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Revisiting Indian Economic History in The Light of Recent Progress in Global Economic History

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REVISITING INDIAN ECONOMIC HISTORY IN THE LIGHT OF RECENT PROGRESS IN GLOBAL ECONOMIC HISTORY[i]

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Abstract

This paper is an attempt at understanding the economic performance of India over the past two millennia. The study has been carried out, using the secondary data from different sources on Population, GDP per capita and GDP growth. An attempt has been made to present an amount of different views on India's economic history. It also substantiates the arguments on India's economic history by providing a data analysis and discussion. India exhibited a steady population growth from 0001 to 1000 AD and occupied the second position in population from 1000 AD to 2011 AD followed by China.

India appears to have maintained its position as a pre-eminent economic and cultural world power till around the 11th century. However, thereafter, its relative position steadily declined. India experienced significant per capita GDP growth from 0001 AD to 1700 AD though showing a declining trend after 1700 AD. Italy was leading the world till 1600 AD, while United Kingdom rose to the first position after 1700 AD. The United Kingdom dominated the world with a highest GDP from 1820 to 1938 followed by USA, which became the leading nation from 1913 to 1938. India's GDP, however, drastically declined over the period 1820 to 1938.

There was very little difference in living standards between India and the rest of the world during the first half of the sixteenth century. In fact, some argue that living standards in India were superior to the rest of the world during this time. Some parts of Europe did generate higher real wages, in relation to Asia. When real wages were at their peak following the Black Death, most of the Europeans enjoyed a higher standard of living. This paper has presented a vignette of the ancient economic principles/thoughts which had guided the growth pattern of the Indian economy for centuries. Ancient Indian society is known to have had such a model which helped it flourish for millennia.

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Keywords: *India's Economic History, Indian Economic Thinking, GDP, Population, Standard of Living*

1. Introduction

A basic question that concerns the domain of e*conomic history* is how and why have certain countries grown rich overtime, while others have remained poor? In other words, what factors promote economic growth and what factors hinders growth? Economics and economic history try to provide an answer to these questions, but their methods differ. It is the difference between the methods that gives us a clear idea about economic history as a separate discipline. Over the past 50 years, the quantitative study of economic growth has been sharpened and enriched by improved measures of capital stock. However, it is important to analyse as to why certain countries experience high levels economic growth while others do not in terms of both country-specific and quantitative components. The quantitative aspects have been dealt with at length in the many available cross-country growth analysis studies. These generally analyze the patterns of economic growth over one or two decades with respect to a large number of countries.

For years, it was alleged that India was condemned to experience a low rate of economic growth, derisively referred to as a 'Hindu rate of growth', in views of the fact the economy was at a dismally low level to begin with, post independence. It was also derisively referred to that there were structural reasons for such a low rate of growth having more to do with the sloth of the average Indian worker. However, the fallacy associated with this line of argument is it ignores the fact that for most of the history, India had been one of the dominant countries in the world economy rarely falling below 2nd place. It was only in the 1600's that India began a slow descent in to the depths where it found itself at the time of independence.

First, the very rise of India, unlike China as a super economic power is regarded as unique – without high FDI inflows, high exports and mostly domestic forces-led. Also the Global Entrepreneur Monitor (GEM) study 2003 shows that the Indian economy was entrepreneur-led, unlike China, which was investment and state-led.

Secondly, the studies of Paul Bairoch (1993) and Angus Maddison (2003) point out that Indian economy was the world's leading economy for most part (almost 1700 years) the last 2000 years. William Dalrymple while writing on the occasion of the 60th anniversary of India's Independence in 2007, observed that India's rise was no rags to riches story but an empire well set to acquire its due position in the world.

A systematic account of the economic history of India related to the early part (pre-colonial) of her cultural development has not yet been comprehensively attempted. Though some scholars have given us fragmented accounts of particular periods or have dealt with various topics bearing upon her economic life in the past. Besides, there is a compelling need for carryout the early colonial period Indian GDP estimates to verify the strong revisionist claims about the Indian economic performance made recently especially in the context of the Great Divergence debate. In view of the given background, there exists a need for studying India's nature of economic history spread over a period of time in a detailed manner and hence this attempt.

In the context of a widely held and intensely propagated belief in India through public media as well as large sections of academia and public discourses, that India was never an economically competent nation and that it might have been great in other respects save economic development. In fact a broad consensus in global and national discourses about the Indian civilization – a mirror of the Hindu spiritual moorings – is that Indian spiritualism worshipped poverty negate prosperity, actually meaning that Indian philosophies and practices rejected worldly life, while emphasizing the issues spiritual as the core of human existence.

However, two relatively recent developments - the current rise of India mainly because of the internal rather than external forces and the Paul Bairoch-Angus Maddisson studies (validated as the most authentic world economy history by OECD) about ancient and medieval India - have raised far reaching questions about while challenging the widely and consistently held view over the last century and more, that Indian philosophy and practices have never been economic development friendly and that India has had to import development models from the West and elsewhere.

The overall objectives of the present study include:

a. To understand the western and nationalistic interpretation of India's economic history.

b. To understand the economic performance of India over past two millennia in terms of GDP growth.

In order to study the first objective, a substantial data (or information) on the interpretations, comments, views on India's economic history has been looked into extensively, while with regard to the second objective, we have compared the GDP data available for eight countries.

This paper has been divided in to two parts: The first part of the paper details a literature survey on India's economic history. Here an attempt has been made to present different views on India's economic history. The second part of the paper focuses on substantiating the arguments on India's economic history through data analysis and discussion.

Further, this paper comprises five sections including the Introduction followed by Literature review, Data analysis, Discussion and Conclusion. The second section entitled, "Literature review" has three sub-sections. The first sub-section gives a brief overview of India's economic history while the second sub-section presents an account of the economic principles prevalent in ancient India. Subsequently, the western and nationalistic interpretations of India's Economic history have been presented in the third sub-section. The third section focuses on data analysis and results, while the fourth section discusses GDP growth, trade relations and living standards, followed by concluding remarks in the fifth section.

2. Literature Review

Before getting in to a discussion, a general overview of the history of the region is presented. India was home to one of the earliest human civilizations. The Indus Valley Civilization (also called the Harappan Civilization) flourished between 3300 and 2000 B.C., in the present north-western India and Pakistan. Over the course of a millennium, i.e., from 1 AD to 1000 AD, a number of dynasties/ kingdoms ruled over parts of India, but their reigns were relatively brief (Walsh 2006a). During this era of rising and falling empires, the subcontinent's overland trade with distant regions expanded, bringing in increased quantities of precious metals, in exchange for textiles and agricultural products (Rothermund 1987). "All the descriptions of the parts of India visited by the Greeks give the idea of a country teeming with population and enjoying the highest degree of prosperity – 1500 cities between Hydaspes and Hyphasis" (Elphinstone 1843). Jean-Baptise Tavernier (1967), writes in his book, *Travels in India*, that even in the smallest villages, rice, flour, butter, milk, beans and other vegetables, sugar and sweetmeats, both could be procured in abundance.

In the early 1500s, the Mughal Empire consolidated power over most of northern India, while southern India largely remained untamed. A mostly agricultural, village-based society exhibited a significantly high level of urbanization and division of labor as compared to the previous civilizations in the region. The Mughals also aided in scaling up India's previous experiences through monetization, making trade simpler both within the empire and outside (Richards 1993). During the reign of the Mughal Empire, the Dutch East India Company followed the Portuguese into the Indian Ocean and established a much larger trade regime than their predecessors had ever maintained. The British East India Company, in its attempts to out-do the Dutch, declared a war on the Mughal Empire in 1686, but suffered a massive set-back (Rothermund 1987). The European competition for trade dominance over the Indian Ocean continued in the next century, with little impact from or on the Mughals. A series of European invasions characterized the next period of Indian history. The first Europeans to enter the Indian Ocean arrived by sea in 1498, with Portuguese flags. The Portuguese dominated trade in the ocean over the next century and established control over some ports, but never made an effort to control land in the subcontinent (Richards 1993).

Many theories exist as to why the Mughal Empire ultimately began to decline. Some historians suggest that the rulers taxed citizens beyond a point they could bear, (Moreland 1929), while others posit that social divisions caused internal competition for power (Parthasarathi 2001). Some put forth the theory that sudden economic disturbances created problems for the rulers' attempts to fund their pursuits (Moosvi 2008). Whatever the causes, as the Mughal empire crumbled in the late 1700s, the British East India Company became the most powerful force in the subcontinent. The British declared their second war on the rulers of India just as its decline began; this one ended in their favor. At about the same time the Dutch company was losing its strength, and the British poured more money into the war than the Mughals were capable of spending. The British also possessed a more advanced infantry, which decimated the Mughal army (Rothermund 1993). After removing the previous power, the British continued their trade circuit on a much larger scale and slowly advanced inward to establish control over overland trade.

While the extent of the British Company rule fluctuated constantly, its continuous presence subjugated India, making it a dependent, mostly agrarian state. The British continued the Mughal's practice of collecting taxes, but the company transported the income collected through taxes instead of spending it in India back to Europe. Some speculate that the transfer of wealth from the subcontinent to England enabled the industrial revolution in England, while preventing it in India. About a century into its rule, the British Crown took control of the subcontinent from the British East India Company, through followed by an immediate uprising by the Indians that threatened the European dominance. The British left the subcontinent in 1947 following a prolonged independence movement against them who ruled the country for nearly two hundred years (Christopher 2006).

The following sub-sections provide an account of the economic principles practiced in ancient India, followed by a brief economic history of India along with different views on India's economic history.

2.1 Economic principles in Ancient India

Arthashastra had been recognised as a separate branch of knowledge in Ancient India, besides being pursued as a specialised subject of intense study by princes, scholars and administrators. Arthashastra did not mean economics or political economy in a narrow sense, as it included even *Dandaniti* (Governance). The section on economics included a study of the economy, *varta*, which comprised of agriculture (krishi), animal husbandary (*go-raksha*), commerce (*vanijya*), money lending and banking (*kusida*), manufacturing, arts and crafts (*Kala*), sculpture and architecture. Unfortunately for the development of economic thought Kautilya's writing toward the end of the Gupta Dynasty in India, around 500 BC, and was not rediscovered until the early twentieth century AD (Choudhary 1971).

According to Durant, "in the regime of King Chandragupta, the actual direction of government was in the hands of the crafty vizier. Kautilya was a brahman who knew the value of religion, but took no more guidance from it; like our modern dictators, he believed that every means was justifiable if used in the service of the state. He was unscrupulous and treacherous, but never to his King…by his wily wisdom (he) made the empire of his master the greatest that India had ever known. Like the author of *The Prince,* Kautilya saw fit to preserve in writing his formulas for warfare and diplomacy; tradition ascribes to him the *Arthasastra,* the oldest book in extant Sanskrit literature" (Durant 1954).

For Schumpeter, economic thought meant "the sum total of all the opinions and desires concerning economic subjects, especially concerning public policy bearing upon these subjects that…float in the public mind". He further observed that "The history of economic thought starts from the records of the national theocracies of antiquity whose economies presented phenomena that were not entirely dissimilar to our own" (Schumpeter 1954). Kautilya's *Arthasastra* does contain some relevant records. It has been remarked by Ghosal that Kautilya was not the first person to introduce us to a new field of inquiry dealing with the "acquisition and preservation of dominion" (Ghosal 1959).

Translations from Sanskrit into English and Hindi didn't occur until 1915, while subsequent translations into other languages did not take place until 1920s and 1030s.

Price (1997) draws our attention to those portions of *Arthasastra* that are relevant from the view point of the history of economic thought[ii]. Kautilya acknowledges this aspect at the very beginning in *Arthasastra:*

[ii] Price believes it useful to do this because *Arthasastra* is not widely known among scholars outside India. The title of a session at the annual meeting of the History of Economics Society held during June 1994 was "*Arthasastra:* A Neglected Text from the 4th Century BC"! We should note that while Kautilya's work was not mentioned by Schumpeter in his authoritative *History of Economic Analysis* (Schumpeter 1945), Spengler wrote more than once at length about it (Braibanti and Spengler 1963; Spengler 1971, 1980).

This single (treatise on the) Science of Politics has been prepared by mostly bringing together (the teaching of) as many treatises on the Science of Politics as have been composed by ancient teachers for the acquisition and protection of the earth (Kautilya 1986).

Some Marxist scholars in India interpret *Arthasastra* as advocating a new and radical agrarian policy (Dasgupta 1993). Thus, Sharma (1958) credits Kautilya with making a conscious attempt to raise *sudras,* many of whom had been landless agricultural labourers forages, to the status of peasant proprietors. Similarly, Kautilya has been described as being against landlordism and in favour of cultivation by owner-farmers. However, such an interpretation is untenable. What is relevant here is Kautilya's description of the elements of excellence in a *janapada* (country or region): 'charming, endowed with agricultural land, mines, material forests and elephant forests, beneficial to cattle, beneficial to men, with protected pastures, rich in animals, not depending on rain for water, provided with water-routes and land-routes, with valuable, manifold and plenty of commodities, capable of bearing fines and taxes, with farmers devoted to work, with a wise master, inhabited mostly by the lower *varnas,* with men loyal and honest' — these are the elements of excellences of a country (Dasgupta 1993).

Prior to the 'marginalist revolution', utility had an objective connotation as the capacity of a good to satisfy some need rather than a subjective evaluation on the part of one or more individuals. It is worth noting that, in a capitalist economy a good or service is produced only because it marketable. According to Marx, commodity production forms the fundamental tenet of Capitalism. Hence, any commodity produced in a capitalist economy is utility centric. A commodity is a good or service produced or offered only because it has a use value. In fact, it can be put up for sale only if it is useful to someone or the other.

Mukherjee (1916), observes that, India stands for living Humanity as against inert matter; for more equitable distribution of wealth; for less luxury and more brotherhood; for less industrial conflict and more co-operation; for wealth as a means as against wealth as an end; and for finding happiness not in restless self-serving but in the consecration of life to the welfare of Society and Humanity.

As Karl Marx wrote in his famous articles in 1853, "domestic union of agricultural and manufacturing pursuits" and "a social system of particular features – the so-called *village system,* which gave to each of these small unions their independent organization and distinct life." It means each village was a customs union within which the production and use of goods took place.

Therefore, Hindu India was, as it is now, one of the most entrepreneurial nations in the world, like modern China is now (Gurumurthy 2011).

The most critical feature of the Hindu way of life relates to the harmonious and integral relationship between the individual and the collective – extending from the individual at the micro level to one's family, to the neighbourhood, to the community, to the society, to the nation, to the world at large and finally to the entire creation at different macro levels. This integral relationship is the very foundation of the Hindu way of life. This concept of harmonious relationship among humans integrating the individual with the family, community, society, nation and the world at large, was expounded by Pandit Deendayal Upadhyaya, a Hindu socio-economic thinker in the mid 1960s, in his work on Integral Humanism (Upadhyaya 1960). His view is that each society has its mind, i.e., its soul that distinguishes it from other societies. The mind of a society is shaped and controlled by the collective relations within the society; and the society, in turn, is sustained by the integrated relations within (Gurumurthy 2011).

The philosophy underlying the Hindu society, the practice of which made the Hindus adopt a life style which the other societies in the world could not, was the ancient Hindu concept of Purushartha. The idea of Purushartha emphasises that Artha (material aspect of life) and Kama (enjoyment in the world afforded by material things) should be subject to the rule of Dharma (ethical rules) and a life led on the basis of such a disciplined and normative materialism would lead to Moksha (salvation). Arthasastra advises a good ruler to devote himself or herself equally to dharma, artha, kama and moksha, because they are morally "bound up with one another" (anyonyaanuaddham). Any one of the three, when indulged in excess, does harm to itself as well as others (http://articles.sfgate.com/2010-06).

Thus, the idea of Dharma (nearly close to 'Duty' in English) underlined one's material life in terms of creating, keeping, using and spending wealth. Thus an overall sense of duty, dominant in the Hindu thinking as distinct from the idea of right that pervades the Western models, made wealth not as utterly personal in Hindu India as it is in today's West-centric economic models. The wealth created implicitly belonged to the future generations of the saver. He who saved did so not only for himself and his family, but also for known and unknown future generations. This did restrain consumption and promoted savings. It was founded on the sense of duty toward others, the near and dear ones. This sense of duty toward wealth contained in itself the idea of preservation of wealth, which made the Indian savings habit not just personal also dynastic :

(http://english.peopledaily.com.cn/90001/90778/90862/6841622.html). It meant that no one's wealth belonged to him in the strict sense.

The idea of Dharma is the Indian conception in which rights and duties lose the artificial antagonism created by a view of the world, which makes selfishness the root of the action, and regain their deep and eternal unity.

A person's duty towards the society is governed by his/ her relation to the Absolute as the self of all selves. Thus every service to society is in a way self-dedication in itself a step in the realization of God-in-man. Such is the ideal which has dominated, or still dominates, all human relations in Hindu society. And such an ideal has left its permanent marks on the outward structure of Hindu society. The best ideals and ends of the socialism of the West are already held in solution in the Indian social organization (Mukherjee 1916).

Isavasya Upanisad, one of the principal upanisads of the Hindus, lays down the most telling living principle of the Hindus. It says that the entire wealth belongs to God; and so one must refrain from enjoying it all by, and for, oneself. In fact, while commenting on Isavasya Upanisad, Mahatma Gandhi, observes "I derive from it the equality of all creatures and it should satisfy the cravings of all philosophical communists"

(http://www3.babson.edu/newsroom/releases/globalgem2009.cfm).

2.2 A Brief Economic History of India

The previous section of the paper presented a brief amount of the economic principles in ancient India. This section gives a general introduction to India's economic history. The documented economic history of India begins with the Indus Valley civilization. The Indus valley civilization's economy appears to have depended significantly on trade, which was facilitated by advances in transport. Around 600 B.C., the Mahajanapadas minted punch-marked silver coins. This period was marked by intensive trade activities and urban development. By 300 B.C., the Maurya Empire had united most of the Indian subcontinent. The political unity and military security allowed for a common economic system, while enhancing trade and commerce with increased agricultural productivity (www.mapsofindia.com).

For the next 1500 years, India was dominated by many of its classical civilizations such as the Rashtrakutas, Hoysalas and Western Gangas. During this period India is estimated to have accounted for the largest economy of the ancient and medieval world between the 1st and 17th century AD, controlling between one third and one fourth of the world's wealth right up to the time of the Marathas, though declining rapidly thereafter.

The British brought with them the "self legitimating ideas of colonial domination;" the subcontinent did not possess western social philosophy and economic policy, ergo the British were obligated to forcibly institute them (Hamza 1980). Andre Gunder Frank proposes a theory regarding India's pre-British economy in his thesis, "India in the World Economy, 1400-1700". He posits that the subcontinent maintained a thriving commerce center, which only fell prey to the British expansionism due to problems caused by its own rapid development (Frank 1996). However, radical claims in world history scholarship, such as the one by Frank (1998), that the center of early modern world economy was Asia rather than Europe, are not reliable. Such claims usually involved rather exaggerated assumptions not only about the share of regional commercial blocs in world trade, but also the size of the trading economy relative to the primarily subsistence-oriented economies within these regions.

Over the past century, a number of groups have interpreted India's economic history in such a way as to suit their agendas. The British Crown justified a century-long rule and harsh treatment of the native Indians with the "orientalist" (or "imperialist") view that the British Empire's rule "heralded modernity in India" and that India was lucky to play host to colonization (Roy 2000). An orientalist cliche, with adherents as great as Karl Marx and Max Weber, held pre-colonial south Asia stagnant and backward in political-economic terms. A corollary of this cliche was that economic modernity in south Asia began with European involvement in the region. However, later research proves the cliche´ to be a myth. South Asia was already a major player in world commerce with a well-developed trading and financial world when Europeans discovered it (Roy 2002).

The most historically accurate view of pre-modern India probably lies between the two most prominent ones. One side of the debate indicates that pre-British India experienced a complete lack of development, while the other portrays the region as economically flourishing during that time period (Moore 2007). In this next subsection an attempt made to present the different views/ interpretation of India's economic history.

2.3 An Interpretation of India's Economic History

The interpretation of India's economic history has all along given rise to lively debates. In the nineteenth century, Indian nationalists like Dadabhai Naoroji, Mahadev Govind Ranade and Romesh Chunder Dutt discussed the economic consequences of the British rule. Karl Marx also commented on the British impact on India. For him, the British appeared to be the executors of the predetermined course of world history: they broke the crust of tradition, while subjecting India to capitalism. Nationalist and Marxist economic historians have made further contributions to these debates. British authors have often tended to highlight the positive aspects of the British rule in India (law and administration, infrastructure development etc.) while denying or ignoring the negative aspects. In the recent years, the predominance of nationalist and Marxist opinions with regard to India has thrown up a challenge to Western scholars, who with their arguments based on neoclassical economic theory, try to refute the views of Indian scholars. While these debates have stimulated of late, a great deal of research, many important dissertations, monographs and articles have appeared, greatly enriching our understanding of Indian economic history (Rothermond 1993).

India learnt of its history not from its own sources, but from the colonial West, which dominated the economic, military and geo-political arenas during the 18th to 20th centuries. Winston Churchill said, “History is written by victors”; implying thereby that whatever India learnt regarding itself and its conquered subjects, was infact the colonial victor’s version of history, with the result that the Indian side of the story remained untold. The colonial victor’s version of history naturally deified the colonialists and demeaned the colonised. The result, India did not have the benefit of a balanced history of itself, or of the West and the Rest (Gurumurthy 2011).

The economic history of India can be traced back to 3500 BC with the birth of an urban civilization, based on the surplus produced by the peasants. Many Historians of the nineteenth and twentieth centuriess who wrote under the auspices of the imperial government with preconceived ideas about India’s past, set a distinct trend in Indian historiography (Sharma 2011).

2.3.1 A Western View of India’s Economic History

James Mill (1817) asserted that Indian Society had remained substantially unchanged since its inception. His view was shared by several British administrator historians including Elphinstone (1814), spoke glowingly under the spell of romanticism of the unchanging village communities of ancient India. The administrator scholars of the nineteenth century firmly believed that the British imperial administration could change the Indian Socio-economic set-up through legislation (Dumont 1966).

Writing a country’s history of economic thought outside the mainstream of Western culture, could give rise to special difficulties (Dasgupta 1993). These were particularly emphasized by Max Weber in his highly influential work on the sociology of religion. This part of Weber’s doctrine was summed up by Ling (1988) as follows: '… *there is a fundamental contrast between oriental and occidental religion; the former being characterized by contemplative mysticism, and the latter by ascetic activism*.' Central to the Hindu view, states Weber, was the notion of a '*caste-structured world thought to be eternal and unchangeable*' (Weber 1967), whereas, for the Jews, on the other hand, the opposite was true; 'The world was conceived as neither eternal nor unchangeable but rather as having been created' (*Ibid 4*). This cultural heritage of ancient Judaism, believes Weber, shaped the rational and progressive attitude characteristic of the Western civilization. It provided 'a highly rational religious ethic of social conduct' which was 'worlds apart from the paths of salvation offered by Asiatic religions'. This seed of rationality, according to Weber, came to its full flowering in the Puritanical, especially the Calvinistic, ethic which strengthened incentives to work and save, thereby making the modern economic growth possible. Likewise, the absence of such a rationality in other cultures inhibited economic growth elsewhere. Thus Weber and his followers regard the East-West contrast as being of fundamental importance to a comparative history of civilizations. Indeed, Weber's argument could well be taken to imply that a country such as India just could not have a history of economic thought worth writing about. If so the present enterprise is futile.

Max Weber even claimed that not only Hinduism, but also all eastern religions advocated a world-view of world negation and life-denial. According to him, even Western Europe had this same worldview while being dominated by the Roman Catholic religion, until it was rescued by the new Protestant faith. And till this was achieved, the Industrial Revolution and Capitalism could not be ushered in (Weber 1976).

In *Economy and Society,* Weber (1914) draws a sharp distinction between the religions of Asia and those of Europe. Asiatic religions usually led to contemplation whereas European religion – especially after the

Protestant Reformation- placed a primary emphasis upon some type of active conduct. The spirit of European religion led to an active orientation to the worldly life, one that sought to dominate it. This yearning for mastery was closely tied to systematic, methodical forms of behavior. The spirit of Asian religions, by contrast, led to passivity and a desire for an escape from the world. Instead of activity, there was contemplation. Instead of method, there was an all-engrossing loss of self in orgies or contemplation. In other words, the mindset of Europe was naturally domineering, while that of Asia fatalistic and passive.

Much of the technical literature in India had its origin in theology, just as in most ancient cultures religion tended to play a central role in a person's thinking and lifestyle. Philosophy, developed in the Upanishads, was not completely dissociated from theology. Any discussion of the history of Indian economic thought must take into account the religious aspect.

Weber saw Buddhism as just another oriental religion, other-worldly in spirit and hostile to mundane and material enterprise. This view is still widely held by sociologists, who describe Buddhism as an obstacle to economic growth. A typical example is the grading of countries by type of religion by Adelman and Morris (1973). The grades A, B and C are defined as follows: 'A, countries in which the predominant religion emphasizes an individual's responsibility towards his actions and his ability to influence environment, while, B and C, countries in which the predominant religion promotes moderately fatalistic attitudes towards man's capacity to alter his destiny' (Adelman and Morris 1973).

Accordingly, Adelman and Morris award an A+ to countries with a mixed Christian or Jewish population; a B to those with a Muslim population; and a C to those with a Buddhist or Hindu population. However, a significant achieved by economic success several East Asian countries during the last two decades with a strong Buddhist influence on their culture has made such views appear somewhat implausible while the scholarly work on Buddhism based, unlike Weber's, on the original sources has exposed the shortcomings of his analysis.

Toussaint tries to answer Weber's question, why did capitalism develop in Europe rather than Asia? Weber's comparative approach eventually led him back to this question. He had singled out protestant reformation as playing a crucial role in promoting capitalist entrepreneurship in Western Europe (Toussaint 1966).

On the other hand, Asia had, at different points in its history, been more advanced than Europe. Culturally it showed a considerable development in the Fine Arts, Sciences and mathematics. Pierence (1950), notes that in the middle of the seventeenth century, Asia was a far more important place than Europe. "The riches of Asia were incomparably greater than those of the European states. Her industrial technique showed a subtlety and a tradition that the European handicrafts did not possess. And there was nothing in the more modern methods used by the traders of Western countries that Asian trade had to envy. In matters of credit, transfer of funds, insurance and cartels, neither India, Persia nor China had anything to learn from Europe" (Toussaint 1966).

Ling (1988) rightly criticises Weber's 'failure…properly to understand the Buddhist way', while scholars like Jayatilleke (1963), Nakamura (1975, 1980) and Gombrich (1988) present a more reliable and balanced account. The Pali texts which constitute the Buddhist canon contain many references to economic activities, most of which denote approval, though qualified by a concern for certain ethical norms.

Basham (1954) comments that 'Allowing for many obvious differences it may well be that the influence of Buddhism on the merchants of ancient India was very similar to that of protestant reformist movements on the merchants of the 16th century Europe' (Gombrich 1988).

There exists a historical relationship between the spread of Buddhism across China and the development of commerce between the far east and the Buddhist countries of Central Asia and India. But Buddhism has also been at the root of the development of economic activity in China itself (Gernet 1956).

A number of works have, over the years, been devoted to the theme that sees India's poverty as somehow related to this supposed predilection for other-worldliness. As late as 1972, an Indian author, Subhayu Dasgupta, set out to argue in his book, *Hindu Ethos and the Challenge of Change,* that a decisive obstacle to India's economic development was the "stagnant Hindu mentality", fortified and nurtured by the rigid caste system (Dasgupta 1972).

Alvares (1997) in his thesis while objecting to Weber's view, observes, "When Max Weber's analysis appeared and seemed to indicate that it might have been precisely Indian religion that had impeded economic development, a new crisis of confidence arose. Weber had set out, wrongly in my view, to "inquire as to the manner in which Indian religion, as one factor among many, may have prevented capitalistic development" (in the occidental sense).

An improved version for the popular audience, though with a similar theme, is available with Alan Watts:

A king of ancient India, oppressed by the roughness of the earth, upon soft human feet, proposed that his whole territory be carpeted with skins. However, one of his wise men pointed out that the same result could be achieved far more simply by taking a single skin cut into small pieces to bind beneath the feet. These were the first sandals.

To a Hindu, the point of this story is not it is obvious illustration of technical ingenuity. It is a parable of two different attitudes towards the world, attitudes which correspond approximately to those of the progressive and traditional types of culture. Only in this case, the more technically skillful solution represents the traditional culture, in which it is felt that it is easier for a man to adapt himself to Nature rather than adapting Nature to himself. This is why science and technology, as we know them, did not develop in Asia (Watts 2006).

Nadkarni (2006) regards that, Hinduism is not all concentration on spiritualism or God. The common misunderstanding about Hinduism is that it is other-worldly in that it considers the mundane world only as an illusion, a false entity, and that, therefore, there is nothing worth doing in this world for human beings other than seeking liberation from the illusion of the world and unite with the supreme reality, the ultimate bliss.

2.3.2 A Nationalistic View of India's Economic History

Over the last two decades of the nineteenth century and the first decade of the twentieth, the Drain theory came to be seen as *the* symbol of Indian economic nationalism. Its basic message that the financial mechanisms by which the British rule in India was maintained led to the transfer of wealth and income from India to Britain, imposing a 'bleeding drain' on the Indian economy, was not just confined to scholarly writings. It also featured in speeches at public meetings, presidential addresses of the Indian National Congress and editorials of leading daily newspapers, notably the *Amrita Bazar Patrika.*

The drain theory was first developed by Dadabhai Naoroji in a series of speeches and writings subsequently published in 1901, in a volume entitled *Poverty and un-British Rule in India.* Subsequently, Marginal contributions to the theory were also made by R.C.Dutt, G.S.Iyer, G.K.Gokhale and P.C.Ray. Posterity, not without reason, has tended to look on the drain theory as the brainchild of Naoroji (Dasgupta 1993).

In the opinion of the Indian national leadership, one of the most important causes of poverty in India was the drain of wealth to England…In fact, a great deal of the national agitation during the period under study was based on the drain theory or the belief that a part of the national wealth or its total annual product was being exported to England for which India got no adequate economic or material returns. Or in other words, India was being compelled to pay an indirect tribute to the English nation (Bipanchandra 1965).

As Disraeli (1881), points out, the key to India rested with London. The British rule was not maintained for the benefit of Indians, nor simply for the sake of direct British interest in India; the Raj was there to keep firm the foundation on which much of the structure of formal and informal empire rested. For London the twin imperatives of India policy were that the Indian empire pay for itself and that Indian resources be available in the imperial cause…To keep itself solvent, the Government had to weigh imperial commitments against the needs of its subjects. The heart of the problem of the Raj was the maintenance of this critical balance (Tomlinson 1975).

In 1929, the people of India were taxed more than twice as heavily as the people of England. The percentage of taxes in India, as related to the gross product, more than doubled in relation to any other country. While most of the taxes extracted by the British moved out of the country, much of the revenues extracted by Indian rulers went back to the people, with only about *5* per cent being retained by the rulers in 1750. The actual producers got 70 per cent back; 10 per cent went to religious, cultural and educational projects, 7.5 per cent to economic services and the police; and another 7.5 per cent to the army and the political aristocracy (Dutt 1909).

India had a problem of articulating a unified vision of Indian nationhood (it has been a nation only since mid nineteenth century) and even this was asserted against the foreign rulers saying India was not a single nation but a motley assembly of races and religions (Desai 2000). India thus chose a federal polity with a strong center able to alter state boundaries, split up states or create new ones. India even then was a soft state in Myrdal's famous description the government had to work consensually, exerting control sparingly and only against serious threats to national integrity (Adeney 2003). India's fear was the break up of its territorial unity particularly in the context of what had happened at the time of Partition (Myrdal 1968).

India has, through its history been ruled by many authorities and sometimes by none, but it has had a remarkable social stability which characteristics the Indian society even now. In India's case, the enveloping unity was provided by the Hindu social structure, especially the caste system which determined the basis on which interregional mobility could be conducted. Indeed the caste system proved to be so pervasive that even among the Muslims and Christians a caste hierarchy took root and developed. While the concept of the Asiatic Mode of Production is much derided nowadays, its essence was about a society where the state was epiphenomenal, while, the peasant society went on impervious to changing rulers. India has all along remained like that through its history (Deng 2000).

The sciences and technologies of the non-European world had different seekings and developments as related to those of Europe. Further, in countries like India, their organization was in tune with their more decentralist politics and there was no seeking to make their tools and work-places unnecessarily gigantic and grandiose. Small-scale and simplicity of construction, as of the iron and steel furnaces or of the drill-ploughs, were in fact due to social and political maturity as well as the understanding of the principles involved. Instead of being crude the processes and tools of production in the eighteenth century India appear to have incorporated a great degree of sophistication both in terms of design and aesthetics (Dharampal 1971).

Frank (1996), indicates that pre-modern India dominated the Indian Ocean trade due primarily to its skilled and flexible textile workers and the diversity of exports provided at the Indian ports. Frank further contends that sea-based trade created prosperity for India, resulting in European trade deficits to the region, while internal overland trade functioned similarly for more regional exchanges. In spite of minor trade deficits with the Chinese to the north, overland and sea trade complemented each other in terms of making the subcontinent one of the most profitable areas in the world. He continues by arguing that the influx of silver from European colonization of the Americas improved the Indian economy through stimulating transactions. He posits that, in spite of a drastic increase in the quantity of silver imported to India, there was hardly any inflation while the large amounts of specie actually stimulated both Indian supply and demand sides. The resultant economic expansion in the subcontinent led to territorial expansion, greater trade and a population boom. Moreover, Frank notes that historians gave science and technology in the subcontinent a significantly less credit than it deserved. Misunderstandings and outright racism prevented an objective look at these developments. India possessed some of the most advanced ship building techniques in the world and its textile industry was far more superior to that of any other country. Indian metallurgy and financial systems also appear to have functioned at a level similar to those prevailing in Europe. Ultimately, the fall of the subcontinent to the British rule, Frank concludes, cannot be attributed to the inferiority of any aspect of Indian economics or culture. Instead, a rise in the subcontinent's population (due to economic expansion) resulted in a major resource competition and social polarization across Indian society, allowing the British to enter a weakened India and pit certain groups against others to the benefit of the company.

Adam Smith, while referring to China, Egypt and India acknowledges the fact that they were "the wealthiest in the world, chiefly renowned for their superiority in agriculture and manufactures" (Pereira 1997).

He also observes that they were much richer than Europe. The process which reduced these great civilisations to penury and the resultant dependency upon Western wealth, is known in commercial circles today as "asset stripping": the extraction of all valuable assets uopn the take-over of the victims. 'Like the parasitic wasps' victims, India's people and resources were to be processed and digested-but to be kept barely alive- for the benefit of England alone. Another analogy used by John Stuart Mill is: India was England's "cattle farm".

David Ludden (2005) argues that Indians simply did not have the technology required to expand economically in a manner similar to their European counterparts. Urbanization drove technological progress, which fueled further economic growth and urbanization. The Europeans began this self-perpetuating cycle, while the Indians could not (Ali 1975). Shaibal Gupta, offers another theory, that the lack of capitalist drive for expansion in pre-modern India prevented economic growth (Gupta 1980).

An Indian scholar, Pratap Chandra, poses and partly answers these questions:

"Our historical judgement has been coloured by this ardent desire to wish away all heterogeneity from ancient India. In the ideological sphere, it has resulted in the conjuring up of an intellectual monolith supposedly governing the Hindu ethos for centuries. The creators of this stereotype were frankly biased in favour of absolutism and spiritualism, sure that Indian thought became predominantly, if not exclusively, a collection of idealistic and absolutistic views.

Moreover, their preoccupation with Western thought and its categories and terminology easily persuaded them to view Indian thought analogously with it. Consequently, terms like “orthodox” and “heterodox”, “established viewpoint” and “heresy” crept into all the accounts of Indian thought without anyone’s asking whether these terms were relevant in the Indian context.... Indian thought in this way became fixed in the popular mind as an instance of a unilinear stream-like growth in which absolutism formed the “main current” and other views, became either its imperfect expressions or deviations from it” (Chandra 1980).

3. Data Analysis

The first part of the paper provided a detailed account of the economic principles in ancient India along with different view points on India’s Economic History. In order to examine the argument related to India’s economic history, this section provides a substantial analysis of data and interpretation. It covers a comparison of population growth, GDP per capita and the total GDP data with respect to 8 countries. The names of the countries with which the GDP figures of India have been compared and analysed are presented in the following table (Refer table 1):

Table 1: List of Countries selected for a GDP comparison

Sl. No.	Country name
1	France
2	Italy
3	Germany
4	United Kingdom
5	United States of America
6	China
7	India
8	Japan

Data Source: The dataset (Avakov 2010) consists of statistics for two groups of countries within their 2007 borders. First, starting from the year 1950 (for 1950, 1960, 1970, 1980, 1990, 2000, and 2007), it provides statistical data for all countries of the world (232 countries). Second, beginning with the first year AD (for 0001, 1000, 1500, 1600, 1700, 1820, 1870, 1880, 1890, 1900, 1913, 1920, 1929, and 1938), it provides data for a smaller group of countries (133 countries).

Definition of GDP @ PPP: Avakov, converts the GDP into U.S. dollars. The market foreign currency exchange rates, however, do not necessarily reflect differences in the actual purchasing power across different countries. The use of purchasing power parity has been designed to eliminate this distortion. Purchasing power parity indicates how many currency units of a country are needed to buy a certain amount of goods and services that can be purchased for a given currency unit in another country.

Population: Population of a country includes all residents regardless of legal status or citizenship — except for refugees not permanently settled in the country of asylum, who are generally considered part of the population of their country of origin. The values shown are midyear estimates.

Avakov, has used information about GDP Per Capita in purchasing power parities for 1950 and the latest (current) year as the basis points. He also uses Angus Maddison's hypothesis that GDP per capita in terms of purchasing power parities cannot be less than 400 dollars at 1990 prices, and utilizes a logarithmic interpolation technique to slightly adjust Maddison's statistical curves for years other than basis years.

It is customary in historical comparisons of the countries of the world to use Gross Domestic Product (GDP) in terms of purchasing power parities. If GDP is used at the market exchange rates, then the historical picture becomes distorted in favor of the countries with strong currencies for the last year of observations. In effect, many less developed countries would appear too weak in the past, with GDP per capita less than the minimum level of 400 dollars at 1990 prices.

3.1 Results

India is the second most populous country in the world, with over 1.21 billion people (2011 census), accounting for more than a sixth of the world's population. Already accounting for about 17.5per cent of the world's population, India is projected to be the world's most populous country by 2025, surpassing China with its population exceeding 1.6 billion people by 2050 (BBC 2004).

India occupied the first position from 0001 to 1000 AD followed by China. China overtook India as the most populous nation from 1000 AD to 1700 AD. Demographic trends indicate that India was in the second position from 1820 to 1938 AD, while China was ahead of India (Figure 1 and for more details refer annexure 1). It is clear that for most part of the British rule, the population growth rate was more or less stagnant. Over a period of 70 years, the population grew by a mere 100 million.

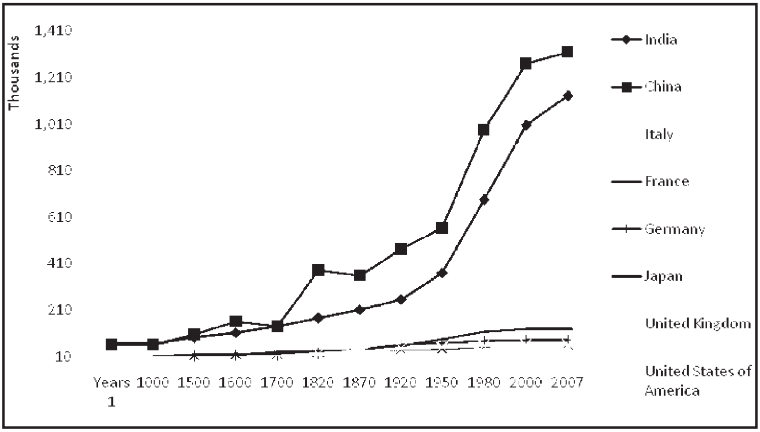

Figure 1: Global Population growth trends from 0001 AD to 2007 AD

Based on the above figure, we can conclude that, India exhibited a steady growth in population from 0001 to 1000 AD, while for the period 1500-1600 AD, it registered a negative growth in population. However, over the period 1600 to 1820, it maintained a growth rate between 0-0.5 per cent. Some countries witnessed high fluctuations in population growth rates which varied from -0.5 to 2 per cent. India's population growth was moderate from 1820 to 1920, but after 1920 India's population showed a 3 per cent growth, while other countries experienced a fairly controlled population growth.

India appears to have maintained its position as a pre-eminent economic and cultural world power till around the 11th century. After this, its relative position steadily declined. India ranked fourth from 0001 AD to 1700 AD in GDP per capita at PPP, while Italy was the leading country till 1600 AD and United Kingdom rose to first position after 1700 AD. United Kingdom dominated the world with a highest GDP per capita from 1820 to 1938 followed by USA, which became the leading nation from the years 1913 to 1938. India's GDP per capita, however, drastically declined over the period 1820 to 1938 (Figure 2 and also refer annexure 2). Some of the developed countries witnessed high GDP growth though data shows the huge variations/ fluctuations in their GDP rates.

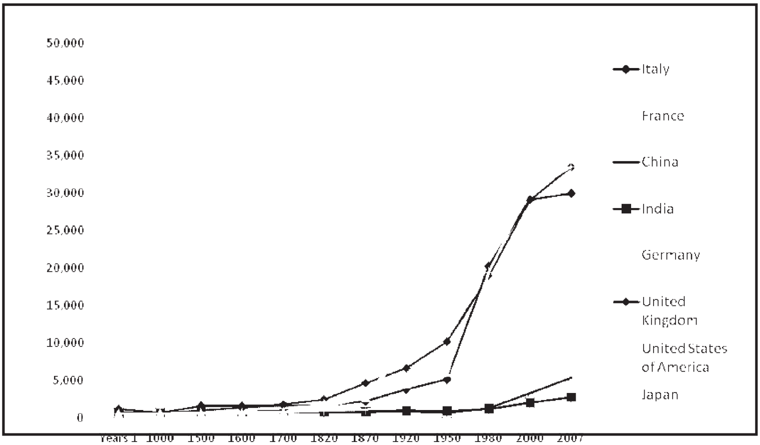

Figure 2: Global GDP growth @ PPP per capita

During the first two-thirds of the sixteenth century (and before), Italy was the richest country in the world, with a GDP per capita of $1,100 (i.e., at 1990 international dollars), well above that of its closest rival, the Netherlands ($754). In about 1564, the Netherlands overtook Italy and remained as the world leader until about 1836, a very long stretch. Thereafter, it was replaced by the United Kingdom. However, two-thirds of a century later, i.e., around 1904, the United States replaced the United Kingdom as the world leader, a situation that continues till today.

Data shows that GDP per capita in 1000 AD was lower in respect of western Europe ($400) as compared to Africa ($416), Asia excluding Japan ($450), and Japan ($425). Indeed, Maddison estimates that Western Europe actually experienced a regression during the first millennium, with a per capita GDP down from $450 in 0001 AD. From 1000 AD to 1820 AD, the global economic growth was predominantly extensive, while over the same period, the West registered almost a threefold increase in per capita income and the rest only a quarter increases. In 1000 AD, the West had accounted for a lower per capita income than the rest, but by 1820 the Western average growth rate was more than twice of the Rest. From 1820 AD onwards, the global development has been much more dynamic, but the Western momentum has been more rapid than that of the rest.

Although India's GDP in terms of PPP per capita declined from 1950 to 1970, after 1980 it has shown a steady increase till 2007. USA remained in the first position with the highest GDP followed by UK during the post colonial period. A comprehensive picture of the post-independence growth process in the Indian context could be obtained by looking at the national income growth rates since 1951.

4. Discussion

4.1 Population growth

India occupied the first position with respect to the population growth from 0001 to 1000 AD followed by China. However, China overtook India as the most populous nation from 1000 AD to 1700 AD. K S Lal (1973) assesses the demographic trends in respect of India for the period 1000 to 1500 AD. On the basis of the available historical evidence, K.S. Lal concludes that the population of India in 1000 AD was about 200 million and 170 million in 1500 AD. K.S. Lal further estimates that about 60 to 80 million people died in India between 1000 and 1525 AD in the wake of the Islamic invasion of India. He concludes that about 2 million people died in India during the invasions of Mohamed Ghazni.

A major reason behind a decrease in India's population during the colonial period was famines[iii]. The terrible famine lasting from 1876 to 79 spread across nearly the whole of southern, western and northern India (Tamil Nadu, Maharashtra, Andhra Pradesh, Rajasthan, Uttar Pradesh, Karnataka, Haryana, Madhya Pradesh).The most realistic estimate of deaths works out to nearly 10 million. Those surviving the famine were finished off by outbreaks of cholera (K C Ghosh 1944).

The frequency of famines showed a disconcerting increase in the nineteenth century. However, there is no evidence to support this statement. During the British rule, the population began to increase perhaps due to a reduction in the impact of crop failure on mortality (Bhatia, 1963). This is the argument of Dutt (1900) as also of the British author Digby (1901). In the 1870s, Indian population growth remained static; in the 1880s it rose by 9 per cent; in the 1890s by 1 per cent;

[iii] A famine is a widespread scarcity of food that may apply to any faunal species. This phenomenon is usually accompanied and preceded by regional malnutrition, starvation, epidemic, and increased mortality

during the first decade of the twentieth century by 6 per cent; and in the second half by less than 1 per cent. Data show that, between 1950 and 2007 India was in the second position, while China in the first position.

4.2 GDP Per capita

Angus Maddison while analysis the GDP data arrives at an inescapable conclusion that it was India which was a major player in the world economy for about 2 millennia if not longer and also that the present day poverty status of a majority of the people is by no means an inherent characteristic that has remained almost unchanged throughout her history, but in fact fallout of the several centuries of Islamic autocracy coupled with the greed and incompetence of the Britishers (http://kosal.us/eminentscientists/Economics/index.htm). It is apropos to recall in this context Napoleon's dictum namely 'attribute not to malice that which can be ascribed to incompetence'. It is clear that India is in the process of clawing its way back from the dismal depths to becoming the 3rd largest economy in the world on a PPP basis.

Karl Marx, in his analysis, while referring to what he called the *Asiatic Mode of Production*, talked of despotism and stagnancy as the two key characteristics which nullified movements towards a change parallel to that of Europe. In the absence of private property there were no intermediary groups between the King and the peasant, nor classes and class conflict of a kind that would lead to a dialectical change. This was further nullified by the absence of commercial centers and cities specializing in production for a market which, if they had existed, might have encouraged some sort of economic change. The theory of the Asiatic Mode of Production has been resorted to from time to time in the last century for reasons underlying current politics for explaining the inability of Asian societies to develop capitalist systems (Thapar 1978).

Another area that brought forth debates among those concerned with Indian administration in the 19th century was the origin of caste.

The possible genesis of caste was said to be regulations of kinship and marriage or occupation, religious functions or political hierarchies. Caste was linked to religion and the close connection between the two was seen as a barrier to economic change. This was discussed in Max Weber's study of the religion of India, focusing on Hinduism. Castes were projected as distinct and separate, with no social mobility across castes being possible. Max Weber was also concerned with the non-emergence of capitalism in India, though his perspective differed from Karl Marx.

Gurumurthy (2011), argues that, the colonialists had an agenda and, therefore, distorted the concept of Hindu India, surprisingly even the anti-colonialists also held a similar view about Hindu India as the colonialists. Karl Marx's hostility towards capitalism, which, in his view, was inseparably twined with colonialism, was the very basis of the philosophy of socialism he advocated. Yet in his famous articles in the New York Harold Tribune in the year 1853, he had described colonised India as "semi-barbaric" and "semi-civilised" while welcoming the demolition of the Indian socio-economic fabric by the British colonialists as a pleasurable destruction (Oxford Dictionary 1989).

Maddision (2008) identifies that, a greater dynamism of Western Europe (as compared to Asia) visible from 1000 AD to 1820 AD was due to five major developments which had no parallels elsewhere.

1. In the eleventh and twelfth centuries, certain important urban trading centres emerged in Flanders and Northern Italy, with autonomous property rights. This fostered a fair level of entrepreneurship while abrogating feudal constraints involved in the purchase and sale of property. The development of accountancy helped make contracts enforceable. New financial and banking institutions provided an easy access to credit and insurance, besides facilitating risk assessment and large scale business expansion

throughout Western Europe. These features of early merchant capitalism spread to other countries, particularly Netherlands and the United Kingdom. They became standard models of modern capitalism. Between 1000 and 1800 AD, the number of European cities with a population of more than 10,000 rose from 4 to 364, i.e., from 0 per cent to 10 per cent of the population (De Vries 1984).

2. The introduction of printed books in the fifteenth century, the Renaissance and the emergence of Baconian, Galilean and Newtonian scientific ideas, systematic experimentations, and the spread of University education and the creation of academies of science unleashed a Promethean advance of secular knowledge which was to form a strong basis for later scientific and technological developments. The first European University, Bologna, was founded in 1080 AD; and by 1800 AD, 184 universities came to be established (de Ridder-Symoens 1996).

3. The influence of the Christian church meant that the institution marriage became very different from what it had been in the Roman empire. It was monogamous, with a ban on concubinage, adoption and divorce, with strong discouragement of remarriage of widows or widowers. Inheritance was limited to close family members while a widespread adoption of primogeniture broke down loyalties to clan, tribe or caste, promoting individualism and accumulation in the process and reinforced the sense of belonging to a nation-state. This contrasted with polygamy of the Islamic world and the extended family systems of India and China.

4. Advances in maritime technology and navigation techniques revolutionized the European knowledge of world geography. The discovery of the Americas, new routes around Africa to Asia, and Magellan's circumnavigation of the globe led to the development of merchant capitalism and colonialism across global horizons. The economy of the Americas was transformed, and repopulated by slaves and European settlers. There were also substantial profits from trade with Asia.
5. A fifth distinctive feature was the emergence of nation-states in close propinquity, with significant trading relations and a relatively easy intellectual interchange in spite of linguistic differences. This benign fragmentation stimulated the spirit of competition and innovation. Migration to and/ or refuge in a different culture and environment were options open to adventurous and innovative minds. This was the reason why the pace of economic advance was fairly congruent within Western Europe.

Some of the notable economists who have estimated India's per capita income related to the colonial period include, Dadabhai Naoroji, William Digby, Findlay Shirras, V.K.R.V. Rao and R.C. Desai. Among these, it is the estimates arrived at by Rao of the national and per capita incomes prevailing during the colonial period that are considered very significant.

India's per capita GDP in terms of PPP is found to have declined from 1950 to 1970, but after 1980 it increased till 2007. The USA remained in the first position with the highest GDP followed by UK during the post colonial period. A comprehensive picture of the post-independence growth process of the Indian economy could be obtained by examining the national income growth rates since 1951.

The Indian economy grew at an average rate of 3.5 per cent per annum for about 3 decades till 1980. With a population growth rate of about 2 per cent, this meant a long trend growth rate of only about 1.5 per cent in per capita terms. However, a breakthrough occurred around 1980 with the growth rates improving to above 5 per cent. A high GDP growth coupled with a marginal slow down in the population growth rate has resulted in a per capita income growth rate of above 3.5 per cent per annum. An increase in the average levels of living of this order for about the quarter of a century no doubt marks a break from the earlier trends.

The acceleration of the economy during the 1980s caused by an expansionary fiscal policy was not sustainable, leading to a balance of payments crisis in 1991. The Post-reform GDP growth rates accelerated to above 7 per cent for the triennium ending 1997-98, but a come down to about 6 per cent later. The improvement in the growth rates has been driven mostly by the service sector. The growth rates achieved in the post-reform period appear to be sustainable on a long-term basis. There is an overall macro-economic stability as reflected by a low inflation, stable exchange rates, adequate foreign exchange reserves, low short-term external debts and sufficient food grains stocks. Areas that have been causing concern for growth and stability include fiscal imbalances and near stagnant investment rates.

There are two or three countries that fared better than India over this period and the most notable among them being China, which was 108th among the 109 countries in 1975 rose to the rank of 58th by 2004. However, in terms of rank improvement, India has overtaken numerous nations over the last three decades.

4.3 Total GDP @ PPP

India's GDP growth rates declined during 1500-1600 AD; it was about the time the Mughuls had conquered India. However, during 1600-1820 AD, it registered a significant economic growth rate. But, India's

GDP drastically declined from 1820 to 1890 AD and later during the early 1900s, it recorded a slow growth. India's economic growth was not very significant during the colonial rule in India. Countries like USA, France, Italy witnessed significant growth rates over the said periods. However, during the colonial period, France and Italy dominated the world with a relatively good GDP growth. India's economic performance was very poor during the early post colonial period. India showed a good economic growth after 1980. During the post colonial period, Egypt, Australia and North Korea competed with one another to build their economic growth. India's economic growth rates remained low from the years 1950 to 1990.

The study also notes that India's domination of the global economy continuously for about 1400 years of the Millennia received a set back as China, being always just behind to India till then, overtook India in 1500 AD and also 1600 AD, but, Pre-colonial India bounced back as the main leader again in 1700 AD. Thus, it was always Pre-colonial India first and China next till 1400 AD; in AD 1500 and AD 1600 it was the other way around, China first and India next; and in 1700 AD it was again India first and China next.

However, it was colonisation that forced a complete change with India and China being overtaken by the West. And as the impact of colonisation deepened, India not only lost its lead position in the 19th century, but also finally fell into the third world category by the 20th century. So did China later, with the result that Asia itself lost its lead, and became backward. Although it had begun experiencing the adverse impacts of a deepening colonisation, even as late as in 1820, India's share of global GDP amounted to 16 per cent. This was how the ratio of Hindu India's GDP to global GDP declined from the second Millennium: 0 AD 32.9 per cent; 1000 AD: 28.9 per cent; 1500 AD: 24.5 per cent; 1700 AD: 24.4 per cent; 1820 AD: 16 per cent; 1870 AD: 12.2 per cent; 1913 AD: 7.6; 1950 AD: 2.1 per cent.

The focus of economic policies pursued by the colonial government in India was to reduce the country to being a feeder economy for the Great Britain's own rapidly expanding modern industrial base. Those policies were more concerned with the protection and promotion of the economic interests of their home country than the development of the Indian economy.

The impacts of those policies could be summed up as follows:

- India became the net supplier of raw materials and the main consumer of finished goods from Britain.
- Insignificant growth in GDP, National and Per Capita Income.
- Lack of Industrialization, etc.

The Indian regional economies might have been as ultimately dependent on the plough in 1900 as in 1700 AD but, surrounding that, virtually everything else was different. In 1700 AD, south-east India was an important part of the textile manufacturing industry of world significance, but, by 1900 AD, it stood on the agrarian periphery of an entirely different global economic order. Whereas in 1700 AD, it had possessed large centres with local expenditure and consumption (in the palaces of its rulers and the bazaars of its many armies), by 1900 AD much of its surplus was being expended and consumed elsewhere. However, in 1700 AD, much of its population had been still highly mobile, moving about sub-regionally to take advantage of the opportunities, but by the year 1900, it had become more sedentary and, indeed, was beginning to experience shortages of land and resources (Washbrook 2006).

The shift of competitive advantage occurred through three stages. First, a small cotton industry was established in Lancashire between 1600 and 1770 AD. Although labour productivity was higher than in India, wages were high so that Lancashire was unable to compete seriously with India. Second, between 1770 and 1830 AD labour saving technological progress raised labour productivity and made Lancashire competitive in world markets despite high wages. During this second phase, the shift of competitive advantage in international markets was delayed by rising wages and raw cotton costs, before supply responded fully to the increased demand in the factor and material input markets. Third, after 1830, a further technological progress helped Lancashire compete even in the Indian market.

Bairoch's (1993) work shook the West, as the estimates given by him were stunning in that. In 1750, India's share of global production was 24.5 per cent, ahead of that of the entire Europe, which constituted 23.2 per cent; at that time, the share of the third world countries in the global GDP was 73 per cent, but the share of Europe was, as mentioned earlier 23.2 per cent while that of all the developed nations working out to 27 per cent.

An accelerated GDP growth and a fair success in exploiting new technology needed great increases in the education level of the labour force and even greater increases in the capital stock, as well as a rapid expansion of international trade. These characteristics were missing in most of Asia until after the Second World War (Maddison 2008).

The West European countries had lost most of their American colonies by 1820, but managed to augment their imperialist ambitions in Asia and subsequently in Africa. Certain merchant capitalist policies had generally been 'beggar-your neighbour', but imperialism became much more collusive in the nineteenth century. Generally, the imperialist powers avoided conflicts with each other. From 1820 to the outbreak of the second world war, the Western powers regarded colonialism as a significant contributor to their prosperity, while nationalist politicians in the colonised countries, notably in China, India and Indonesia, rightly considered colonial policy a major barrier to their economic performance (Maddison 2008).

But, conversely, history did not chart out only a course of increasing hardship and decline. Although in the 1700s AD, the society lived with potential threats of famine, by 1900 AD, total crop-failures had become rarer with better means to cope with them being devised. Equally, by 1900 new export markets emerged for many goods (cotton, groundnut, hides and skins) while old markets (for example, handloom textiles) experienced a remarkable revival. Indeed, it was not only overseas markets for goods which had expanded, but also those for labour and capital. While the scope for physical mobility within south-eastern India might have got reduced, employment opportunities were beginning to expand – under the umbrella of the British imperial authority – in the surrounding economies of the Indian Ocean from south and east of Africa to Sri Lanka, Singapore, Burma and Malaya. With 'white' capital being scarce and 'white men' prohibitively expensive to keep in the tropics, new opportunities appeared for the deployment of Indian capital. In Burma, the Irrawady delta was turned into the early twentieth century's principal export rice bowl largely due to the endeavours of Nattukkottai Chetty bankers hailing from Ramnad district in South India (Washbrook 2007).

The traditional Indian economy was characterised by what we call today an 'appropriate technology' ideal for small scale production by peasant households and artisans. Land and labour as factors of production were abundant, and therefore, the third factor capital which is substituted for the other factors whenever they are scarce was not required. The traditional structure of the medieval kingdom was rudely shaken with the conquest of Northern India by Islamist horsemen, whose new strategy of swift cavalry warfare soon spread throughout India. This required an increased taxation and the man on horseback was a more formidable tax collector than his pedestrian predecessors. Local autonomy was crushed by the man on horse-back. There were many regional markets, which remained isolated from each other owing to a high cost of transportation. Only expensive and light goods such as textiles or precious raw materials such as indigo were traded over long distances, while also entering the international market via maritime trade (Rothermund 1993).

4.4 Trade

Trade has always played a consistently important role in the Indian economic history. It is, thus, not surprising that Ancient India possessed a variety of different organizational forms to facilitate trade. The importance of a growing trade is that it creates incentives for collective efforts. When trade increases, people tend to travel more for selling their wares. Traveling has not always been easy, especially if the traders move through foreign and dangerous territories. Under such circumstances, being in a group of traders might provide some protection against robbers and thieves and also some method of spreading the risks of the journey. Moreover, as trade and production increase, the advantages of working in a large group (i.e., economies of scale) are likely to be quite considerable (e.g., spreading the fixed costs of production) (Khanna 2005). Further, as trade increases, the gains from specialization, and the sustainability of it, are likely to increase (Das 1980).

From ancient times, India had shared active maritime trade relations with many countries around the Indian Ocean. In the medieval period, South Indian states were particularly involved in this trade. Kings used to get a good deal of their income from trade and thus could afford to maintain a large army and a powerful navy without exhausting their land revenue base, which was mostly confined to the fertile core area of their dominion. The peasantry enjoyed a great deal of local autonomy, even as the king's power grew nevertheless (Rothermund 1993).

As its coast-line would suggest, the region has been heavily involved in overseas-trade, going back to the Roman times. The prevailing winds and currents also permitted an extensive coastal trade in bulk commodities, reaching right up to Bengal. At least in the 17th and 18th centuries, tens of thousands of tons of Bengal rice was shipped down the coast - to the central Coromandel ports including Madras – during the south-west monsoon; and no smaller quantities of southern sea-salt was shipped back during the north-east monsoon. There was also a major grain trade within the region, mainly from north to south: coastal Andhra 'fed' central Coromandel, while rice produced in the southern deltas (of the Kaveri and Tambraparni rivers) was exported either to Sri Lanka or around the tip of Kanya Kumari to Kerala (Arasaratnam 1986). English East India Company (EEIC) trade registers noted dozens of small ports along the Thanjavur coast before 1782 AD, each said to be responsible for the export of 5-10,000 tons of paddy a year (Washbrook 2007).

The maritime history of India shows that India had a huge merchant navy. Marco Polo talks of how the Indian ships were much larger than those of Europe, while the merchant navy strength of India in the pre-colonial days indicated the trade power of India. "In fact, Indian trade was so extensive around 70 AD that the Roman Governor, Pliny the Elder, wrote that as many as 125 Indian ships usually lay in the ports of Egypt and Rome. As late as the fourteenth century, Marco Polo remarked that Indian ships were built to last a 100 years, and that some were large enough to require crews of 150 to 300 men. India's share of world economy was nearly 30 per cent from 1 AD to 1200 AD. By 1700 AD, it had reduced to 24 per cent, and owing to the measures taken during British occupation, Indian merchant marine declined further. Mahatma Gandhi summed it up thus: 'Indian shipping had to perish so that British shipping might flourish'. By 1947, Indian merchant marine had declined to only 11 oceangoing ships and a total tonnage of only about 73000".

The importance of international trade was emphasised by Kautilya in that he advised the sovereign ruler that foreign relations be guided strongly by trade considerations. He further counseld that relationships with southern kingdoms were to be favoured over those with northern kingdoms because the southern kingdoms possessed greater mineral wealth. As he observes, "Possessing immense gold is better than a friend ruling over a vast population for armies and other desired objects can be purchased with gold (Sen 1967).

According to a research article titled "Religion and Economic activity in India: an historical perspective", Rajeev H Dehejia and Vivek H Dehejia (1993), "The wealth of the Mauryan empire is attributed to its thriving land and sea trade with China and Sumatra to the east, Ceylon to the south, and Persia and the Mediterranean to the west. The silk routes from Europe to China put India at the center of a vibrant land trade route, but the Mauryans also had a well-developed merchant navy. Connecting the many ports of the empire was an excellent system of roads, and along these trade routes were "marts" or towns where "goods were assembled from all parts of the civilized world. Among the goods that were traded were silks, textiles, brocades, rugs, perfumes, precious stones, ivory, and gold. The internal road network was an arterial system through which the entire empire participated in foreign trade and reaped its benefits. *Somewhat like the modern Newly Industrialized Countries (NICs), the Mauryan Empire enjoyed export-led growth.* Evidence of India's booming export trade is to be found in the records of the Roman Senate, where Pliny and the Emperor Tiberius both complained of the huge drain of resources to India to pay for Roman imports".

Marco Polo's travelogue, while talking of India's accumulation of plentiful gold points out that the exchange rate of gold for silver in India was 6 ounce of gold for one ounce of silver, while in Europe it was the other way around, namely 10 (at times even 14) ounces of Silver for 1 ounce of gold (Berstein 2000).

Free trade over Indian Ocean was dominated by individual merchants and sometimes by individual pirates, who could do whatever they liked in the absence of any naval power base. In the fifteenth century, the Portuguese entered the Indian Ocean and soon discovered that they could dominate it in the absence of any other sea power. The Dutch East India Company followed the Portuguese precedent in many ways, but from the very beginning, with an enormous shipbuilding industry and an immense fleet of trading vessels with which they had already dominated the shipping trade in Europe, they could easily divert a great number of ships to the Indian Ocean.

In the 17th century, Dutch and British textile imports consisted mostly of colorful printed cotton piece-goods, for which Gujarat and the Coromandel Coast were the best centers of production. However, the campaigns of the British textile workers finally resulted in an embargo on the import of printed cotton textiles.

From the later middle ages into the mid-18th century, peninsular India, with its long coast-line, had been a major focus of the global cloth-trade, in some sense, as the 'workshop' of the early modern world (Subrahmanyam 1989). It possessed a highly commercialized monetary economy (primed with American silver) and large industrial (albeit artisanal) and service sectors. During this era, it began to evolve a number of features which, (for example) Max Weber would take as premonitions of capitalist modernity in the West. Land rights, however defined, were more widely bought and sold, thus increasingly detaching them from categories of social ascription. 'Individuality' was also emerging, at least economically, in the acknowledgement of rights – albeit more *de facto*- than *de jure* – separate from the joint- and collective property forms. Secularism, of a kind, was manifest in the acceptance of Muslim and Christians as the holders of property rights derived from Hindu religious institutions (Washbrook 2007).

The internal economic conditions were poor under the company rule; and there was also not much scope for 'export-led growth', although the company was interested in promoting exports with a view to facilitating the remittance of tributes from India to Great Britain. In 1813 AD, the trade monopoly of the company was abolished by the Parliament, while its trading activities got terminated altogether in 1833 AD. Nevertheless, it had to find ways and means to make remittances to London for paying dividend to its shareholders.

Morris (1983) observes that the scale of India's home market was small for goods that used machinery, while Bagchi (1970) views that the home market was shared by both the Indian and imported manufacturers and that the colonial government did not protect Indian industry sufficiently against low-cost imports.

During the early modern period, India was the world's leading producer of cotton textiles, with a substantial export trade potential. Indian textiles were exported to Britain on a large scale from the seventeenth century onwards (Baines 1966). By the early nineteenth century, however, Britain had become the world's most important cotton textile producer, dominating the global export markets including India (Ellison 1886). This dramatic change in the international competitive advantage during the Industrial Revolution is considered one of the key developments in respect of the Great Divergence of living standards between Europe and Asia.

4.5 Living Standards

Historian Will Durant quotes Megasthenes[iv] regarding life in India during the reign of King Chandragupta, (322 to 298 B.C.). "The simplicity of their laws and their contracts is proved by the fact that they seldom go to law. They have no suits about pledges and deposits, nor do they require either seals or witnesses, but make their deposits and confide in each other.... Truth and virtue they hold alike in esteem.... The greater part of the soil is under irrigation, and consequently bears two crops in the course of the year.... It is accordingly affirmed that famine has never visited India, and that there has never been a general scarcity in the supply of nourishing food" (Durant 1954).

Studies show that during the regime of Akbar the consumption of goods and services by the people of India was higher than what it was during the colonial regime.

"According to the Edinburgh Review (1803-1804) an ordinary unskilled laborer in the Allahabad - Varanasi area got more wages than his counterpart in Britain. The wages of agricultural laborer in Chengalpattu in 1780-1795 was Rs.7.50 (at 1975 prices) while the wages in 1975 in this area had reduced to Rs.2.50".

In 1806 a survey was conducted by the British government in Bellary and Cuddapah districts. The entire population was divided into three economic classes: high income, medium income and low income. There were 2,59,568 people in the high income bracket; 3,72,887 in the medium income; and 2,18,684 in the low income. The consumption pattern was also studied in detail, covering 24 items. The Per capita

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[iv] Megasthenes was a Greek diplomat and historian sent by the Hellenistic king Seleucus I as an ambassador to the court of King Chandragupta. He wrote about life in India in his book the *Indica*. According to *Encyclopaedia Britannica*, "although the original has been lost, extensive quotations from it survive in the works of such later Greek writers as Strabo, Diodorus and Arrian" (1974: Macropedia 9, 350).

consumption of the high income group amounted to 17Rs, 3 annas and 4 paise; that of the medium income to 9 Rs, 2 annas and 4 paise; and that of the low income to 7 Rs and 7 annas, a ratio of 69:37:30. These figures point towards a more or less equitable society.

Statistical data on the comparative agricultural productivity in India in relation to other contemporary societies appear inadequate. However, evidences suggest that in respect of major crops like wheat or maize, yield rates per unit of land were higher in Mughul India than in the more progressive of the West European countries for much part of the seventeenth century. Comparisons of the seed-yield ratios for most individual crops were also more favourable towards India (Habib 1963).

What emerges from Paul Bairoch's calculations is that at the time when Europe was scoring dazzling all over the globe, when her ships were exploring the vastness of the Pacific Ocean, she was (unlike today) far from having reached a level of wealth vastly superior to living standards in the rest of the world. This perspective obliges us to take a rather different view of the respective positions of Europe (plus the other privileged countries) and the rest of the world, before 1800 and after the industrial revolution (Braudel 1984).

In a volume edited in association with Leboyer in 1981, Bairoch had estimated the average per capita GDP of Europe in the 18th century to be comparable or even somewhat lower than that of China and India and had concluded that:

"It is very likely that, in the middle of the eighteenth century, the average standard of living in Europe was a little bit lower than that of the rest of the world" (Bairoch and Leboyer 1981).

The Asians were, in fact, close to the Europeans in respect of living standards. For instance, India's textile workers in the 1700s enjoyed a standard of living equal to that of the British workers. This was mainly due to productive agriculture. An abundant food production kept the food grain prices low, raising the standards of living (Maddison 1983). Spear (1970) writes: 'There seems to be a good ground for thinking that the average peasant had more to eat than his European counterpart' (Dasgupta 1988).

The year 1750 belonged to the pre-industrial era. Hands and arm muscles were still much involved in manufacturing; and that year India accounted for 24.5 per cent of the world's manufactured goods followed by China (32.8 per cent) (http://www.fsmitha.com/h3/h35-tek.html). In textile making, particularly cotton, the British had a relative advantage in steam power. Britain was a leading nation in commerce and technology. The labour productivity of manufacturing per person was around 140 per cent of India's per capita manufacturing, and 125 per cent of China's. But given the greater populations of India and China, Britain's total production of manufactured goods was much less than theirs. The British in 1750 were producing only 1.9 per cent of the world's share of manufactured goods (Kennedy 1989). To support the above statement (Bairoch 1982), conclude that, by 1750, China and India together accounted for 57 per cent of the world's manufacturing output, accounting for a substantial share in the world's manufacturing exports. The effective tax rates during the Mughul period were high as 40 per cent of the total farm produce which increased further to 50 per cent or more during the later periods as the central authority of the Mughal Empire waned (Raychaudhuri 2010).

The comparative living standards of Asians and Europeans prior to the Industrial Revolution are a subject of intense debates in economic history. The classical economists and many modern scholars claim that the European living standards were much higher than those in Asia long before the Industrial Revolution. However, recently, this consensus has been questioned by revisionists (Pomeranz 2000), who contend that

Asian living standards were on par with those of Europe in the eighteenth century, while disputing the demographic and agrarian assumptions that underpin the traditional view (Allen *et al* 2005).

Parthasarathi (1998) quotes numerous eighteenth century English observers who claim that living standards were higher in Europe. Many of them cite low levels of wages in India to support their claims. He further disputes this evidence by way of offering some comparisons of his own that show that the real earnings of weavers in India were higher than those of their counterparts in the eighteenth-century England. Supporting the above argument, Pomeranz (2000) concluding observes that, average incomes prevailing in Japan, China, and parts of south-east Asia were comparable to (or higher than) those in western Europe even in the late eighteenth century.

There was very little difference in living standards between India and the rest of the world during the first half of the sixteenth century. However, some argue that living standards in India were far superior to the rest of the world during this time (Acemoglu *et al* 2002).

Population growth in Europe in the sixteenth century pushed European wages below those of India excepting a few booming cities of the northwest. Skilled workers fared particularly well in India since skilled labour wages were twice the unskilled labour wages, while the premium was only about 50 per cent in Europe and Japan. Unskilled workers in south and central Europe earned about the same real incomes as their counterparts in India, while skilled workers did better in India as compared to those in south or central Europe.

Factors other than institutions also have an effect on long term development. Sachs *et al* (2002) show that geographical and cultural differences are an important determinant of economic development across states in India.

Some parts of Europe did generate higher real wages than we find in Asia. When real wages were at their peak following the Black Death, most Europeans had a higher standard of living. But this was a transitory condition for most part of the continent. High wages persisted only in the commercial centres of the northwest – London and the Low Countries, generally. During the eighteenth century, the provincial towns of England were drawn into the same high wage orbit, but agriculture was left behind. This dynamic urban economy was the engine of growth in early modern Europe, while Asia appears to have had no counterpart (Allen 2005). Comparing the ratio of the income shares of the richest 10 per cent over the poorest 10 per cent in India with other countries, one may be prompted to conclude that economic inequality in India is not abnormally high. According to the World Bank's *World Development Indicators 2006*, this ratio was 7.2 in India (in 2000), as against 18.36 in China (in 2001), 48 in Guatemala (in 2002), and 15.9 in the USA (in 2000). As such, India's current economic inequality seems to be relatively low and comparable to some of the Western European nations (Basu and Maertens 2007).

5. Conclusions

It has been argued by many westerners and Marxist intellectuals that, India has all along been an under performer as far as wealth production is concerned historically; however, given the GDP as a measure of wealth, the present data analysis shows that this argument is not tenable. India flourished as a world leader even on the economic front for 1700 years while retaining a balance between nature and life. The present paper has brought out a vignette of the ancient economic principles/ thoughts which had guided the growth path of the Indian economy for centuries. The ancient Indian society is known to have had such a model which helped it flourish for millennia.

To assess the compatibility of philosophy with economic growth, the best prima facie evidence comes from how well and consistently the society adhering to it has performed with respect to its material life. However, the culture of contentment by Indians had moderated the domestic consumption but not production and pursuit of wealth. This is reflected in the ancient/ present Indian worship of wealth as Goddess Lakshmi. The moderation of consumption, which had actually helped balance domestic consumption and domestic savings (more in favour of the latter), did not stunt the spirit entrepreneurship of India because of the philosophy of worship and creation of wealth. It was worship and not exploitation of wealth that became the driver of economic growth. India's moderated domestic consumption and export income in turn led to the build up of a huge national capital, which, in turn, powered the export-led growth of India.

Considering that the estimates put forth by Paul Bairoch and Angus Maddison with regard to the economic performance of India up to 1700 AD are trust worthy, it implies that the traditional Indian social institutions and religious beliefs never came in the way of showing down the Indian economy. It was only during the later periods that the rigour of social institutions followed and also the economic performance dwindled. In other words, Indian social institutions have never been against economic development. On the contrary, they have been responsible for a lot of work discipline.

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Annexure

Annexure 1: World Population from 0001 AD to 2007 AD

Country name	Year 0001	Year 1000	Year 1500	Year 1600	Year 1700	Year 1820	Year 1870	Year 1900	Year 1929	Year 1950	Year 1990	Year 2000	Year 2007
India	62,924	62,924	92,289	113,264	138,433	381,000	358,000	400,000	487,273	369,880	838,159	1,004,124	1,129,866
China	59,600	59,000	103,000	160,000	138,000	175,349	212,189	236,772	275,861	562,580	1,148,364	1,268,853	1,317,925
Italy	8,000	5,000	10,500	13,100	13,300	31,250	38,440	40,598	41,230	47,104	56,719	57,645	59,051
France	5,000	6,500	15,000	18,500	21,471	31,000	34,437	44,103	63,244	41,736	56,699	59,032	61,709
Germany	3,000	3,500	12,000	16,000	15,000	19,831	29,319	38,428	45,672	68,377	79,365	82,203	82,249
Japan	3,000	7,500	15,400	18,500	27,000	17,927	28,922	42,746	59,863	83,625	123,537	126,861	127,770
UK	747	1,867	3,681	5,761	7,997	4,394	6,394	10,186	14,602	50,290	57,237	58,886	60,863
USA	680	1,300	2,000	1,500	1,000	4,345	4,511	4,777	6,592	152,271	249,806	282,430	302,633

- India occupied the first position from 0001 to 1000 AD, followed by China. China overtook India and became the nation with the highest population from 1000 AD to 1700 AD
- Demographic data have indicated that India was in the second position from 1820 to 1938 AD and China was ahead of India.
- Data showed that, between the period of 1950 to 2007 India was in the second position, while China was in the first position.

Annexure 2: Global GDP at PPP per capita from 0001 years to 2007 AD

Country name	1	1000	1500	1600	1700	1820	1870	1900	1938	1950	**1990**	**2000**	**2007**
Italy	1,189	661	1,616	1,616	1,616	1,641	2,202	2,622	4,872	5,145	25,245	29,138	29,935
France	695	624	1,068	1,236	1,337	1,667	2,756	4,225	6,561	7,744	26,885	30,960	33,414
China	661	661	881	881	881	881	779	801	826	645	2,006	3,244	5,345
India	661	661	808	808	808	780	820	918	909	909	1,558	2,044	2,753
Germany	599	602	1,011	1,162	1,337	1,582	2,702	4,385	7,337	5,702	25,719	30,337	33,154
UK	588	588	1,049	1,431	1,836	2,506	4,687	6,599	9,206	10,194	24,122	29,091	33,535
USA	588	588	588	588	774	1,847	3,592	3,260	9,000	14,046	34,085	41,325	45,790
Japan	588	624	735	764	837	983	1,083	1,734	3,598	2,822	27,101	30,361	33,525

- India ranked fourth from 0001 AD to 1700 AD in GDP at PPP. Italy was the leading country till 1600 AD and United Kingdom rose to first position after 1700 AD.
- United Kingdom dominated the world with a highest GDP from 1820 to 1938 followed by USA, which became the leading nation from the years 1913 to 1938. India's GDP however, drastically declined during the period 1820 to 1938.
- India's GDP at PPP has declined from 1950 to 1970, after 1980 it has increased till 2007. USA remained in the first position with the highest GDP followed by UK during the post colonial period.

Annexure 3: Global GDP from 0001 AD to 2007 AD

Country Name	0001	1000	1500	1600	1700	1820	1870	1900	1938	1950	2000	2007
India	41600	41600	74571	91519	111857	136791	173947	217405	281397	336365	2052149	3110521
China	39402	39005	90792	141036	121644	335843	278752	320270	423836	362834	4116227	7044309
Italy	9508	3306	16968	21170	21493	33109	61416	88301	211521	242345	1679642	1767692
France	3474	4058	16021	22857	28705	52108	105944	171535	275305	323194	1827616	2061945
Germany	1798	2108	12129	18593	20054	39406	105991	238510	502998	389864	2493832	2726883
Japan	1763	4683	11312	14133	22610	30468	37287	76456	258613	236006	3851632	4283489
UK	439	1097	3861	8244	14686	49704	137404	253595	437209	512670	1713058	2041041
USA	400	764	1175	881	774	18432	144546	459125	1174268	2138848	11671444	13857565

- India occupied first position in global GDP from 0001 AD to 1000 AD. Later, India ranked second from 1500 to 1700AD. India had significantly contributed for global GDP during pre colonial periods.
- India’s GDP drastically declined from 1820 to 1890, later during the early 1900 it demonstrated slow growth. During the colonial period, France and Italy dominated the world with a good GDP.
- India’s economic performance was very poor during the early post colonial period. India showed good economic growth after 1980.

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