Chapter-3
-Commerce and Trade in India-

"Trade as the augmentation of wealth, must be placed in the fore front." -Dr. Ambedkar.

Any kind of study in the field of trade and commerce, executed to find out it's ab-in-cu-nabulis, it had always been difficult to look the face of delicacy, rather than only ancienne - noldesse was found. History, the means to look the finding proves to be inadequate. The sanctity of history was always polluted by the history itself. Two historians seem to play arguments, and in between history loose its face. In fact the sanctity of history is proved with the events of trade and commerce, and it is much stronger than a war, because war is a self-event carrying more questionable ambiguities, but trade like eventual course proves the powerful barometer of development and culture, which goes on developing culture that ultimately becomes the substance of history.

The perspective of history denoted by Dr. B. R. Ambedkar with reference to ancient Indian trade and commerce, expounded the India’s great contribution and performance in trading activities. His thrusting discussion and bulk of references over the subject bring us to this realization. But still his arguments voice slightly a sense of favour to Indian prestige. Perhaps it might not be wrong to say that it is due to his being an Indian, but it is also true that it cannot reduce or reline the significance of ancient Indian commerce and trade for which Dr. Ambedkar toiled laboriously and due to his confirmed wit over the subject. Out of the above contentions, acceptance of the single one and forsaking the other is also seem to be not possible. Apart from the above feeling, the work of Dr. Ambedkar over the subject has a very important and valuable consequence. It is a vital massage to Indian educational community, which has a merit of celebration. His work deserves to be studied as a textbook in Indian educational institutions and universities.

Dr. Ambedkar took much pain to study it but it did not give him any academic degree, it was an unfinished effort under taken as a subject of M.A. But for Indian students it is not a negligible work. The entire gamut cannot be referred in this chapter. It needs a separate thesis over the subject.

Many scholars like Dr. Narendra Jadhav and others did not spell a single paragraph about the subject, which Dr. Ambedkar laboriously worked
upon. He expounded an essential subject that was the root-founding factor for Indians’ pride, and to give forth-coming rise of mighty India’s national economy.

i) The consequence of Dr. B. R. Ambedkar’s thoughts On Ancient Indian Commerce and Trade

The research work of Dr. Ambedkar on ancient Indian commerce and trade, since its publication, did not get its due aspirations because of ignorance to its valuation. It is wonderful to point out that the merit of his laborious work is still kept away after 90 years, by the contemporary literary as well as educational community. The traditional colloquial and slang utterances that, ‘Ancient India was a smoking gold and it was a bird of gold’, these words never backed up by the required wit of realization over it. It is the same when one is boasting about his ancestors without any knowledge of their names and events of adventures, and with that talking makes the talker a fool. The poor Indian children from this befooling, Dr. Ambedkar has saved and gave them the keys of wealthy heritage. The government of Maharashtra published volume number 12, ‘The writing and speeches the unpublished writing’. Reveals that in the beginning Dr. Ambedkar had taken the subject of Ancient Indian Commerce for his degree of M.A., but after a remarkable studious work, later on the new subject was switched which was: “Administration and Finance of the East India Company”. If the work of both the books, is compare in their volume of writing and importance as well, regarding the description mentioned there in, it is obvious that it is hard to deny the pains taken for the study of research work in, ‘Ancient Indian Commerce,’ are more extensive than that of ‘Administration and Finance of the East India Company’. What is the comparative value of the former than the later can be justified in two ways, firstly; by the volume of the writing and secondly; the contents of it. Dr. Ambedkar writing on the ‘Ancient Indian Commerce’ counts 82 pages in Government of Maharashtra’s volume size, and this not and end, because the editorials noted that two chapters might have lost, the manuscript was not found. Regarding the later subject on which Dr. Ambedkar had got degree of M.A., counts up barely 42 pages of the same publication.

The eighty-two pages work of Dr. B.R. Ambedkar on Ancient Indian Commerce is not merely a stuff of ancient historical pages, but proves how
trade and commerce of India affected duly to those events of history. It seems quite impossible to understand thoroughly without proper reference of European history, that which Dr. Ambedkar depicted in a playful language with proper reference the of the countries like Egypt and Babylon, which are a lost history of world in time abyss.

Dhananjay Keer a Marathi biographer of Dr. Ambedkar recorded that; Dr. Ambedkar had submitted his dissertation on, 'Ancient Indian Commerce' for the degree of M.A., to the Columbia University. It was a fact that Dr. Ambedkar prepared his dissertation on the topic, but later on he changed his subject.

The Incident of working upon the 'Ancient Indian Commerce', Dr. Ambedkar’s laborious hours had not gone in vain. Perhaps his thought to have a study of India’s past and lost history of glory, succeed by the better thought of having with concurrent present British Indians.

The consequence of 'Ancient Indian Commerce' is indispensable in its value for the students of commerce and history. The scholars got the magnificent through reference book for their study of 'Ancient Indian Commerce'. It is not a simple consolidation of information but it flashes a very detailed observation regarding ancient trade transactions that off shoots the meaningful propositions of India’s splendid treasure, which was a world widely trade intercourse. The work of Dr. Ambedkar gave us references of the middle age and most ancient age of history he not only proposes, but reproaches the facts of both India’s inside and outside trade concerns, with pros and cons of the subject, wherein their failures with reasons; and merits with success. The present study attempted to point out the remarkable.

The subject of 'Ancient Indian Commerce' must regard the canopy of history, and with the research work in this subject Dr. Ambedkar proved himself to be true of his own scale of historian. "An historian ought to be exact sincere, and impartial, free from passion, unbiased by interest, fear, resentment or affection, and faithful to the truth, which is the mother of history, the preserver of great actions, the enemy of oblivion, the witness of the past, the director of the future. In short he must have an open mind, though it may not be an empty mind, and readiness to examine all evidences even though it be spurious."1

1 Dr. Ambedkar, who where Shudras vol.7
ii) The Significance of Commerce and Trade

Apart from the self-evident importance of commerce and trade, the significance of the research work of Dr. Ambedkar must be viewed in the same relation. The study of 'Ancient Indian Commerce' can be expounded in its manifold significance. The study on the subject of 'Ancient Indian Commerce', previously, done by Dr. Ambedkar for the degree of M.A. and later on switched off to the another, has not gone into vain, though it has become an outside academic study. It has due importance not only because it is a fresh young wit of Dr. Ambedkar, exerted for Indian history, but also it is a vital issue, which was never been touched by way of a commerce study in such a close observation.

Dr. Ambedkar's consequence on the subject signifies many vital aspects pertaining to India's commercial, geographical, social, cultural, agricultural and historical subject. Besides his study on the subject is going to be an evidence of reasoning of India's fortune and decline position, achievements and natural abundance in Indian antiquity, the fortune for which entire world, down the ages toiled to wander from pole to pole north and south, east to west through longitudes and latitudes.

The study of Dr. Ambedkar on the subject of 'Ancient Indian Commerce' signifies the importance under the following heads.

A) Importance of Indian Civilization and Culture: - The historians always face a problem regarding the history of human civilization as where from it gets it's start. Out of all the most ancient civilizations of the entire global earth, which one must be explained the first one to place the ancient most? And answer of the same is not easy one as it does look. On the question of historians, why civilization begins at one particular spot, Dr. Ambedkar opined, “Given a bountiful environment and chances of conservation; isolation or security from foreign invasion, civilization bound to sprout forth”. 1.

The suitability of inhabitant and providence both the factors play a secondary role but the environment plays a primary role in this regard as Dr. Ambedkar denoted.

1 Dr. Ambedkar, vol.12 page 5
At the outset it would be better to premise that evidence of a commercial intercourse between India and other countries at the dim dawn of history is very flimsy and embedded either in tradition or in articles excavated from early ruins: The evidence how ever ripens in to positive ness with the advance of time."—Dr. Ambedkar.

The time of this statement is perhaps yet not ripe, for the Sindhu Civilization has yet not found its history.
Historians claim the four most ancient human civilizations on the globe of world. The Egyptian by the Nile, the Babylonian by the Tigris - Euphrates, the Indians’ by the Sindhu and the Chinese by HwangHo. The remnants of most ancient human cultures are found by these rivers, but for in absolute way, which one of them is the first, was always unanswerable, because the more deep extensive excavation is operated the most ancient sediments must found in all of them. The most important point with regard to civilization, Dr. Ambedkar cites “The civilization of India is one of the oldest but like all of them has come to a dead stop, but it has lived to revive and we may hope never to die again. The contact of the west has shaken the fixity and restored her old dynamic power”.1 The aborigines of civilization and their continuity during all the ages even up to modern age is an different subject, but still historian below that Chinese civilization is number one in is continuity. Regarding Indian Sindhu civilization it had also come to a stop like Egyptian and Babylonian, but it rejuvenated due to contact of west by many a reasons. As per Dr. Ambedkar it is a matter of investigation that, why the most earliest civilization prospered during its most promising phase and all of sudden come to an end, leaving only few residues and records the European and middle east civilizations’ prosperity.

Among the most ancient civilizations Chinese and Sindhu is carrying its sprit of heritage unbrokenly. With regard to the small others, next to the formers, the Americans, Mayas, Toltecs, Aztecs, and the other few Hebrews, Persians. Again Greeks and Romans, where in the down fall and again rise of Greece at the sacrifice of Creet, the Greece caught up in fixity after conflict with Iranians, but the Romans deserve the credit of their continuous heritage and culture. Russell perhaps not wrong to note, “I have come to realize that the white race is not as important as I used to think it was. If Europe and America kill themselves off in war, it will not necessarily mean the destruction of the human species, nor even an end of civilization. There will still be a considerable number of Chinese left, and in many ways China is the greatest country I have ever seen. It is not only the greatest numerically and the greatest culturally but it seems to me the greatest

1 Dr. Ambedkar, vol.12 p. 4
intellectually, I know of no other civilization where there is such open-mindedness, such realism such a willingness to face the facts as they are, instead of trying to distort them into a particular pattern.”  1.

It may be an exaggeration under some impact, but from the above discussion it is to conclude that Chinese HwangHo and Indian Sindhus are the most ancient civilizations that are still carrying their spirit of heritage. The spread of commerce and trade of India with the other most ancient like Egyptians, is made evident as, “The Hindus became the dominant commerce nation of the Indian ocean long before the great development of Arabian sea power, and later shared the trade of the East African coast with the merchants of Oman and Yemen. Today they form a considerable mercantile class in the ports of Mascat, Aden, Zanzibar, Pernba and Natal.”  2  “Long before the exodus of the Israeli ties from Egypt, India had commercial intercourse with her and the port of Philoteras was the emporium of that early trade”  3. The Romans since their aborigines flashing Romanization all over the world, and the riches were acquired in their exposition; these are the merits of its continuity from early beginning. But the merit of continual life of Roman civilization lies in continuous commercial intercourse with the continents of orient, wherein Indian Commerce and Trade had a fundamental contribution, which ultimately fed food and fortune, to Middle East and Europe, with every thing that had been imbibed it.

B) Importance of India’s Commercial Geography -India’s geographic condition bears certain specifications. Historian, Indian or non-Indians do mention them, but there is always a cross confrontation. Even Indian writers present the Indian geographic conditions same as always done by the non-Indians having their presumed bias. Dr. C.B. Mamoria cities, “In the case of India, a study of agricultural problems should start with an investigation of

1Bertrand Russell, Interview in New York May 4, 1924
2 Quated by Dr. Ambedkar from ‘Influences of geographic environment by Ellen Churchill Smpkle,  Page 12, vol. 12
3 Dr. Ambedkar, Vol.12, P.13
The splendid Interpretation of Natural Geographical Bounty of India

Presented by Dr. B.R. Ambedkar

In his study of Ancient Indian Commerce and Trade

The historians formed thesis on the Indian Geology as an isolated from the world, which is deemed to be an under estimation to the Indian developmental possibilities.

Dr. Ambedkar rejected this former thesis on the truth that, the natural geology of India just fitted her, having all possibilities of development and self-sufficiency with the abundance of secured nature’s bounty.
the physical, edaphic and climatic factors. --- In the north lies Himalaya which separates it from China, in north-west lies Pakistan and in the east it is flanked by Burma, separated from it by Assam hills. In the south it is bounded by the Arabian Sea in the west and by Bay of Bengal in the east. Shri Lanka lies on its south-eastern tip. In the Arabian Sea stand the Lakshdip and in the Bay of Bengal are the Andaman Nicobar Islands.” L. Dudley Stamp also observes, “The name of India is still commonly used to designate the great sub continent of southern Asia, cut off from its neighbors by walls of mountains.”

Dr. Ambedkar penetrates the crucial point of investigation that, in ancient India there was a high type of economic development and hence there should be commercial expansion of colonization. He argued that historian’s charges are reluctant to accept the fact that, “Isolation of India has been a trump card with them and they use it as often as they can. Environmental conditions do delimit the activity of the people subject to it; he could be foolish to say with Hirder, “That history is geography set in motion” 3 The assertions of historian like above on the geographic location and condition of India, in view of Dr. Ambedkar remarks, “All these allegations perhaps have a modicum of truth in them, but it would be a mistake to make a strong arguments out of them” 4

The devil’s throwing tone could not remain hidden to him. The extravagance of historians is unmasked with an ultimate argument to the same, his perhaps in a more thrusting way, “We might hold to the truth in the statement that geographic conditions have condemned India to her lot and yet condemn the hyperbole in it, 5

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1Dr. C.B. Mamoria, Agriculture Problems of India, Page 1, Kitab Mahal Allahabad 11th Edn. 1984
2 L. Dudley Stamp, An intermediate Commercial Geography Part II, Page 307
3 Quoted by Dr. Ambedkar, Vol.12, P.11
4 Dr. Ambedkar, Vol.12, P.11
5 Dr. Ambedkar, P. 11, vol.12
The story that historians were telling regarding the Indian geography was not an anathema for Indians, but how it was a benediction. Dr. Ambedkar unraveled, "India's geographical position just fitted her to be the early cradle of civilization. Nature has given her that isolation that has been the envy of many of tribal people who are ever in search of a secure abode to develop their capacity and make the most of nature's gifts. Severed from China and Tibet on the north by the Himalaya mountains, on the East from Burma and Assam by the Tenasserim and on the west from Afganistan by the (Karakoram) (Hindukush) Ranges the entire peninsula forms a world in miniature in itself (formed) by strong natural defences "the mountains" forming "a wall on the North West and the sea a moat on all other sides." I

The Indian geographic Isolation is an positive cause for following natural conservative, as per Dr. Ambedkar's interpretation:

1) Natural isolating triangle, 'The inverted triangle' conserved the most varied and most abundant natural resources.
2) Abundant and varied animal life.
3) The unbounded riches of vegetable life.
4) The rich diversity of flora and fauna.
5) Natural maintenance of climate for the existence of variegated animal life.

His celebrating appreciation of Indian geographic position sprang the cerebrating patriotic massage to the people of India, "All these factors have from the time immemorial combined to bestow upon her the economic self sufficiency, which has been the privilege of a few nations on the face of this planet today. 2

With reference to the geographic conditions of any nation it is natural that people of any region seek natural frontiers for their country, rather than artificial boundaries. The natural boundaries of the nation create a different climate and varied aspects of living of the region. It concerns both the aspects beneficial as will as advert too.

1 Dr. Ambedkar, vol.12, P.5
2 Dr. Ambedkar, vol. 12, P.5
It is a fact regarding Indian subcontinent that natural geographic conditions formed a kind of natural boundary, as a matter of border frontier and also a natural conditioning to the Indian life. In modern age as per Dr. Amberkar, "In fact it is no use insisting that any particular boundary is the safest, for the simple reason that geography conditions are not decisive in the world today, and modern technique has robbed natural frontiers of much of their former importance even where there are mighty mountains. The broadest streams, widest seas or far stretching deserts". On the question of national boundaries this opinion has no option, and it is a hint to the planners of Indian government that only hills of Kashmir and Himalayas and Assam and depth of the Arabian Sea and the Hindi Sea cannot stop the enemy on the other side. Dr. Ambedkar on the question of national frontiers, with regard to the national geography is not contradictory though is seems to be, hence the natural geography of India has got another aspects to the Indians. It has nothing to do with the security of Indians, and it is proved down the ages in Kashmir and Himalayas.

C) India’s the Ancient most Commercial relation with the Western World: On the subject of ancient Indian commerce Dr. Ambedkar completed his research study during 1913 to 1915, at that time world history was unknown of the actual Indian Sindhu Civilization. Besides except few references from European history and their civilizations in Dr. Amberkar’s writing it had not consisted any single world of Sindhu civilizations but he presented his study with calling the ‘Hindu’ and India’, It is also an amazing thing that the actual work of excavation of Sindhu civilization was done in 1930. When the world was under the assumption of oldest civilization meant only to Egyptian and Babylonian. But after excavation of Harapp and Mohon Jodado, found it to be the most ancient and progressive civilization. The entire world fell into astonishment the contemporary world intelligence had praised and appreciated this Sindhu civilization Dr. Ambedkar’s research work reveals his confidence in absence of the facts of excavation which world know today.

1 Dr. Ambedkar, Vol. 8,P.68-9
The entire research work with its reaching witness gives us a celebrating comprehension. As per Dr. Ambedkar, ‘The civilization of India is one of the oldest, but like all of them has come to a dead stop, but it had lived to revive and we may hope, never to die again. The contact of west has shaken the fixity and restored her old dynamic power’, reveals his confidence and proud for his motherland. With premises and under inadequate evidences and references Dr. Ambedkar successfully traced the most important references of the earliest commercial relation with other ancient civilizations, his honesty, diligence and confidence is expressed in his word,

“At the outset it would be better to premise that evidence of a commercial intercourse between India and other countries at the dim dawn of history is very flimsy and embedded either in tradition or in articles excavated from early ruins: The evidence how ever ripens in to positive ness with the advance of time.”

Today we can see this has ripen with the excavation of Harappa and Mohan Jodado, A culture of sindhu civilization perhaps five thousand years old B.C. Historians are unable to judge its time and linguists to the language.

Dr. Ambedkar’s work on this subject made an important and confirmed way for the further investigation in this direction. The present Indian intelligent can investigate the ample vital evidences in the light of research of Dr. Ambedkar. The gist of his findings implies the significances of the most ancient Indian commercial relations, which correspond to the oldest principal civilization of the world. As per historian there are only four ancient most principal civilizations, beside these Greek and roman civilizations have a specific importance in others like Hitite, Phonician, Hibri, etcetera.

-Commercial relations of India in the Middle East-

Egypt:- The history of Egypt was a novelty, when Dr. Ambedkar was referring it to his research work when it was discovered in nineteenth century, contravening estimations were there cropping up among the historians.

1 Dr. Ambedkar, Vol.12, P.6
European historians were neglecting the fact of ancient Indian commercial relation with the land of Egypt. In spite of great controversy, Dr. Ambedkar made evident that India had been in commercial intercourse with Egypt. “Long before the exodus of the Israelites from Egypt, India had commercial intercourse with her and the port of Philoteras was the emporium that early trade.” Dr. Ambedkar quotes Mr. Gustav Opperts statement, which has been appreciated by him, is “It is established now beyond any doubt, through the decipherment of the cuneiform inscription, that the Turanian empires had advanced to a high degree of culture. This civilization though tainted with strange materialism, proved itself never the less able to develop the high degree of perfection, certain branches of art and science. To these Turanians who differed much among each other in idiom belong also to the Dravidians of India of our days, who in those times occupied arena and Parsia. In Europe these Turanians appear to be represented by the Esthonians, and in many places of western and central Asia, they formed the substratum of the population, while they supplied in China the ground work of the civilizations of the Celestial Empire.”

Within the consideration of above statement, whether to establish it as a fact of historian, a simple logic is obvious that races ran to the natural resources and not resources to the races. Regarding ancient trade and commerce in its primitive state that ancient traders themselves in absence of all kind of means and facilities of transportation could not travel country wide long destinations with laden natural produce for the benefit of exchange what ever it may be at that time, what ever can be its value. But the logic that the needy race may go up to the source of natural produces, so as to resolve the urge of subsistence of life.

The Indian trade of precious goods, through the Arabian Gulf, nourished eastern and southern coast of Africa, Judea, Syria, Phoenicia, Zyre, Tyre, all were nourished by the Indian trade of precious goods, through the Arabian Gulf, Yemen played most important role in the entire trading. 3

1 Dr. Ambedkar, vol.12 Page.13
2 Quoted by Dr. Ambedkar, vol.12 P.14
3 Dr. Ambedkar, vol.12, p. 15-16
Babylonia:- Today the city of Babylon can be seen in the map of Asia, beside the northern gulf of Iran and at the shores of Euphrates, but there is no where the Babylonia county which was important civilization of human race in the world history, though it its entirely vanished from its land. It is also interesting that its history also a novelty, for its discovery was in the beginning of the nineteenth century. It is an ancient most, nearly 3600 years B.C. Olden culture. 1 among the dozens of references Dr. Ambedkar marks, "The rise of Babylonia marks the high water mark in the ancient commercial activity of India. Situated at the confluence of the Euphrates and the Tigris joining the Persian Gulf with the Mediterranean and being a meeting place of upper and lower Asia, Babylon was destined to be the great emporium of the eastern and western trade. It was the meeting place of routes from all parts of the ancient world,"2 Babylon which was, "wonder of the world" 3 Extended up to Egypt after the fall of Darius, after the expedition of Alexander. Babylon was flourished by Indian trade truly, "but the secret of her greatness lay to her monopoly of the treasure of East" (Ibid page 18), in the sixth century B.C.

Arabia, eastern coast of Africa Phoenicia were also in close contact with the Indian commerce. With the secret Indian commercial feeding, "Babylon which had fused her importance and fame to sanctity of temples now appears before us of a sudden as the greatest commercial mart of the world. There was no limit to her power," Babylon had been envy of the many nations.

Darius, (579-484 B.C.) the king of vast regime, when had been to face the conquest of Persia, which became contiguous with the Greek, the empire Alexander got an opportunity to sate out his carrier and there fore he destroyed king Darius and extended his dominion over Egypt a later on to central Asia and the northern part of India. This is the history of fifth

2 Dr. Ambedkar, vol.12, p. 17
3 Mr. Kennedy Qoted by Dr. Ambedkar, vol.12 page17
century B.C. Alexander ruled northern part of India his greed for gold was the chief motive of his expedition. It was but natural that the Greek empire who extended through Babylon and Egypt to India must had been in commercial intercourse. The fact the Alexander’s ambassador Megasthenes was in the court of Chandragupta and with friendly relation, “The Greeks maintained there intercourse India through the Graceo, Bactrian kingdom for a long time though we have very scanty means to judge its magnitude and charter.”* Later on Alexander established Alexandria a great a trade emporium in ancient times. Its motto was to open direct trade between India Greece, “With this object in view he (Alexander) founded the city of Alexandria after his own name which became the greatest emporium of trade in ancient times, and continued to be so in spite of many vicissitudes”. 1 through Alexandria then Graceo, Bactria, Judea, Tadmore, Palmyra, Abyssinia, Adule had enjoyed the Indian trade practices nearly one hundred and thirty years. When the ground root was interrupted. Ptolemy, Philadelphus with an attempt to construct a canal joining the red sea and the Nile, built Berenice city on the west coast of the red sea. Which continued to be a popular commodity town for Indian trade.

Other than the Egyptian, Babylonian and Arabian references Dr. Ambedker’s study points out the most important commercial communication with Rome, which was his centrifugal subject of the entire research.

Roman Civilization :- After the rise of roman culture and reached up to gradual establishment of the phrase, ‘Pax Romana’ during the course of time Rome was economically nourished by the orient in all wakes of life not only that art culture and commerce Dr. Ambedkar viewed upon this very clearly, “Underneath the canopy of Roman Imperialism there was a constant and ‘peace full infiltration’ of the east, philosophy, astrology, mathematic, medicine, constitute her bequest. Scholarship incompatible with the practical genius of the Romans, was the trade of Orientals.’ 2, As per him, Roman industry had low productive capacity. The consumption over ran the production that necessitated the continual drain of specie. He referred an important note that,” It is the orient, especially in these

1 Dr. Ambedkar, vol.12 page. 21
2 Dr. Ambedkar, vol.12 page.2
Red and Blue marked routes show the major land and the sea routes of the most ancient Indian trade with western and the Middle East countries. The blue routes show the entire shift of European trade course after the subjugation of Islamic expansion over the land (red routes) areas. The British and history of modern world later on followed the same modalities of Trade intercourse with INDIA.

Routes & Nos.: 

countries of old civilization that we must lock for industries and riches for technical ability and artistic production as well as for intelligence and science, even before Constantine made it (Rome) the center of political power.”

The Roman who adopted in the beginning, war her noble profession later on forsaken it and raised to a status of quiet. But the warrior or majestically peaceful Rome caught up routes, sea or land, and developed many trade routes for Indian Commerce. After the subjugation of Egypt, Indian Commerce flowed directly to Rome and previous shackled land routes also was not abandoned, gradually that to catch up and monopolized. The routes pasted through, “Tadmore or Dalmyra situated midway between the Euphratis and the Mediterranean” Any how the Rome flourished by the Indian Commerce, with due credits to Romans regarding road building, administration, Military organization and wonderful discipline. In the beginning with the natural course of trading and later on with the conquest of war to monopolized the trade systems, Romans went on to every extended, but fundamental credit of Indian land was that, why with all Romans also came in contact with India is hard enough for Indians to comprehend it in to the concept of patriotism, because for them land is different and indifferent are the people, there rules many Gods, hence no need to probe in whose throat is cut and whose land is snatched.

D) Expansion of Islam and significant task for India: For India and her economy, the rise of Islam and its expansion had two main consequences. It was beneficial in one way and at the same time menace in another way. India was benefited because it broke the caravan trade routes, which were nothing but monopolistically oppressive drainage of Indian wealth to the far west Europe countries. The trade, which was exercised from outer side, before the Christian era, traders and kingdoms were acting in a way to, monopolized the wealth-source of India. According to the memories in journals of Alexander, “Having conquered Egypt, Alexander thought of

1 Franze Cumont, Oriental Religions in Roman Paganism, Quoted by Dr. Ambedkar, Vol.12, pp.2-3
2 Dr. Ambedkar, Page.2 vol.12
3 Dr. Ambedkar, Page.23 vol.12
opening a direct trade between India and Greece. With this object in view he founded the city of Alexandria after his own name which become greatest emporium of trade in ancient time” ¹ Before the direct trade of Romans with India Arabs were well being fed by the Indian trade. “But according to Strabo, this source of prosperity to the Arabs early dried up when the Romans opened direct trade to India. The products of India and Arabia passed to Myos, Hormos on the western shore of the red sea and camels to Thebes and thence sailed down to Alexandria through the Nile. As a result of this; Arabs were, reduced to be the true sons of the desert.” ²

It is obvious before that Christ or prophet Muhammad, Europeans, after becoming the dissolute and frivolous to Indian valuables, they, in the name of trade gradually set aside the trading agencies of Arabians and Iranians, Trade was a made an activity of an individual trader, Greek and Roman empires involved directly in the transaction of trade. The example of Alexander is enough to stand by this proposition.

When Greek and Roman and Iranians entered India directly by subjugating the northern west region and monopolized the trade of Indian goods. With this Arabians were thrown in to a state of starvation, in this connection the looting up of a trading caravan was a different thing, as it was an usual incident which was to be faced by the owner or chief of the trade. But the Arabians entered a routine business of cutting off and blocking up the entire trade rout which became a different permanent danger faced by history of the world, the basic force was towered with the rise and expansion of Islam.

The prophet Muhammad, the representative trader and an Arab camel driver under his Hanafi moment, preached monotheism in spite of tolerant episode of Meccans attack and Medinans support which after some struggle gave a victory over Mecca. With elaborate methods and options either sword or submission, cutting off and blocking up the trade routes, was the fashion of his military power. ³

¹ Dr. Ambedkar, Vol.12 p.21
² Dr. Ambedkar, Vol.12, P.31
³ Siddiqui: Muhammad; The Benefactor of Humanity p.148
As per Dr. Ambedkar, “He (the prophet) became a missionary monarch strong enough to back his preaching by the cannon”. 1. Many other trade route faced dangers like, “Trade route to Syria which pasted through Medina faced the danger of extinction” 2 It effect was necessarily towards substitution in the same way as, “Trade for India and Europe passed through Mecca and Yemen and the Quraish earned at least ½ lakh dirhams annually from their Syrian trade alone which passed through Medina. Now that this route was in danger, the caravans had to take a longer route”. 3 until the traders delimited up to the costal routes. Till the Arabs’ attempts to Constantinople, and there after, they had not crossed the Pyrenees. 4 When entire Arabia came under the wave of Mohammedanism, Islamic kings and generals enjoyed not only the Indian trade but gradually entered India with their fashion of soured submission and subjugated five hundred years of history with careless to bloodshed, they looted thousand of times everything what they needed and heeded. Lacks of people were killed in this hoard. Any Indian regime or religion was not found to organize the strength needed as what was done by in the European crusades. Nearly entire India went under the slavery of Islamic rulers.

In the second phase the west abstained from Indian trading wealth. Europeans substituted the sea route to enter India, and in the fifteenth century Britain, Dutch, and France tried to fix to feet on the earth of India in which finally British were succeeded, others were swallowed up by it. Where Mughals enjoyed India one thousand years, British ruled India two hundred years despite the standing and un faded history of both the races, the contemporary leadership of India could not accept the ultimate remedy of Dr. B.R. Ambedkar, ‘The exchange of population,’ on the question of partition of India.

1 Dr. Ambedkar, Vol.12 p.33
2 Siddiqui : Muhammad; The Benefactor of Humanity P.141
3 Ibid Siddiqui Page.160
4 Dr. Ambedkar, Vol.12 page.2
Thousand of events occurred in the chapters of world history, the big part of it, ultimately did why to reach to the Indian earth is the subject of investigation, which Dr. Ambedkar inquired in the study of Ancient Indian Commerce. It is just a subject to read out but a lesson to be understood by the Indians. The sole reason why Dr. Ambedkar made an enquiry in the subject since in his statement that, “the west is proud of her heritage from the Romans. How this reach heritage was accumulated none has taken pains to inquire into.”

Dr. Ambedkar has taken the pains.

The process of distant accumulation of riches made by the Romans from Indian wealth perhaps wood be different as per Dr. Ambekdar’s contemplation, “Great shifting of national power followed this entry of the Roman shipping in to the Indian Ocean. One by one Petia and Gerrha, Palmyra and Parthia it self, their revenues sapped by the diversion of accustomed trade fell in to Roman hands. The Homerite kingdom in south Arabia fell upon hard times, its capital in to ruin and some to its best men northward and as the Chassanids bowed the neck to Rome, Abyssinia flourished in proportion as its old enemy declined. If this state of things had continued, the whole course of later events might have changed. Islam might never have been appeared and a greater Roman might have left its system of law and government from the Thames to the Gangas.”

Dr. Ambedkar had erased the above quotation after written down, but its basic point is still bears the outstanding, importance, that it may be possible that Romans would not have been succeeded in constant invasion, but if there had not the Islam been appeared the things may be the same as he contemplated.

Not even that if the rise of Islam abrogated, the Romanization and after the rise of Christianity, the entire mass from Europe with its Middle Eastern region nearly, united existing races in to a single theological concept. The region the races, which unified and those were already in the hoard of extracting Indian wealth, it would perhaps be happened to India, the indigenous dilution of Indian culture and then her people, and the means of

1 Dr. Ambedkar, Vol.I.2, P.1
2 Dr. Ambedkar, vol.I.2 page.24
sources be caught up in their hands, as the same had happened with the European invasion, and a five hundred years subjugation. The cut off of Europe geographically and theologically made Europe especially Roman and British difficult to rule Indian subcontinent. The practical ground level proceeding of trade caravans was being obstructed constantly, and which made Europe to quit India. But the second consequence of Islamic race was again become the problem for India and that is what was seen in their invasion and stay doubled the period, nearly a thousand years. And still it had become a nuisance and menace for India. After the Romans British conquered India and i.e. Indian Muslim Kings, but relieved with partition of India. If British would not have been to rule India, the Muslim kings were to continue in sequence to perhaps second Millennium.

The above both the propositions are the conclusion of the work of Dr. Ambedkar, who put forth the guidelines to international relation and commercial policy important even for today. In the light of basic principle of nationalism, the task of India is not to accept the shielding Islam and get attempts to break the Europe, but to understand the task worthy course of ancient Indian commerce by which she can maintain the international relations and form an universal trade policy that will be safe and flourishing to India.

E) The Ancient most Indian Agricultural produce and Trading: The study of Indian agrarian produce with reference to the most ancient era even before Christ, has certain significance. It is significant in commercial geography, agricultural history and also regarding the system of trading practices.

The ancient most study of Indian context with reference to its every economic and cultural aspect, never hesitated by historian to posses the heritage for modern India. Because Indian geographic feature is unique and its sub continent, was never misplaced down the ages of natural calamities, the costal ports of Ancient Indian trading are still working in the same manner as they were working in the antiquity of India. This affirms the foundation of the most Ancient Indian civilization which is unshackle and unshakable.

Agricultural among the primary industry is most important one and for India it can never be exaggerated. The important must shift into splendid
appraisal when we get reference of it from the Indian antiquity. Dr. Ambedkar research work reveals the important first hand information with regard to the ancient Indian agricultural produce. He denoted the chief sources: the Periplus, Ptolemy's Geography and Christian Topography, these are most primary in their nature.

Dr. Ambedkar cites a list of nineteen articles of Indian agrarian produce from the chief source of Periplus. The articles are as follows:

1) Spikenard
2) Cortus
3) Bdellium
4) Ivory
5) Qugate
6) Lycirem
7) Cotton cloth of all kinds
8) Silk cloth
9) Mallow cloth
10) Yarn
11) Long pepper
12) Diamonds
13) Sapphires
14) Tortoise shell
15) Transparent stones of all kind (Topaze)
16) Pearls
17) Malabathrums
18) Incense
19) Indigo

Among these articles many perishable agro articles were not incorporated due to contemporary non-availability of preservative facilities. In fact India's agricultural bounty was more splendid, in those vegetables and fruits that allured the entire world. But at that time it was of no use for them to carry out to their distant countries. Dr. Ambedkar cited an inspiring

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1 Dr. Ambedkar, Vol.12, P.27
The Magnificent Indian Handicrafts

And in thousands of items Indians had a hold of world class skill in the olden times and even today also.

The Indian Handicrafts allured the entire world, one more reason to the distant course of commerce and trade other than the agricultural produce.
reference of Kaviripaddinam or Khaberis, a port town built on the northern bank of the Kavari river, broad and deep ran at through out the city, in which heavily laden ships could enter without slacking their sails. Dr. Ambedkar noted the trading practices, “Near the beach in Maruvar-Pakkam were raised platforms and go-downs and warehouses where stamped with the tiger stamps (the emblem of the Chola kings) after payment of custom duty, and passed on to merchant’s warehouses. Close by were the settlements of the Yavanian (foreign) merchant’s, where many articles were always exposed for sale. Here were also the headquarters of the foreign traders who had come from the beyond the seas and who spoke various tongues. Vendors of fragrant pastes and powders of flowers and incense, tailors who worked on silk, wool or cotton, traders in sandal, aghil, coral, pearl, gold and precious stones, grain merchants, carpenters, coppersmiths, painters, sculptors, goldsmiths, cobbler and toy-makers all had their habitation in Marvar Pakkam.”

Dr. Ambedkar put forth notation of the trading port of India of Ancient age from marine guidebook to Indian Ocean. They are as follows:

1) Barygaza or the modern Baroach, the principle trading center of western India, it mentions two inland towns connected with Baroach, Paithan and Tagara.
2) Souppara - modern Supara near Bassein.
3) Kalliean - the present Kalyan.
4) Semulla - Presumably modern Chembur.
5) Madagora.
6) Palaipatami.
7) Melizeigara.
8) Tyndis.
9) Muziris.
10) Nelkynda.

1 Quoted by Dr. Ambedkar, Vol.12 page.29.
2 Dr. Ambedkar, Vol.12, P.27-28
As per Dr. Ambedkar the entire sea coastal arena from the mouth of the Indus to those of the Gangas is described in Ptolemy’s Geography with the mention of many towns and ports of commercial importance, noted the following chief towns:

1) Syrastra. (Surat)
2) Monoglosson (Mangrol) in Guzerat.
3) Ariake. (Maharashtra)
4) Soupara.
5) Muziris.
6) Bakarel.
7) Maisoli. (Maslipatnam)
8) Kounagara. (Konarak)

The trading practice executed finally by way of either marine routes or by land routes, caravans were to move from place to place with loaded animals while trading by land route. The caravans were to face very unfavorable conditions. Dr. Ambedkar cited a quotation of Mr. Harbur in this regard, – “The very course of car van was not a matter of free choice, but of established custom. In the vast steppers of sandy desert, which they had to traverse, nature had sparing allotted to the traveler a few scattered places of rest, where, under the shade of palm trees, and beside the cool fountains at their feet, the merchant and the beast of burden might enjoy the refreshment rendered necessary by so much suffering. Such places of response became center parts of commerce, and not infrequently the sites of temples and sanctuaries, under the protection of which the merchants prosecuted his trade and to which the pilgrim resorted.” 2 The caravans never had fear of competition but natural and men made calamities were so unfavorable, taught them to move by zigzag ways that formed a net of small roads along side by side of the main trade routs. Of marine trade route, continued up to the present time as it was, but land route

1 Dr. Ambedkar, Vol.12, P.28
2 Quoted by Dr. Ambedkar, vol.12 page.29
story is different. “The land routes were devious and dangerous. They were insecure and transportation over them was difficult and expensive. Robbers plundered the merchants and Governments taxed them beyond measure”. Other than all these possibilities, land route tragically correlated with another specific reason and that was the rise of Islam and expansion of Europe. All the concerned events affected the land route trading activity with every possible attempt to cause permanent harm to the caravan-trading passing through the northern middle and southern routes. This later event continued to be dominant in the succeeding centuries and European kings and traders by all means sought only sea routes to reach to land of wealth, which is the subcontinent, India.

iii) India’s Foreign Trade-

Though the history of Rome is important to historians, Dr. Ambedkar also marked and judged many things that deserve contribution from the oriental. Every thing the Romans got for their survival was but from the oriental. The spirit of orient affected in all braches of the Constantine which built Rome, the centre of political power. This justification perhaps hitherto not remarked by Indian historians. In this context to judge the trade and commerce of India and required change to be done in it is a need to day.

Dr. Ambedkar noted the most abundance of natural geographic deposits of India. He described the ancient agricultural organizations labour, Industry and Commerce. The Mediterranean’s to the intercourse of Indian Commerce were regarded by him relating to 2500 B.C. with the events of intercourse subjugating the western peninsula. India’s stand had been exposed not as a separate, sufficient, existing country but one of the active forces among the agencies formed to exchange the transit of trade. The products of Arabian, Persian, and Indian, Chinese, all through the middle ages found out ways to the western countries.

The intrusion of Moghul, British, and other Western races, into India and their interactions were in gloss of Dr. Ambedkar. The role of East India Company, by way of ruling, was perfect as he said, ‘gains to England and

1 Dr. Ambedkar, vol. 12 page.29
costs to India. It gave security but destroyed property to cause the depletion to India.

In the foregoing analysis on external trade, Dr. Ambedkar thoughts on ancient Indian Commerce are to be viewed in the modern context so as to bring out the highlighting propositions that can be facilitating to the modern Indian foreign trade. The entire gamut of ancient Indian commerce depicted by Dr. Ambedkar reveals the implication that the most ancient civilization of India and its subcontinent, agro produce nourished the entire world with its wonderful and bountiful agricultural and Indian crafts made goods. It had been nothing less than to be called the chief mart of the world, because when Greece and Italy the birth place of Western Europe for modern industrialism was inhabited by the uncivilized savages and when Egypt and Rome those were centers of culture and classes were in their decline and fall, India was still enjoying a world wide celebrity for the wealth of her rulers, and the high artistic skill of her craftsmen. The Indian products reached every corner of the world even Egypt the most ancient knew and prized the Indian fabrics. Persia Syria and Arabia imported the substantial quantities of Indian cotton and silk goods.

Hence Dr. Ambedkar remarks, “From time immemorial up to the Industrial Revolution, the East enjoyed the pre-eminence of being the workshop of the world, and it is significant to note that, she was busy in producing the wonderful and massive iron columns that attest to the mechanics and techniques of the time when chipping a stone and making a hatchet was a superhuman task with the western neolith.” 1. Europe not only nourished by Indian agro sweet and spice but got comforts with Indian craftsman’s laboured finished, cotton and silk besides even techniques also exported to Europe Dr. Ambedkar quotes Brook Adam’s note from Law of civilization and decay, “the east gave impetus to the west.” 2 Dr. Ambedkar goes further to say, “ Much of the Roman civilization was made up by the doings of the Easter slaves who even conducted the education of the Roman children in the public schools established under the empire.” 3.

The condition of trade and commerce under the British regime and the period of present decade in the field of trade and commerce in the light of new reformations of economic policies of the Government of India is be summarized as it is need of time.

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1. Dr. Ambedkar, Vol. 12, P.3
2. Dr. Ambedkar, Vol. 12, P.4
3. Dr. Ambedkar, Vol. 12, P.2
Under the rural economy and craftsmanship within the canopy of cultural and religion rulers benediction. Ancient Indian external trade flourished far away to the western countries. The description of external of India depicted by Dr. Ambedkar can be analyzed in nutshell. To summaries it in an absolute terminology the external traded of India means to impossible variety and diversity of products and manufactures.

In early external trade of India, the most important the articles of trade were the rare costly commodities, of great value. Our export were fine textiles, metal ware, ivory, perfumes, dye-stuffs, spices etc., an imports consisted of brass, tin, lead, wines and horses. India being an emporium of trade, a meeting place of the East and the West, Silk, and porcelain from china, pearls from Ceylon and precious stones from the Indian Archipelago were the most important articles of this enter pot trade. The most noteworthy feature of India trade was her very favorable balance of trade, which led to a regular and heavy influx of precious metals, gold and silver, the basis of the fabled hoards of India.

The early Mohammedan period was too disturbed to Indian foreign trade. The Moghul period, was but a favorable to India. The patronage of the court gave a new impetus to India’s artistic products, and Malabar controlled India’s foreign trade.

The shipping trade was mostly in the hands of the Mohammedan and overseas trade was carried on along the Persian Gulf and the Red sea route. From the Mediterranean Coast the trade was taken by the Indian merchant Venice and Genoa, which had become the emporiums of the eastern trade from the days of the crusades. The spice of the East, pepper, and ginger from the Malabar, cinnamon from Ceylon and nutmegs from Amboyna became favorable with the Europeans, for they made the salted meat in winter palatable and healthy. The fine textiles, cotton, silk and woollen, the precious stones and pearls and various drugs like opium from the East exerted, exerted a lure over the European royalty and nobility. The Venetian traders, the purveyours of such goods to Europe, made large profits. When, later, the land routes to India were blocked by the Mohammedan, the Europeans set themselves to the task of finding a new route to the East and the route round the Cape of Good Hope was discovered. Their rivalry and jealousy however, led to the victory of the English and the East India Company got a virtual monopoly over India’s trade.
The British: Traders and Rulers to Indian Wealth.

The British entered India in 1600 for the purpose of Trade on same line as Romans did. Romans "proclaimed that they were a people of superior race with a culture too high to be compared with any other, that they had better system of administration, that they were versed in the arts of life. They also proclaimed that the rest were people of inferior race with a very low culture and were absolutely devoid of the arts of life, and their administration was very despotic. As a logical consequence of this the Romans argued that it was their divine mission to civilize their low lying brethren, nay to conquer them and superimpose their culture in the name of humanity." 1

In what way the Romans were superior, is impossible to judge because they believed that they are descendents of a wolf-brought up Romulous might have the low strength tactics of livings. The British have justified their imperial policy in India by similar argumentation. The British historian of India has a kind of Leues Boswellianna - disease of admiration. Their optical vision somehow or other has magnified the vices, not the virtues, of the predecessors of the British in India. Not only have they been loud in their denunciation of the Moghul and the Maratha rulers as despots or brigands, they cast slur on the morale of the entire population and their civilization. This is but natural for individuals as well as states can raise themselves only by lowering the merits of others.

As per Dr. Ambedkar the knowledge of the 'Despots and Brigands' who ruled India prior to British rule, is necessary to judge the value of the last India Company and British rule. Mohommed Gazni, Feroz Shah or Sultana Razia, Tagluk, Babar, Akbar, Tipoo Sultan and many other rulers not all of them were barbarous. Many of them were having extra ordinary nature.

But with regard to the English people, their rule was rigorous gave no prosperity but security to destroy it. The Scheme of their administration was thus perfectly matched the profession.

1 Dr. Ambedkar, Vol.12, P.53
Adam Smith characterizes the “Company of Merchants “as” incapable of considering themselves as sovereigns, even after they have become such” and says, “Trade or buying in order to sell again, they will consider as their principal business, and by a strange absurdity, regard the character of the sovereign as but an appendix to that of the merchants, as sovereigns, their interest is exactly the same with that of the country which they govern. As merchants, their interest is directly opposite to that interest.”

The criticism of the Courts of Proprietors and Directors described in the last chapter is also very valuable. He posits that the interest of every proprietor of India stock is by no means the same with that of the country in the Government of which his vote gives him some influence and says. “This would be exactly true if those masters never had any other interest but that which belongs to them as proprietors of India stock. But they frequently have another of much greater importance. Frequently a man of great, sometimes even a man of moderate fortune, is willing to give thirteen or fourteen hundred pounds.... Merely for the influence, which he expects to acquire by a vote in the Court of Proprietors. It gives him a share though not in the plunder, yet in the appointment of the plunderers of India.

The Directors, though they make those appointments, being necessarily under the influence of the Court of Proprietors, which not only elects them, but sometimes over ruled their appointments. A man of great or even of moderate fortune, provided he can enjoy this influence for a few years, and thereby get a certain number of his friends appointed to Employments in India, frequently cares little about the dividends which he can expect from so small a capital, or even about the improvement or loss of the capital itself upon which his vote is founded. About the prosperity or ruin of the great empire, in the Government of which that votes, gives him a share, he seldom cares at all. No other sovereigns ever were, or from the nature of things ever could be, so perfectly indifferent, about the happiness or misery of their subjects, the improvements or waste of their dominions, the glory or disgrace of their administration, as, from irresistible moral causes, the greater part of the proprietors of much a mercantile company are, and necessarily must be.”

2 *Wealth of Nations* (Canners Ed) Vol.11-p.139 and quoted Dr. Ambedkar - Vol.12-p.58
The British Traders acted in India as a ‘good friend’ of India in a way like, “Your only business, my good fellow, is with me. You need not trouble yourself to think about anything. I will think for you, I know what is good for, I am your perpetual parent. Such is the dispensation of all wise providence. ... what man can do, I do. I do my duty as the poor man’s Friend and Father, and I endeavor to educate his mind, by inculcating on all occasions the one great lesson which that class requires, that is entire dependence on myself. They have no business whatever with themselves.”

All that is benefited to the ‘good friend,’ England and British and Dr. Ambedkar depicts fatal loss to India, the condition of England before the entry of British in India, and after the operation of trade from India to England. According to him, in 1545 “the trade of England then was inconsiderable and the merchants very mean and few”. “But now”, he says “there are more men to be found upon the exchange with ten thousand pounds estates, than were then of one thousand pounds. And if this be doubted let us ask the aged, whether five hundred pounds portion with a daughter sixty years ago, were not esteemed a larger portion than two thousand pounds is now, and whether gentle women in those days would no esteem themselves well clothed in a serge gown, which a chambermaid now will be ashamed to be see in ... We have now almost one hundred coaches for one we had formerly. We with ease can pay a greater tax now in one year than our forefathers could in twenty. Our customs are very much improved, I believe above the proportion afore said, of six to one: which is not so much in advance of the rates of goods as by increase of the bulk of trade.” By 1600 A.D. the mercantile class had become so powerful that “but for the hostility of the city, Charles I could never have been vanquished, and that without the help of the city, Charles II could scarcely have been restored.”

The prosperity, which England acquired through the Indian trade, is inconsistent to any fair practice of trade. “Stock quotation is a barometer of business conditions applying the same criterion we will see how much Indian trade was valued in England. “Throughout the (18th) century the Company’s stock was always at premium. In 1720 it was quoted as high as L’ 450, but by 1755 it fell to L’ 148.

1 QtD. Dr. Ambedkar: Vol. 12, P. 59
2 QtD. Dr. Ambedkar: Vol.12, P. 59-60
this figure represented much more nearly its real value. Even supposing the dividend of 10% to be average, this would only mean interest at the moderate rate of about 5 1/3% on the cost price. It continued to fall until 1766, when the prospect of profit from the revenues of Bengal caused an artificial boom, which inflated the price to L-233, this was followed by a fall of 60% as a result of war in the Carnatic. From 1779 to 1788 the price was much more reasonable. It averaged about L-150, although at the crisis of 1784 it fell as low as L-118.10 s.0d. After Pitt's Act prices improved and by 1887 it was quoted at L-185.10 s.0d. Subsequently the fluctuations largely decreased. The company was now a sovereign ruler than a trading Corporation. It paid a fair interest to its shareholders and its stock was quoted at a price, which represented the capitalized value of its profits. There was no further scope for speculation. Its balance sheet began to resemble the Indian Budget of later years.” 1

Dividends paid to the shareholders will also indicate how much India contributed to the wealth of England.

“Before the union of 1709 the trade, though subject to great fluctuations, always showed a great profit. It 1682, the dividend reached the enormous figure of 160% but at the end of the century, things were very different. In 1709, after the union, it was only 8% rising, in 1710 to 9% and two years later to 10% the average rate during the century would work out at about 9% and it only rose above from 1768 to 1771. In 1723 a slight fall was caused by the competition of the French Company, and a further fall of 1% followed an increase of capital and the foundation of the Swedish Company in 1732. In 1744, it rose again to 8% and continued at this rate for eleven years in spite of the continual war both in Europe and in the Carnatic. In 1755, the unsettled condition of the affairs at last had effect and a fall of 2% resulted. In 1760, the cession of Burdwan and other provinces increased the working costs of the Company, and kept the dividend at 6%, so that the sum distributed annually was L- 1,91,644. In 1767, in consequence of the acceptance of the territorial sovereignty of Bengal, the dividend was raised to 10% and the amount distributed reached L- 3,19,408.

This rise was quite unjustifiable and was largely due to the exaggerated estimate of the prosperity of India. The increased dividends declared in anticipation of large profits which were never fully realized, were paid by means of loans raised at exorbitant interest. For five year the Company hung on in the hope on in the hope of better days but in 1772 the crash came

1 Quoted by Dr. Ambedkar, Vol.12P.60
and the dividends fell from 12 1/2 % to 6 %. Lord North then intervened and, for the future, the Company's dividend was subject to ministerial control. The Regulating Act was followed by revenue prosperity and the dividend continued to rise slowly. In 1792 the conclusion of the peace with Tipoo, whereby the Company received a revenue of L-2, 40,000 and an indemnity of L-1, 6000,000, was followed by a further rise of 2 % and in 1802, the dividend reached 11 %. Beside this, "the sums of money paid to the (English) public by the United Company of Merchants of England trading to the East Indies, for their privileges, etc.," "between the years 1789 to 1803 have been estimated by Mr. Macpheson at L-25,343,215." Not only India has helped England in her war with America by taking the burden of L-3, 858,666 but has helped towards the furtherance of Education in America for Mr. Yale founded the Yale College after his name from the money earned exclusively in the Indian Trade.

Dr. Ambedkar provides an insightful and tremendously important data; it just reveals the oppression of India in the name of trade. "The battle of Plassey in 1757 and the battle of Wandewash in 1761 gave the English supremacy in Bengal and Madras respectively and they turned both of these victories to their account. Clive, the victor of Plassy became really the Kingmaker. He sold his support to the Nawab who promised better terms. He not only got great bribes from the Nawabs and Jehagir (Estate) and controlled the salt monopoly in spite of the wishes of the Home authorities but gave perfect liberty to the civil servants Burker's - "birds of prey and passage" to indulge in private trade to monopolize certain trades to the utter exclusion of the natives: as a result of this the people were greatly oppressed and reduced to poverty.

The wealth of Clive and the poverty of the people are well described by Macaulay, who says, "As to Clive, there was no limit to his acquisitions but his own moderation. The treasury of Bengal was thrown open to him. There were piled up, after the usage of the Indian princes, immense masses of coins, among which might not seldom be detected the florins and byzants with which before any European ship had turned the Cape of Good Hope, the Venetians purchased the stuffs and spices of the east. Clive walked between heaps of gold and silver, Crown rubies and diamonds, and was at liberty to help himself. .... Enormous fortunes were thus rapidly accumulated at

1. Quoted by Dr. Ambedkar, Vol. 12, P.60-1
2. Qtd. Dr. Ambedkar, Vol. 12, P.61
Calcutta, while thirty millions of human beings were reduced to the extremity of wretchedness ... This misgovernment of the English was carried to a point such as seems hardly compatible with the very existence of society. The Roman proconsul, who, in a year or two squeezed out of a province, the means of rearing marble palaces and baths on the shores of Campomia, of drinking from Amber, of feasting on singing birds, of exhibiting armies of gladiators and flocks of camelopards; the Spanish viceroy, who, leaving behind him the curses of Mexico or Lima, entered Madrid with a long train of gilded coaches and of sumpter-horses trapped and shod with silver, were now outdone."

Clive ruined the Bengal populace. Hastings the first Governor General turned to the potentates. His ill treatment, and exactions from the Raja of Benares and the Begums of Oudh, his massacre of the Rohillas excited the Catholic sympathies of that great 18th century political philosopher Edmond Burke who by impeachment of Waren Hastings re-enacted to say, the memorable impeachment of verres by Cicero for similar reasons. Burke espoused the cause of the oppressed and strained all his nerves to redress their wrongs and punish their offender. The impeachment, in spite of his vigor and the active participation of Sheridan failed but not without its salutary effect. It was one of these failures that were worth a hundred victories. Lord Morley in his Life of Burke says, "That Hastings was acquitted was immaterial. The lesson of his impeachment had been taught with sufficiently impressive force the great lesson that Asiatic have rights, and the Europeans have obligations; that a superior race is bound to observe the highest current morality of the time in all its dealings with the subject race. Burke is entitled to out lasting reverence as the first apostle and great upholder of integrity, mercy and honor, in the relations between his countrymen and their humble dependents."

This had happened because of the method adopted by the king of England. First of to send traders and then give them right to war with all necessary support of war. The possibility of W.T.O, which is an issue of GATT under U.N.O., which is the product of the victorious western mighty nations of world, was second.

The Great Depression Period:-

After the 1st war and a serous dislocation of international exchanges

1 Qtd. Dr. Ambedkar: Vol. 12, P.65-66
made it impossible for India to regain her former position in international trade. In India itself, constant labour strikes and difficulties in railway transport affected internal production and exports. The result was that India's balance of trade becomes unfavorable in 1920-21 and 1921-22. The high prices of the boom period and the heavy orders for foreign goods also accounted for this result.

The recovery after 1923 with Europe's returning to economic and political normalcy, the war reparations were temporarily settled, the Gold Standard was restored in the U.K. and the monetary systems of important countries were stabilized which helped a general recovery of world trade.

Depression Period: (1929 to 1934)

But in 1929, the Wall Street crash in New York started a fall in prices, which ended in an unprecedented slump all over the world. The causes for this depression were said to be many. The important ones were, the misdistribution of gold in the world, 60 percent being with the U.S.A. and France and the consequent depletion of reserves in other countries, leading to the depreciation of their currencies and low prices; the mechanization of agricultural methods and overproduction of raw materials; the rationalization of industrial methods and overproduction of manufactures, and the political troubles in South America and India.

During this period, both the imports and the exports declined. In September, 1931, the U.K. abandoned the Gold Standard and the result was a phenomenal rise in the price of precious metals and a heavy export of gold from India, amounting to over 38.2 crores till 1940. In spite of a heavy export of gold, our exports recorded a decline of 65 crores in 1931-32, as compared with the previous year. Restrictions on trade in the shape of tariffs, quotas, exchange control etc., became prominent during this period and led to a further reduction in international trade. The effect of all these factors is reflected in the continuous decline of India's trade as shown in the table above.

The year 1933-34 showed a slight improvement and in spite of intense economic nationalism, tariff barriers and bilateral treaties, the years after 1933-34, witnessed signs of recovery. The causes of this recovery were mainly the adoption of the Recovery plan in the U.S.A. and of similar plans elsewhere, and the restriction and regulation of the production of raw materials like rubber. The Ottawa pact, 1932, and the Trade Agreement with Japan, 1934, also helped to improve India's trade.
The Second World War:- with the outbreak of the Second World War in September 1939, the prospects changed. One after another, India’s markets were lost. From the beginning of the war, the Government introduced control of import and export trade, which became more and more strict to prevent leakage to enemy countries and conserve shipping and foreign exchange for war purpose. All this meant a considerable dislocation of India’s normal trade. The volume of imports fell much more rapidly than that of exports. The greater shrinkage in imports may be explained by the preoccupation of other countries with the war and their absolute incapacity to export to this country in the prevailing conditions. In the case of exports, on the other hand, it was maintained by the Government policy of channeling India’s trade for war purposes. The result was a sharp rise in trade balances in our favour. The total surplus that accrued to India during the war period amounted to about Rs. 389.51 crores and this has been one of the sources of the accumulation of India’s sterling balances in England.

The Post-War Trade:- the imports, however, began to improve faster than our exports and since the end of the war, India has been having an import surplus. For the seven years, 1945-46 to 1951-52, only in 1951-52 India had a favorable balance on commodity trade of Rs. 28.1 crores. In 1951-52 the adverse balance rose to Rs. 139.7 crores and the total adverse balance of payments during this period amounted to more than Rs. 400 crores.

Some of the important factors that were responsible for the high level of imports in the post-war period have been the pent up demand of the war years, the inflationary rise in prices in India, the larger food grain imports, import of raw materials consequent on partition and the speeding up of economic development of the country.

Pre Independence Period:-

The outbreak of the war in 1939 gave a check to the imports and, therefore, a better chance to the Indian industries to develop further. The diminution in imports or the growing military needs encouraged the development of several industries producing consumer goods such as leather goods, drugs, miscellaneous articles such as toilet goods, pencils, inks, buttons, hats, electrical household goods, toys, confectionery, rubber goods, safety razors etc., Besides, in the absence of sufficient imports, India has attempted to supply her requirements of machine tools, special steels, aluminum, aircraft etc., Further the old, well established industries such as cotton, cement, iron and steel, paper etc., reached their peak levels of
production during the war but, due to the shortage of coal, labour troubles, and the inability to get new machinery, production declined to some extent.

Similarly, on the export side, the change in composition is only a reflection of the fact that India was used as a supplier of certain categories of manufactured goods to the war theatres in the Middle East and elsewhere. Under normal conditions, a change in composition such as a higher percentage of manufactured exports and a lower percentage of exports of raw materials, coupled with a fall in the import of finished goods and a rise in the import of raw materials would indicate an improvement in the country's manufacturing capacity. It would be nearer the truth to see in the low level, to which our imports as a whole have been allowed to fall, measure of the extent of privation which we had to suffer by way of the serious shortage of food and articles of civilian consumption, as also of the machinery and plant necessary for maintaining the capital equipment of our industries in tact.

The main changes on the export side are the diminished importance of raw jute, cotton raw and waste and oil seeds on the one hand, and the rapid improvement in the position of the cotton and the jute manufactures on the other. On the import side, the most significant increase is in respect of vegetable and mineral oils, on the other hand, the imports of grain, pulses and flour and cotton manufactures practically disappeared, and the imports of machinery declined. Taking the imports in the two-post war year, 1945-47, the largest proportionate increase took place in the case of non capital goods. Food, long staple cotton, vehicles, dyes and tanning substances shared this increase. As regards exports, cotton, raw and manufactured, and jute manufactures showed the greatest increase. Export of raw hides and skins declined and also tea.

India's Foreign Trade after Independence:-

The entire history of India's foreign trade established certain structure of Indian export and Import, that can be called as commodity structure, it can be narrated as follows:-

The commodity structure of Export:- Indian exports may broadly be classified as traditional and non-traditional exports, Jute Manufactures, tea, cotton textiles, mineral ores, raw hides and skins cashew nuts, un manufactured tobacco and spices have for long been the main export items, so they are known as India's traditional exports. Recent years have witnessed the emergence of several new export items, which may therefore, be called the 'non-traditional' items. Some of such exports have in fact, now become
even more important than the traditional items in the country’s commodity exports.

I) Jute Manufactures:-
They have normally been one of the leading traditional export items of the country. The main problems that Indian jute exports have been facing are the competition of the new and modern jute industry of Bangla Desh and that of synthetic substitutes and the increasing use of bulk handling. Another handicap of these exports is the insufficiency or raw jute and the unsatisfactory quality thereof. (Figures given in this chapter are by and large from the Government of India, Economic Survey 1980-81)

Area of Production: West Bengal, Andhra Pradesh, Bihar, U.P., and M.P.

II) Tea Producers:-
India is the largest tea exporting country in the world and tea has till recently been the second biggest traditional item of her exports. To afford relief to the exporters, export duty on tea has been abolished and a partial rebate on excise duty has also recently been given. Efforts are being made to encourage the export of package teas, which are a value added item.

Area of Production: Assam and Himachal Pradesh.

III) Cotton Textiles:-
In the early post war years, India found a ready market for her cotton cloth exports in the U.K. and in many under developed countries. The two main problems of cotton cloth exports are the old and obsolete machinery of Indian textile mills and the pressure of domestic demand. Their future, therefore, depends on how soon the industry is modernized and how far domestic demand is kept in check.

Area of Production: Tamil Nadu, West Bengal, M.P., Karnataka and Andhra Pradesh.

IV) Ready Made Garments:-
Of late ready made garments have emerged as an important item of India’s exports. They are exported to both developed and developing countries.

Area of Production is scattered in Metro politan cities.
V) Engineering Goods:-
A clear manifestation of the changing pattern of Indian exports in recent years as a result of industrialization is the rapid rise of engineering products among the country's exports. They occupied the good position in the country's commodity exports, next only to handicrafts.

Area of Production: Ranchi, Durgapur, Vishakapatnam, Benglore, Pinjor (Hariyana) Kalamasery (Kerla), Hydrabad and Shrinagar, Bhopal, Trichy, Hardwar, Panipat and Jagdishpur.

VI) Handicrafts:-
India has for long been a producer of a wide variety of handicrafts, but for lack of suitable sales efforts, their contribution to foreign exchange earnings was not significant. However in recent years, numerous sales promotion measures for pushing their sales abroad have been taken, and consequently their export proceeds, handicrafts have come to occupy the top position among Indian exports. Major items in handicrafts exported from India are pearls and precious and semi precious stones, which accounted for exports about two thirds of handicrafts exports.

Area of Production: Scattered in rural and in few Urban areas.

VII) Sugar:-Lately, sugar emerged as one of the leading export items, is the top foreign exchange earner. However, owing to the pressure of internal demand, exports of sugar always lags proper access.

Area of Production: U.P., Maharashatra, Tamil Nadu, etc.,

VIII) Leather and Leather Manufactures:- Since partition India's traditional exports of raw hides and skins have greatly fallen, while exports now consist mainly of leather and lately of leather manufactures.

Area of Production: Amrutsar, Jaipur, Ahamdabad, Pune, Kholapur, Pondechry, Bankura, Kanpur, Agra.

IX) Cashewnuts:-In is another traditional item of India's exports. Lately, as a result of vigorous sales efforts, its export proceeds always record a striking improvement Lately, cashewnuts have been gaining popularity in the U.S.S.R., which has now emerged as our biggest customer of cashewnuts.
X) Mineral Orea:- In recent years, minerals have come to occupy an important place in India’s export trade. Japan is the single largest customer of Indian iron ore about 70%. The other important export items in the mineral groups are manganese and mica.

Area of Production: M.P., Chatisgar, Andhra Pradesh, Tamil Nadu, Zarkhand.

XI) Iron and Steel:- With the establishment of huge steel plants in the public sector, iron and steel has emerged as an important non-traditional item of export, the value of its export raised about Rs. 10 crore in 1960-61 to Rs. 68 crore in 1975-76 and spurted to Rs. 91 crores in 1976-77, but owing to its stagnant production and pressures of domestic demand for it, the experts of iron and steel always lagged behind.

Area of Production: Jamshedpur, Burnpur, Bhadrawati, Bokaro, Rourkela, Durgapur, Bhilai, Salem, Vishakha Patanam.

XII) Oil Cakes:- Before independence, oil-seeds constituted an important traditional exports item of India, but with the development since then of the oil-crushing and vanaspati manufacturing industries in the country, oil-cakes have become a significant export item.

Area of Production: Gujarat, Assam, Shilong, Tripura.

XIII) Chemicals and Allied Products:- They are another item of India’s newer export products, the significance of which lies more in the trend that they illustrate rather than in their present contribution to the country’s export earnings. With the development of the chemical industry in the country in recent years, their exports have been expanding quite fast.

Area of Production: Nangal, Ganganagar, Dehli, Jaipur, Ahamadabad, Porbandar, Mithapur, Mumbai, Nashik, Uran, Benglore, Mettur, Coimbutur, Kochi, Drug, Nagpur, Vishkha Pattnam, Jamshedpur, Kanpur, Sultanpur, Guwahati.

XIV) Fish and Fish Preparation:- With its extensive coastline, India is in a very favorable position to develop deep sea fishing and thus add to its export capability, and fish preparations have emerged as another significant export item.

XV) Tobacco (Un-manufactured) and spices have been other traditional agricultural exports from India and their relative share in the country's exports, like that of the other traditional exports, has not shown any significant rise. 

Area of Production: Nagpur, Aurangabad, Khalapur, Pune, Varanashi, Patana, Lakhanuw, Katak, Madhurai.

XVI) Other Exports: The other notable items of export were coffee raw cotton, coir yarn and manufactures footwear, art silk fabrics. 


The Commodity structure of Imports: 

The structure of imports is also most important for India as a developing country, Indian imports are broadly classified into consumer goods, raw materials and capital goods. The main individual items of India's imports are as under-

A) Mineral Fuels: The insufficiency of oil production in India necessitates large imports of oil, mostly petroleum and lubricants. Mineral fuels now constitute the top import item in the country's imports and this single import item eats up about two thirds of our total export earnings. Kuwait, Iraq, U.A.F. Iran and Saudi Arabia are our principal suppliers of petroleum oil and lubricants.

B) Capital Goods: Capital goods or producer's goods include machinery and appliances, both electrical and non electrical, transport equipment and manufactures of metals. It is but natural that any under developed country undergoing rapid industrialization would require massive imports of capital goods of all kinds till it builds up its own machine building industry. The U.S.A. Western Germany, the U.S.S.R. and Japan are our principal suppliers of machinery.

C) Food grains: Till the recent improvement in food production in the country Indian had to contend with a continuing shortage of food grains. This necessitated large imports of food grains from abroad. However after the green revolution and the resultant remarkable improvement in food situation, imports of food grains have batted, food grains are thus now no longer an important item of Indian
imports. Since 1980-81, food imports have ceased, so that at long last India has attained self-sufficiency in food grains.

D) Fertilizers: In recent years, with increasing area coming under high yielding variety (HYV) crops, which require large doses of chemical fertilizers, fertilizers have become an important item of India’s imports. Although factories for their manufacture have been and are being set up, yet it will take many more years before the country can become self sufficient in fertilizers. Fertilizers are therefore, an important item of India’s imports.

E) Metals: Owing to the stagnation of the indigenous iron and steel industry, iron and steel has been an important item of India’s imports. India being particularly deficient in non-ferrous metals like copper, zinc, lead and tin, it has to import sizeable quantities of these metals also.

F) Chemicals: With the rising tempo of expansion and diversification of Indian industry in recent years, chemical elements and compounds have emerged as another main item of imports.

G) Edible Oils: In recent years, edible oils have emerged as another main item of India’s imports. Their domestic supply has not kept pace with the increasing demand for them. Being an essential article of people’s daily consumption, these have had to be imported to bridge the demand supply.

H) Other Imports: The other important items of import in pearls, precious and semi precious stones, paper, paper board and manufactures thereof, man-made fibers and raw wool. The above four items of mineral fuels capital goods edible oils metals and fertilizers to gather account import more than 55 % of India’s total imports.

A Brief Review of India’s Foreign Trade

Over the years, there has been a large increase both in India’s exports and imports. However, India’s share in world trade is much small. It was around 2 percent in the early fifties, which declined to less than 1 percent in the eighties. As a developing economy, India’s imports have been growing at a much faster rate than her exports. As a result, the country has been experiencing trade deficits and consequent balance of payments (BOP) deficits right from 1951.

Trends in India’s foreign trade, and trade deficit can be revealed by data presented.
India's Foreign Trade
(Billion Dollars)

<table>
<thead>
<tr>
<th>Year</th>
<th>Exports</th>
<th>Imports</th>
<th>Trade Deficit (-)</th>
<th>Share in (%) World Export.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1950-51</td>
<td>1.27</td>
<td>1.25</td>
<td>0.02</td>
<td>2.0</td>
</tr>
<tr>
<td>1961-61</td>
<td>1.35</td>
<td>2.35</td>
<td>1.00</td>
<td>1.4</td>
</tr>
<tr>
<td>1970-71</td>
<td>2.03</td>
<td>2.16</td>
<td>0.13</td>
<td>0.6</td>
</tr>
<tr>
<td>1980-81</td>
<td>8.49</td>
<td>15.87</td>
<td>7.38</td>
<td>0.4</td>
</tr>
<tr>
<td>1990-91</td>
<td>18.14</td>
<td>24.07</td>
<td>5.93</td>
<td>0.5</td>
</tr>
<tr>
<td>1999-2000</td>
<td>37.59</td>
<td>47.21</td>
<td>9.62</td>
<td>0.6</td>
</tr>
</tbody>
</table>

(Source: GOI, Economic Survey, 2000-01)

It follows that over the years trade deficit has been continuously rising in the country. Consequently, the country has been facing a severe problem of balance of payments (BOP) difficulties.

Over the 50 years of the planning era, however, adversity or crisis in the balance of payments has been of varying degrees. During the period 1956-57 to 1975-76, there has been a continuous deficit in the balance of payments. During 1975-76 to 1979-80, the country experienced a surplus in the balance of payments. Thereafter, again the BOP crisis started aggravating. Owing to the rising import-export gap, the trade deficit had almost doubled from Rs. 5,838 crores in 1980-81 to Rs. 10,463 crores in 1990-91, causing deterioration of the country’s BOP position.

Indeed, from time to time, the trade policy of the country has been changed as per the need of the situation. Of course as developing economy for her planned economic development. During the First and Second Plan periods, much emphasis was placed on the import substitution policy. Besides, stagnation in India’s exports during the fifties necessitated the adoption of export promotion policies. In 1966, the rupee was devalued against the dollar by 66 percent as a measure to increase exports, curb imports and improve the balance of payments position. But nothing was substantially gained thereby.

It reduced to US $ 2,386 million in 1993-94 but again rose to US $ 8,945 million in 1995-96. From the mid-seventies onwards, the government has been following a typical trade policy of import substitution and export promotion through gradual liberalization. The export import policy of 1982-83 was introduced to promoted exports. Further, the 1987-88-import policy aimed at the liberalization of imports with a view to enhancing the country’s industrial productivity. The new import and export policy of 1987-88 – 1990-91
Graph No.

India's Foreign Trade
(Billion Dollars)

The world export share of India's Foreign Trade percentage since independence show a gradual increase only in decimals, but the deficit marching towards double digit.
was especially designed to facilitate technological up gradation and modernization in production. After June 1991, the government initiated several monetary and fiscal measures to deal with the BOP problem. Besides structural reforms, fiscal concessions to the export sector, reduction in customs duties, liberalized industrial policy, liberalized import and export policies, full convertibility of the rupee against dollar earnings from exports on trade account were introduced under the new economic policy (NEP). As such, the broader aim of the general trade policy has been to globalize Indian economy at a faster rate, to bring about rapid growth of export and convert the trade deficit into a trade surplus to support long-term growth and development of the country.

In 1991-92, India’s trade deficit was US $ 2,798 million. It has become almost double in 194-95, at US $ 4,983 million. It increased further to US $ 8,945 million in 1995-96. The first report of the Parliamentary Standing Committee on Commerce (1992-93) suggested that India’s exports must grow at 20-25 percent per annum in dollar terms to achieve external viability and wipe out trade deficit.

iv) The Changing Patterns Indian Economy

After independence India adopted mixed economy under the vision of Welfare state, but fifty years of independence gave her many losses rather than gains. She has lost her balance of payment on foreign trade and also depleted her foreign exchange reserve, up to the reach of crisis turn into its grave State. She has gained some self-sufficiency in agricultural production and augmentation in industrial sector. She has got a good advancement in Science & Technology and education. But the over all situation of India was not satisfactory.

The policy of economic liberalization in India started in 1991 when India was traveling under severe constrains of economy. The constrains of economy started during 1990-91 it was a time of political instability, financial in balances, gulf war double digit inflation rate and adverse balance of payment with a depleted foreign exchange reserve. Under such consequences in 1991 India has to impose maximum restrictions on import trade which ultimately gave effect to adverse industrial produce the inflation rate which was reached to double digit i.e. in August 1991 16.7 %, the GDP (Gross
Domestic Product) increased only by 1.1% in 1992 this rate was 5.6% in the previous year.

With the Economic Liberalization policy government had taken economic reforms which reconstructed and revived the Indian Economy in the first year 1992-93 economy got 4% growth rate and pulled down inflation rate up to 7%, with more success in 92-94 the G.D.P. increased by 0.5% and 16 Billion Dollar foreign exchange reserve.

-The policy of liberalization and economic reforms-

The objectives of economic reforms and liberalization, which started from August 1991 based upon the stability and structural reforms of Indian economy and it was to face the International competitive strategy. It also desired to strengthen the position of balance of payment and control of inflation. The entire economic reforms are based upon the following policy measures –

1) Provide foreign exchange reserve for the essential imports - India faced adverse balance of payment due to Gulf War. The foreign exchange situation became critical in 1991 it was 1.1 Billion Dollar. This critical position is faced with a measure of selling 20 Tons Gold, besides Government has mortgaged 47 Tons of Gold in Bank of England so as to face the crisis of Forex. Both the efforts acquired only 60 Crores US Dollar. Therefore for further economic dealing it was necessary to make provisions for the increase of foreign exchange reserve.

2) The Exchange rate adjustment - Reserve Bank of India launched a scheme to strengthen the situation of balance of payment, to restrain the outflows of capital and also to prevent the foreign illegal inflows, in two stages. On 1st July 1991 Indian Rupee was devalued by 5 to 9% and on 3rd July it was further devalued by 10 to 11 % the devaluation corresponded the major currencies i.e. Pounds, Dollar, Mark, Yen, and Franc. And Rupee was rescued from the traditional fix rate of Pound Sterling and left to float on market forces.

3) To decrease the fiscal deficit - From the period of independence India is facing the problems of revenue deficit in 1990-91 the fiscal deficit was 43,331 Crores. It was 8.4% to GDP in 1991-92 it decreased to
36.325 Crores. In 1993-94 it was estimated 36.959 Crores which 4.7% of GDP.

4) Reforms in Trade Policy: - On July 1991 Government announced a Revolutionary Trade Policy. Its purpose was to encourage the export under the de-licensing process. Under this major Petroleum, food grains, fertilizers are reserve under protection of public undertaking and raw material and capital machinery was provided on the liberal measures. This trade policy was announced for a period of 5 years and agricultural sector was attempted to strengthen as to be able to an exporting units. In 1997 the Trade Policy is again liberalized as a competitive measures.

5) Reforms in Baggage Regulation: - Government had taken an important decision on 10th Feb. 1993 and streamlined the baggage regulation. Foreign return tourists were allowed 35 electronic goods to bring with them, and custom was reduced on, from 255 % to 150 % it further reduced to 100 %, on June 1993. On 30th March 1994 they were allowed to bring many other goods with them.

6) Liberal Bullion import policy: - In the budget of 1992-93 Government proposed to allow 5 kg gold with Indian tourist and NRI. Which was to be charged a custom of Rs.450 per 10 Gm. and it was to be paid in foreign currency. This liberal policy gave effect of 92 Ton gold import up to 31st December 1992 and, custom Revenue of Rs.210 Crore. The policy was further liberated to 100 kg. Silver with a custom of Rs. 500 per kg. Silver to be paid in foreign currency.

7) Convertibility of Rupee:- After independence India was adopting controlled Exchange system, which was the gift of British rulers. Foreign currency was only RBI Exchange dealing, which created maladies of Hawala. In 1992-93 under Liberal Exchange Rate management system Rupee was partially made convertible up to 60 % foreign currency transaction from open market rates while 40 % foreign currency was to be realized on RBI rates 40 % control of on foreign exchange area soothed government to its import transactions. But this entire transaction was convertible only on current account. In 1993-94 government made Rupee 100 %
convertible on current account i.e. trade transactions only. In 1994-95 the only regulator was Inter Bank foreign Exchange agency of the Government. But Indian Rupee was not fully convertible on capital account.

8) Industrial Policy reforms: On 24th July 1991 new industrial reform policy was announced. Under this policy only industries were kept on license system all others delicensed. On 19th April figure again reduced up to 15 units only. Trading units were afforded their expansion and construction without the permission of M.R.T.P. The public under taking units reservation was confined to eight only. Dust and farm producing industries were to be established 20 km. Away from the boundary of the cities other electronics and non flummery industries and allowed in cities.

9) Reforms in Foreign Investment: The new industrial policy afforded foreign investment from 40 % to 51 % and foreign investment promotion Board is established to regulate the investment strategies.

10) Foreign Capital investment institutions: to attract foreign capital investment, foreign capital investment institutions are liberalized to invest in mutual founds share capital etc. up to 51 % with a registration of SEBI and permission from RBI and under FERA. (Foreign Exchange Regulation Act.)

11) Reforms in Tax structure: In the budget of 1993-94 Production and custom Duties are reduced from 10 to 15 %.

Under the economic reforms Indian trade and industry-concerned policies are liberalized. It is thought consistent that Indian economy was to be brought in to contact with global economy. The Forex reserve and inflation rate, etc reveals the liberalization brought positive changes, but many factors are there which sustains the crucial strategies for the existence of Indian industries. The home capital and foreign capital increased remarkable it has created a tremendous competition among the foreign goods and Indian products. The competition is going to be among inequities, which was the crucial point of Dr. Ambedkar. The principle of liberalization presupposes that the weak must not last long and the strong
may go stronger up to any extend. The recently formed competition Act at the place of MRTP to curb the big units in India where law and order is always remains in doubt the competition Act also will have to be in the same doom. But what de fact effect will be seen in long run that Indian small and cottage industries will loose their existence, which is the basic nature of Indian Industries. The effect of the competition among the unequal and basically with Indian industries give effect to a social problem of disparities of inequalities. The act can be termed as, ‘snatch the least of poor and grant to the rich’. The slogan of ‘Swadeshi’ may be kept out under the extravagance but the possible replications cannot be avoided. Indian Government has to pay some protectionist view regarding Indian industries. She can even amend the constitution for this purpose.

The basic ideals of Dr. Ambedkar are laid on the socialistic State. The Indian government could have brought the liberal policy before the present economic reforms but it did nothing. The basic reason was that to keep the monopolistic State of Indian big capitalists. The IMF and World Bank pressure had dashed it to bring out these economic changes. It is fortunate to have changes but unfortunate to India that, IMF and World Bank are driving them.

Under the view of Dr. Ambedkar it can be said that Economic Democracy and Economic rights were restrained under the name of law and regulation. The present changes are not entirely contradictory to the view of Dr. Ambedkar, but those years lost during and after independence must be justified with the common Indian businessman, and unemployed educated youths. Now with reforms they are caught in clutch of competition with outer international levels, the big corporates. No proper chance was given to the internal competition. Therefore policy formers and implementers must have to consider the Indian interest and the poor communities and Backward communities educated youths must be assisted to built up their own business, and the there should be the a provision of service reservation in private sector as to maintain the spirit of Indian constitution and the social balance. The importance of these provisions will prove to be true when these foreign companies will stabilize their establishments in India, and to face with them would be critical problem, that time the social balance would be protective to the Indian spirit.

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