A country's economy is a cycle of activities connected with production, distribution and consumption of goods and services. Each part of that cycle is as important as any other and every process in the whole movement serves the rest. There cannot be mass production, for example, without adequate facilities for quick, easy and efficient distributive services, even as there cannot be brisk exchange of goods on a large scale unless the productive powers of the country are correspondingly well developed and organized. Trade is the exchange of goods and its role in furthering national welfare consists in the most satisfactory distribution of goods for the betterment of citizens.

The period under review has witnessed unprecedented developments in almost every sphere of trading activity of Kashmir. The volume of imports and exports increased tremendously on account of the construction of Jhelum Valley Cart Road, Banihal Cart Road and Gilgit Road, which connected Kashmir with outside world for the first time through wheel traffic. Added to this the period also witnessed the construction of a network of roads in the Valley. It is not only with India, China, Russia and Central Asia that Kashmir had intimate trade relations, but one also finds Kashmir coming into direct contacts with many
countries of Europe. All in all, therefore, one comes across what may, be called "Trade Revolution" in Kashmir which in turn made a profound impact on the life and conditions of Kashmir people.

However, in spite of being such an important topic, no indepth study has been done on this subject of Kashmir history so far. One only finds some important information in writer Lawrence's celebrated work "The Valley of Kashmir", but it covers only a limited period between 1809-93.

There is a huge mass of materials on trade and commerce, which can be found in trade reports, administrative reports, census reports, travelogues and chronicles. However, quite unfortunately the official records beyond 1924 are not made available to the researchers, which is why the statistical information beyond 1920 is either lacking or not satisfactory. It needs no emphasis to mention here that Trade and Commerce is too wide a topic to be completed in a single monograph and that too within a short span of time. Therefore, I have discussed only a few aspects of Trade namely, Trade Routes and means of communication, the commodity structure of internal and external trade, marketing system, merchant community, money-lending system and custom dues.

The trade routes and means of communication have been studied in three phases viz., 1846 to 1893, 1894 to 1921 and 1922 to 1947, obviously because the trade routes and means of communication underwent marked changes from one phase to
another phase. Up to 1893 the trade routes and means of communication were purely medieval. External trade was conducted through passes with the help of coolies. Boat was the pivot of internal commerce supplemented by human carriers and beasts of burden particularly asses. The second phase ushered in a revolution in the transport-communication history of Kashmir, when many cart roads were constructed throwing Kashmir widely open to external world. Many Cart roads were also constructed in the Valley too. In the third phase, Kashmir witnessed automobiles for the first time.

In the second chapter, I have given a detailed account about the commodities that figure in the rural urban trade, inter-provincial trade, inter-state trade and trade with Europe, Central Asia and other neighbouring countries. The details, given in this chapter are not only supported by statistical data, but I have also tried to show the underlying factors behind the rise and fall of volume of trade of different commodities at different periods of time. The figures showing the balance of trade mark an important feature of the quantitative data furnished in this chapter.

Marketing system, banking and the state policy especially with regard to custom duties are among those features of trade, which once demonstrated, help in explaining the nature of trade and commerce and thereby the overall economic condition of a society
of a given period of time. The third, fourth and fifth chapters, have been, therefore, devoted to these important aspects of trade of the period in question.

The commodities were marketed, it is to be noted that both directly as well as through brokers. However, direct trading was obtaining at a very small scale and that too particularly among the very small producers, like the village artisans, fishermen, vegetable growers etc. The major volume of trade was conducted through middle men. This not only proved inimical to primary producers, but it also accounted for a hike in prices.

The period under review is significant as it ushered in the beginning of modern banking system. In 1913 Cooperative societies were established in Kashmir which provided loans to the influential sections of the society on interest. And it was in 1945, that J.A.K. Bank Ltd. was founded in Kashmir. However, it was "Wad" system which was in vogue throughout the period. The "Wadgar" was a local banker, who used to give loans to the needy on high interest.

Upto 1901, the system of farming out the custom posts was prevailing in Kashmir. Since it proved counter-productive both to the state as well as to the traders, the state re-organized the taxation system and established a department known as 'Customs and Excise department' which directly collected taxes from the traders from different
custom houses. All goods were heavily taxed. However, that trade in which British government was involved was either lightly taxed. In fact all those commodities which earned great demand either in the Valley or in external markets faced high imposition by the state. Obviously, because the exploitative state understood that the high taxes would not discourage the trade in these essential commodities. One striking feature of the trade policy of the state was to earn as much revenue as possible even if it would destroy the society. No wonder, therefore, one finds no ban on trade in khes, opium, koth etc.

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