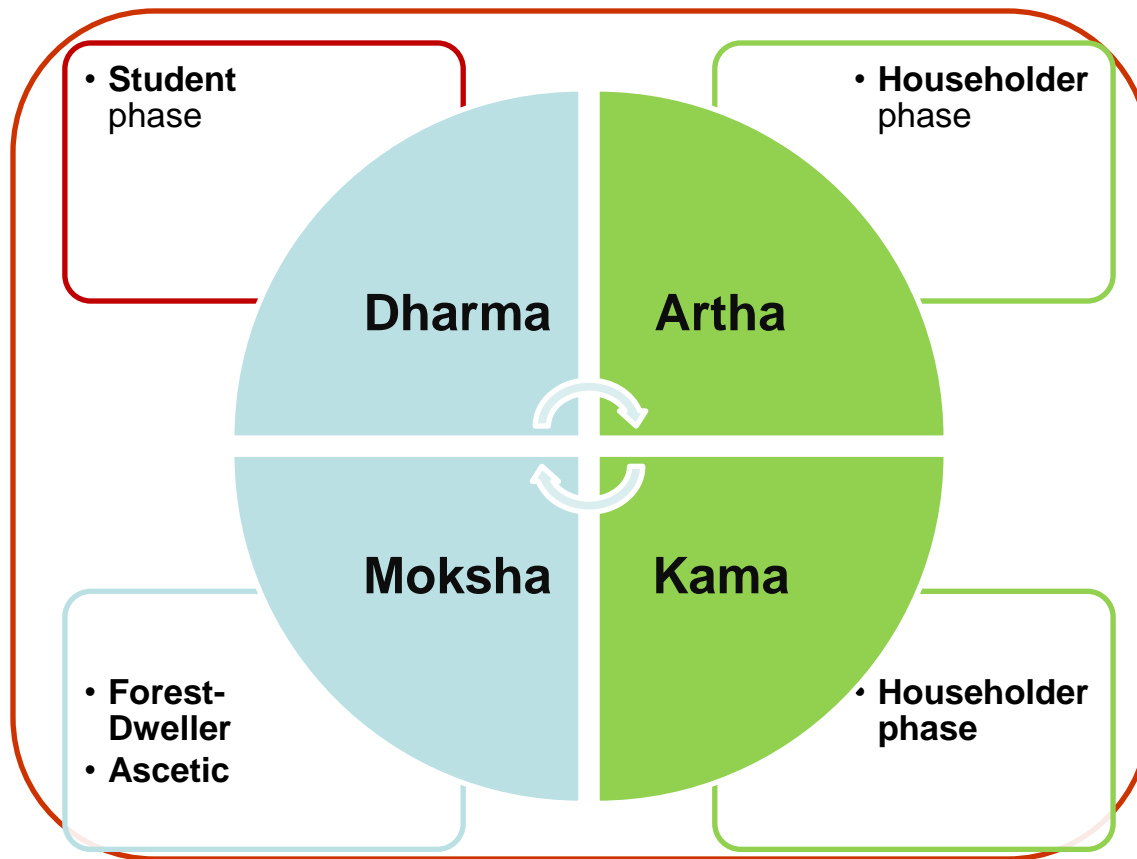
1857 to 1947 AD: The Nationalistic Influence

1947 to 1991 AD: The Socialistic Phase

1991 onwards : The Liberalization Phase

Slicing More For Convenience

Paradigm for Viewing Trade and Commerce: Hindu lens



Three Lens for Viewing Exchange

Paradigm for Viewing Islamic Influence: *Halal and Haram*



Primary Concepts

1. Unity or *Tawhid*
2. Vicerency or *Al-khilafah*
3. Freewill and responsibility or *Amanah*

Derived Ideas

1. Moderation or *I'atidal*
2. Economic efficiency or *Israf & Tabzir*
3. Social Justice or *Adalah Ijtimaiyyah*

Concept of *Halal and Haram*

Haram in trade: *Gharar, Maisir, Riba*

Halal in Income: *Zakhat*

A Selective Evaluation

Paradigm for Viewing Colonial Rule: Relationship



1600 -1757
Commercial Traders

- Traded as equals

1757-1857
Trader Administrator

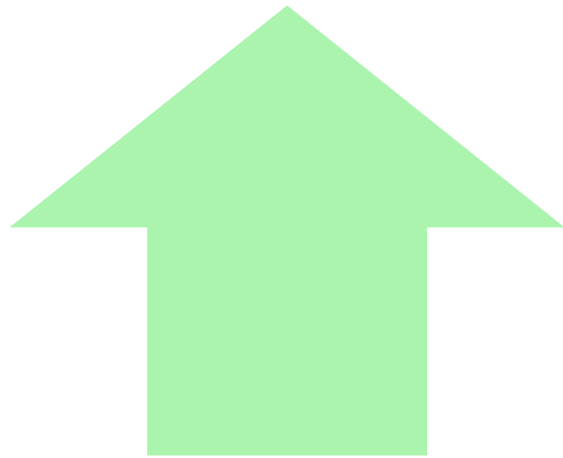
- Dominant relationship: Paid for purchases using taxes

1857-1947
Imperialist Trader

- India subservient to the British Interests –Bleeding India

Seeding Mercantilism

Paradigm for the Nationalist Era: The Drain Theory



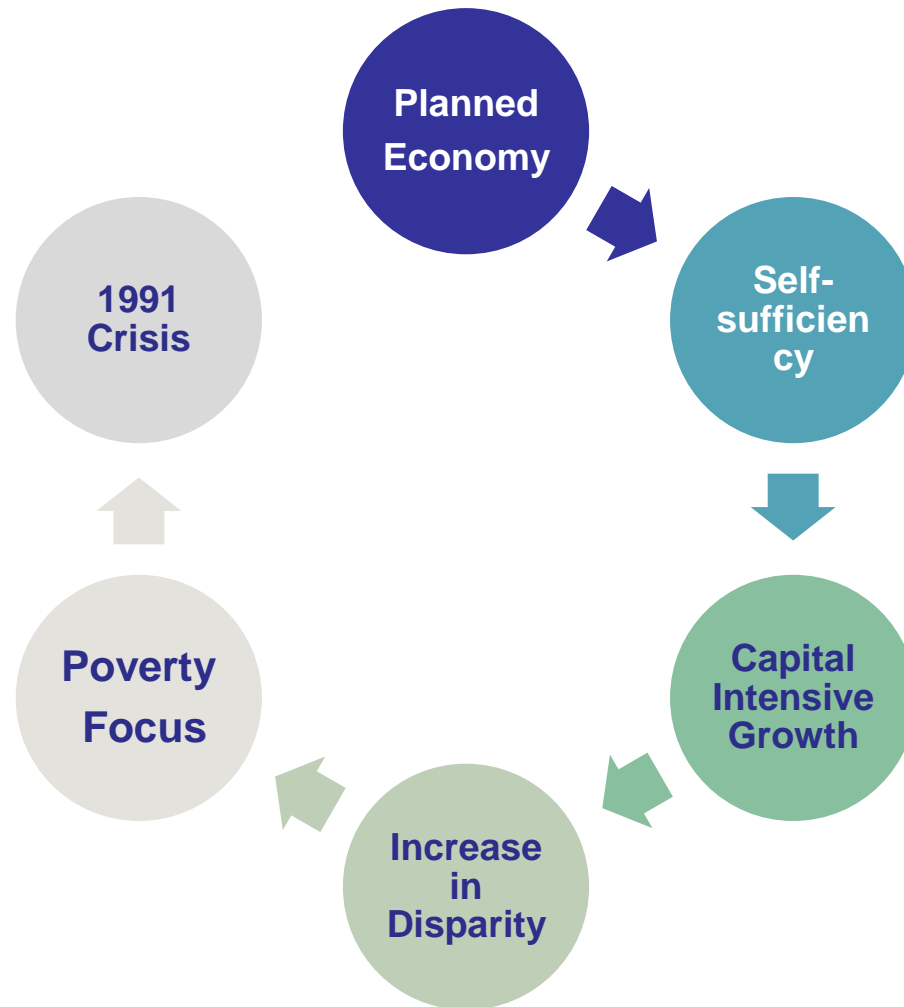
Prosperous India
The European View



Poverty Stricken
The Indian View

Foreign Goods Boycott to Plug the Drain

Paradigm for Viewing the Socialistic Phase



Paradigm for Viewing Liberalist Phase:



GDP Growth Focus

Urban orientation

Specialization focus

Free markets/ trade

Low taxes



Increasing disparity

Inadequate Social security

Missing Rural/ Poverty focus

Absence of Employment
opportunities



In Summary



Eras	Economic concepts	Ethical restraints	Social Security	Results
Hindu Foundation	Property and wealth clearly defined	Necessities & Price regulations	Individual duty based - <i>Karma</i> driven	Unequal society with disparities; Needs of body met
Islamic Influence	Property and trade a legitimate right	Religious sanction	Religious Mandate -Zakat	Unequal societies with disparities; needs of body met
Colonial Impact	Mining India / Draining India	Individual initiative	Missionary driven –Health/ education	Indian productive capacity and social security systems diluted
Nationalist Era	Swadeshi Movement	Sarvodaya	De-focused	Political independence focus; limited focus on economic issues
Socialistic phase	State Enterprises & License raj	High Taxes and Social sanctions	State's duty	Effective on some fronts but inefficient
Liberalist phase	Free market, property rights based	Humanitarian considerations	Philanthropy driven	Unequal societies with poverty threatening the life of the poorest

Suggestion from the Study



1. Fair trade, not free trade in essential commodities: Essential items moved outside the free trade domain

2. Private funded social security nets to eliminate malnutrition among children and aged to supplement public initiatives

3. Drain meter to measure resource flows for all legislations and public expenditure: Per capital flows measured across segments

4. Restricted mandate to Planning Commission: Single Point agenda - Eliminate Poverty in a defined time frame;