A study of the economic history of Ladakh from 1838-1925 reveals that the region pursued two major economic activities, namely, Pastoralism and agriculture, which enabled the Ladakhis to maintain themselves amidst its inhospitable climate and develop a culture the imprint of which is still seen in their life-style. Literary compositions and travellers accounts relating to the period and relevant archival material supported by archaeological evidence, reflect the peculiarities of these economic trends and the dynamics of social polity that led to exploitation of the peasantry in the region and appropriation of the social surplus by the Zhing pas (land-holders) and the clergy. The study describes the social formation which broadly indicates the divergent interests of two classes, namely, the land-magnates and the peasant groups. Though there is no firm evidence of peasant’s revolts in the region, it would not be too much to assume that exploitation of this class must have led to their impoverishment and consequent discontent which manifested itself in a frequent clash of interests.

In the past, Ladakh fascinated numerous people with varied cultural and religious backgrounds mainly due to its nodal position on the central Asian Caravan route, resulting in an active commercial intercourse between different regions of Central Asia and Trans-Himalayas. Various commodities, especially Pashm, wool, textiles, minerals, medicines, stones and saffron were exchanged here.

The lure of profits generated by interregional exchange induced merchants to undertake long and daring expeditions to Ladakh and stay there for several months, notwithstanding its inhospitable climate, till they replenished their stocks. This phenomenon had immense economic significance for the region as it enabled its people to remain busy in supplying grass, grain, wool, butter, ponies, horses, yaks and coolies, etc, to these merchants and their camp-followers and thereby reap a good
harvest in terms of economic benefits.

The Government of the region too found a substantial source of income in this exchange, and it was due to such revenue that it assumed responsibility for the construction and upkeep of bridges, ferries, and galleries inside the gorges.

The day-to-day needs of the nomadic people inhabiting the vast steppes of Ladakh and the increasing demand for Pashm, produced by the Shaul-goats of chang-thang, Redokh and some other areas in the region, served as a stimulus to trade, generating important economic and political interdependence which, in course of time, became institutionalised. Both Kashmir and Ladakh came within the ambit of this inter-regional economic inter-dependence and remained inseparably connected throughout the centuries. The belief that the producers of soft and superior wool, or Pashm, required for the manufacture of the Pashmina shawl of Kashmir, would be visited by divine wrath if they sold their produce to people other than the Kashmiris is clearly indicative of this inter-regional economic interdependence. This is further substantiated by the fact that in 1810, a British merchant, Mr. Gillman, succeeded, through some middlemen, in purchasing some Pashm, but when the Ladakhis came to know about it they protested to the authorities who issued an edict forbidding the sale of shawl-wool to any but the Ladakhis and through them to the Kashmiris. In due course, the regular supply of Pashm to the Kashmir Shawl industry resulted in the development of a powerful commercial institution staffed by not only the traditional suppliers of the shawl-wool but also by ministers, nobles, rajas, and even ordinary officers who benefited immensely from the increased demand for this commodity.

Pastoralism, which gave impetus to trade, developed in Ladakh mainly due to ecological reasons, such as the scarcity of water resources and great aridity. Far removed from the sea, having no
potential to develop natural forests, this region was more suitable for pastoral economy than for the sedentary life style. The representatives of this economy, namely, the nomadic pasters lived, along with their cattle, in tents during the summer, while in winter they would ascend great heights to reach the slopes of India, taking with them wool, borax, sulphur, dried fruits etc, which were in abundance there, for exchange with the Indian products.

The ascendancy of pastoralism, however, did not prevent Ladakh from pursuing another major economic activity, namely, agriculture which developed along the river valleys to provide sustenance to people in the villages. The villagers had to put in a lot of labour in the production process to compensate for the inadequacy of proper implements and manure. The sandy soil of the region and the meagre supply of water added to their burden. It was with much difficulty that they could lay out fields which were, however, small in size. These fields could be irrigated, turn by turn by small artificial water-courses; indeed sharing of scarce water by turns led to much bickering and fracas, and the less fortunate villagers had sometimes to stay up all night to water their fields.

Inspite of their hard labour the villagers did not get an adequate share of produce at the time of harvest. As the village chiefs would take away the major portion of the produce each year, the poor villagers could never rise above the already abject level of subsistence. These Chiefs held the land in lieu of the services they rendered to the kingdom and their demands were always heavy. Nature too obliged the villagers to make do with meagre resources. Thus the minimum level of subsistence permitted by niggardly nature was further reduced by the intervention of avaricious local chiefs.

The plight of agricultural labourers working on a monthly wage basis, was still worse. They were completely suppressed by the
Zhing-pas (land-holders) who did not allow them to exercise control over the process of production and on tools and implements.

Even the owner operator farmers (Self-managing peasant producers) were not free from state interference. The ever-increasing demand for revenue and other forms of cess, which formed the chief instrument of exploitation, did not permit the owner operator farmers to satisfy even their basic needs.

The villagers were also subjected to unlawful official exactions. The State officers robbed them of whatever they possessed through impositions like mujawaza (the power of annually settling the revenue in kind and in cash), Tukhm-musada (seed grain) and Sakim-ul-hal (list of less fertile lands).

However, agriculture stimulated the emergence and growth of several agro-based village industries and occupations. Among these the most important were carpentry, masonry, black smithy, weaving, spinning and country handicrafts. Almost every occupation was hereditary, and no change was witnessed in the occupational pattern of the artisan class during the period under study. This was mainly due to the fact that the manual labour was not held in esteem by the people belonging to the priestly class and the nobility; even among the working classes there prevailed a kind of 'casteism' which prevented them from a meaningful interaction among themselves and exchange of technical know-how.

Apart from being "low in status", the village artisans did not get sufficient food to eat and adequate clothes to wear. No wonder, therefore, that poverty and privation were writ large on their faces. The condition of other working people like porters and waiters was equally pitiable. The institution of bejajr (forced labour) which was a manifestation of the political and administrative power of the ruling
class further aggravated their misery, making them look worse than dumb-driven cattle.

The exploiters comprising not merely the Dogra officials and the native headmen, but also the monks who claimed some authority were better fed and better clothed. They used to ride from one place to another instead of toiling up and down the country.

The economy of Ladakh was adversely affected by the continuous rivalry between the British and the Russians who endeavoured to bring this region into the orbit of their influence. Their unrelenting efforts to dominate the region essentially emanated from their imperialistic policies. The export and import trade of India and Central Asia passing through Ladakh induced these powers to convert this region into a hub of their activities. This development was obviously fraught with the danger of badly affecting the economy of Ladakh and the trade among the countries adjacent to it.

The Dogra invasion of Ladakh and its subsequent annexation, which was provoked by immensely attractive profits, besides the British instigation, led to further deterioration of the situation. This conquest made Ladakh's economy serve the feudal interest of the J and K State founded by Maharaja Gulab Singh in 1846. Subsequently, however, the Dogra conquest brought Ladakh close to Kashmir, enabling it to develop and transform in response to the exigencies of the new situation.