Circulation of South Asian Peoples and Commodities: An Overview of 18th to 20th Century Cultures

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Abstract

Colonial interests and the livelihood needs necessitated circulation of South Asian peoples and commodities in and outside the region during the eighteenth to twentieth centuries. The colonial powers valued the region as a source of raw material and cheap labour. They took the peoples and commodities from domino to the centre or from one domino to another. To serve their interests, they enacted laws and abrogated others. They changed agricultural (indigo) and production (textiles) lines, and did all that was needed to promote or block the circulations. They diverted resources and borrowed from the local lending houses. To maintain an edge for their commodities in the market they ill-treated the local industries. They keenly ensured the circulation of commodities, while did little for the distressed people facing famine.

Today, South Asians, a group of poor people, readily find new livelihood avenues outside. This has helped in the formation of the South Asian diaspora at an accelerated pace. For facilitating the circulation they develop communication arteries in the region. A great change came in the circulation dynamics of peoples and commodities after 1947. The idiosyncrasies of the national elite, and to a little extent the national boundaries debar the internal circulations within the region. At the end of the twentieth century, South Asian diaspora has forged collective initiatives to strengthen the circulation within and outside the region. Since the end of the 1970s the sojourners and

the return migrants, have reversed the process of brain drain.

Introduction

The circulation or movement of peoples of South Asia dates back to the Palaeolithic period, spanning from the beginning of human life until 10000 BCE (Movement of People and Goods: Online). The nomadic South Asians living in groups comprising about twenty persons migrated to the Americas across a land bridge and spread out there to create South Asian diaspora on the soil of the Americas. These diaspora later acted as a catalyst for the circulation of South Asian commodities to that part of the world.

According to the *Oxford Advanced Learner's Dictionary*, 'circulation' is 'the passing or spreading of something' (Hornby 2005: q.v.) and 'commodity' is 'a product or a raw material that can be bought and sold or a thing that is useful and or has a useful quality' (Hornby 2005: q.v.). Marx explains 'commodity' as something independent of ourselves that meets a human want or need of any kind. Furthermore, that commodity is a use value and use value is determined by how useful it is. The use value can only be determined 'in use or consumption.' He explains that a commodity is also an exchange value. He stipulates this as the sum quantity of other commodities that it is exchanged for. He gives an example of corn and iron, and assumes that a certain quantity of iron is exchangeable for a certain amount of corn (Marx: Online). In the present context it could be interpreted as a certain number of human beings exchangeable for a certain amount of money. As Aristotle points a shoe as a commodity that has use value to people, a human being also may turn into a commodity which can be acquired through the exchange of money. However, in this paper, people (persons) and commodities (mainly goods and sometimes money) are kept separate to a great extent.

The term ‘people’ refers to persons of different countries. Thus, circulation of commodities and peoples denote the spread or movement of persons and things produced or processed in one country and brought or bought by another for their use. The circulation of commodities in this discussion in general refers to import and export on both intra-regional and extra-regional pageants. As they have both ‘use value’ and ‘exchange value’, money and credit are also commodities. The paper uses this definition of terms in discussing the circulation of ‘commodities’ and ‘peoples’ of South Asia. The ground work of the paper faced constraints owing to a great rarity of relevant literature. It is worthy to note that sometimes circulation of goods also involves circulation of peoples, thus, leading to cultural diffusion between the different peoples. The spread of Buddhism from India along trade routes in Asia is an example.

Scope and Structure

The circulation of peoples from one country to another, mainly in the context of ‘diaspora,’ is the focus of the paper. The terms ‘migrant’ and ‘diaspora’ are very close in meaning, though different in essence. Nevertheless, the two are used interchangeably. This paper covers the following forms of migration:

a. Internal circulation or migration i.e. from one place to another or from rural to urban areas within a country,

b. Intra-regional i.e. from one country to another within the same region,

c. Extra-regional i.e. from a country in one region to a country of another region. For instance from Bangladesh, a country of South Asia, to a country of Southeast Asia, Middle East, Europe, Americas, etc.

This paper concentrates only on two aspects, intra-regional and extra-regional circulation of peoples and commodities of the South Asian region.

Both short and long-term circulation or migration of people come within the scope of the paper, as does the sporadic incidents of circulation of peoples and the reasons for them settling there be it for better fortune or a quest for improving status. This paper does not take into account circulation that happens by way of human trafficking, political exile or forced migration. It provides snapshots of the dynamic cultures formed and shaped by diasporic communities from eighteenth to twentieth centuries. Thus, the analysis of the paper focuses only on the prevailing realities of those times. This paper comes in two parts. The first part deals with the circulation of peoples while the second deals with the circulation of commodities.

Circulation of Peoples

Intra-South Asian Circulation of Peoples

For hundreds of years, circulation of peoples has been taking place in South Asia primarily in search of new income sources other than that provided by agriculture. Historical records indicate large-scale labour movements, especially agricultural ones, from the upper Gangetic plains to the lower plains.

In the pre-colonial period the absence of strict demarcation of state boundaries resulted in the free circulation of peoples across the region. Starting from 1700 CE people of East Bengal migrated to Assam, Meghalaya, and West Bengal, particularly Calcutta of present India. Malik (2000: 12) states that there was "a continuous movement of population within and without the defined political and geographical boundaries" of Bengal. Large-scale movement of peasants was recorded during the late eighteenth and early nineteenth centuries. In the eighteenth century when the British developed the tea industry in North-East Bengal in India, parts of which are now in Bangladesh, they brought indentured labourers from different parts of India. As the colonial policies destroyed the jute and cotton industries of Bengal and the market for fine muslin, a large scale migration of people took place from Bengal to Assam, part of the then undivided India and also of Myanmar (Siddiqui 2004). Similar migration is traced between and among other parts of the then India, which constitutes a major portion of the present region of South Asia.

From 1830-79, South Indian Tamil workers started going to Sri Lanka to work in tea plantations as bonded labourers in many cases and as non-bonded labourers in some. They had work permits for a temporary period. By 1930, the total circulation of such labourers rose to 1.5 million. During the 1880s people from Malaya, Java and other neighbouring archipelagos flocked to Sri Lanka to work as labourers by contributing to the development of Sri Lanka. In the eighteenth and the nineteenth centuries workers from Sindh of Pakistan and Gujarat of India used to go to Sri Lanka for similar purposes.

As migrants from South Asia faced maltreatment in their work destinations the migrant culture of South Asia underwent a sea of change. For example, nearly 420,000 people of Indian origin had to leave Sri Lanka (then Ceylon) between 1930 and 1935 due to differential treatment related to citizenship issues.

The colonial rule caused shifts in the pattern of circulation of peoples between the regional countries. The end of British rule in 1947 resulted in massive communal conflicts in the subcontinent, which killed nearly one million people and led to an exodus of 35 to 40 million peoples between India and Pakistan. This is surely the largest population movement of South Asia in recent times.

Political turmoil and civic unrest are the two other major reasons for people to emigrate from one country to another. India and Pakistan, the two big states of the region, hold 6th and 10th places respectively, in the list of top countries to host migrants, where the main reason for migration of peoples is more or less political. Larma (2000: 20) sketching out reasons for out-migration in South Asia from 1950-1990, states that in the 1960s and 1970s Bangladeshi Chakma people migrated to India since they were discriminated by the government machineries. In 1970s millions of Bengalis fighting for dismemberment from Pakistan migrated to India from East Pakistan, feeling insecure the *Biharis* in Bangladesh migrated to Pakistan, a large number of Afghans migrated to Pakistan, and a great number of Sri Lankan Tamils flocked to India. In the 1980s Rohingyas of Myanmar entered Bangladesh, and in the 1990s Bhutanese Lhotsampas migrated to Nepal fleeing state persecution (Larma 2000: 7).

After independence from Pakistan in 1971, Bangladesh repatriated 163000 *Biharis*, generally labelled as ‘stranded Pakistanis,’ to Pakistan. *Chakmas*, the main sub-nation (or tribe) in Bangladesh, felt that they were discriminated on the onset of the genesis of the country as the country’s first government urged them to identify themselves as Bengalis. The problem intensified as post-1975 governments initiated mass settlement schemes of Bengali Muslims in Chittagong Hill Tracts. This resulted in insurgencies and migration to India. Once the Chittagong Hill Tracts Treaty came into effect in 1996, most of the tribes returned. It is quite similar to the migration of Bangladeshi Freedom Fighters to India who returned home after independence in 1971. After 1990, particularly during 1997-2003, migration from Nepal to India increased. Political conflicts since 1995 and the consequent feeling of insecurity among the Nepalese, particularly among those living in the rural areas, pushed them to move out of the country (Gurung and Adhikari 2004: 101).

International migration from Afghanistan became highly conspicuous in the 1980s due to a civil war and foreign military interventions. According to a UNHCR estimate, with over 2.5 million people from Afghanistan, Pakistan became the host to the largest population of refugees anywhere in the world, though later some 1.2 million people returned home (Gazdar: Online). Today, Pakistan has migrants from Bangladesh, Burma, India and Afghanistan. These migrations are encouraged by a common factor i.e. religion. Migration from Bangladesh and India owe largely to the division of the country in 1947 and 1971, while that from Burma or present day Myanmar is because of atrocities at home. Migration from Bangladesh has a dimension of searching better economic fortunes. There are over 1 million ethnic Bengalis and 200000 Burmese in the city of Karachi alone.

Extra-Regional Circulation of Peoples

Migration of people from South Asia to the industrial countries of the West is connected to the colonial past. During the eighteenth and early nineteenth centuries, sailors from the

South-East part of East Bengal i.e. Chittagong and Noakhali found jobs in the British merchant navy carrying goods from Calcutta port to destinations across the world (Siddiqui 2004: 20). A portion of landless peasants from Northern Sylhet of East Bengal got employment in the dockyards of Hooghly near Calcutta, and another group joined the British merchant navy. Upon travelling to foreign countries, some of them abandoned their ships and settled in the United States, United Kingdom, Singapore, Malaysia, Brunei and Indonesia.

Russian chroniclers report the presence of Hindu traders of India in Moscow and St. Petersburg in the 18th century (Non-resident Indian and Person of Indian Origin: Online). Gujarati traders migrated under British dispensation in large numbers to Kenya, Tanganyika, South Africa, and Fiji among other places. In colonial East Africa, the presence of people from India was so prominent that bank notes in Kenya bore inscriptions in Gujarati (Lal n.d.: Online).

There has been constant mobility of people across the national border since the unification of Nepal as a country in 1768. This migration can be attributed to atrocities committed by both administrative and financial governance. Migration began as the Nepalese started to work in the British army on the wake of the defeat of Nepal in 1816. During the First World War about 243000 young Nepalese joined the British Army and most of them tried to settle in the UK.

Mass emigration from the subcontinent occurred as the British consolidated their power in the Indian Ocean. The majority of migrants were contract labourers of the indenture system. These labourers provided the workforce for sugar, coffee, tea and rubber plantations that were supplied to Europe along with other topical products. Kingsley Davis (Robinson et al. 1980: 61) calculates that about 30 million Indians emigrated between 1834 and 1947. This scale of movement was as large as the European migration to the Americas in the nineteenth century. It declined with the ending of the indenture system in 1921. The labourers, signed in for a five-year term, were entitled to a free return passage. Despite adverse conditions, however, a large proportion of indentured workers chose to remain in the plantation colonies when their five years of bondage expired.

> In Mauritius, the largest recipient of Indian labour, they formed the two-thirds of island population by 1880. In British Guyana, the Indian descent gradually overtook those of African origin, while in Trinidad, a society with many ethnic elements, they formed the largest minority. Indentured migration to Fiji began relatively late in 1879 but by 1920 they were overtaking the ethnic Fijians in numbers. To the Dutch Surinam the subcontinent provided almost all estate labor, to French Reunion, to Jamaica, to smaller Caribbean islands and to French Martinique and Guadeloupe. (Robinson et al. 1980: 61)

As slavery was abolished in the 1830s in the British Caribbean, and the labour shortage threatened the very existence of the plantation system, labourers from the Gangetic plains and present day Tamil Nadu went there to work as indentured labourers. The first shipload of Indians reached Trinidad in 1845, others went to Guyana, Surinam, Mauritius, Fiji, and Malaysia. Some Indians were there prior to 1834. The number of Indian indentured labourers rose to 1.5 million in a number of countries, including East Africa. The system of indentured labour came to a close in 1917, leaving behind big Indian populations in Mauritius, Guyana, Trinidad and Tobago, Surinam, Fiji, Malaysia, South Africa and the Reunion. From the nineteenth century till the end of the reign of the British Raj, these migrants mainly constituted of poor workers who were sent to other British colonies under the indentured system (Robinson et al. 1980: 4).

Two territories, Malaya and Burma, were also important destinations for the circulation of South Asian peoples. The *Kanganis* (contractors) or enlisted groups of labourers financed their migration and usually deducted the cost of landing from the wages of the labourers. Another pattern evolved in East Africa, particularly Uganda. Workers there, although they entered as indentured railway workers, later became railway staff and petty traders in the up-country who supplied carpenters, tradesmen, clerks and technicians. Elsewhere Indians worked in other fields as well. These workers also spread to Upper Burma, Singapore, Malaysia and Hong Kong as members of the military police. The original nucleus of the King's African Rifles comprised of Indians. In Malaya and Jaffna, Tamils were employed as government clerks, doctors and many other white-collar professionals. People from Punjab penetrated North America despite having a bar on Asian immigration (Robinson et al. 1980: 62). In the early nineteenth century Indians voluntarily migrated to Britain on a large scale. The majority of such migrants are from Punjab and the western state of Gujarat. The Sikh community from Punjab dominated the early migrated population to Britain (Sahai and Chand 2004: 60).

The early twentieth century marks the beginning of free emigration of skilled labourers and professionals to Surinam, South Africa, Trinidad and Tobago, Guyana, Jamaica, Kenya, Mauritius, Fiji, Singapore, Malaysia, Thailand, Tanzania, Uganda, and other countries (Robinson et al. 1980: 4), all major destinations of extensive indentured labour industries in the 18th century.

Since the turn of the twentieth century, Sri Lankan people started to migrate for employment, with academically and professionally qualified persons migrating to Western Europe, North America, Australia, and East and West Africa. As Dias and Jayasundere (2004: 154) note “academics and professionals went abroad in search of secure employment that offered higher wages and chances of higher professional advancement.”

One of the most prominent mistreatments of migrants was in Natal of South Africa which led Mahatma Gandhi to launch his first *Satyagrah* campaign. Consequently indentured immigration to Natal came to an end in 1911. It ended in Malaya in 1909, and came to a complete end in January 1920 after a heavy campaign in India.

In the adjacent Southeast Asian countries such as Burma, there was a large number of South Asians. During the 1930s the 16,823,798 population of Burma consisted of one million Indian migrants (Robinson et al. 1980: 62) who took control of the Burmese rural credit market and acquired such power that as the Burmese failed to repay credit they seized their fields. Consequently, negative Burmese feelings culminated in an anti-Indian campaign in May 1930. Thus, about 7000 Indians were left homeless and 33000 frightened to return home. Facing a similar situation, 193000 Indians had to leave Malaysia for home between 1930 and 1935.

Indian students, members of the *Ghadar* Party and farmers, particularly from Punjab, started to go to the US in the early twentieth century. Peter Drucker (1959), inspired by the migration of educated and technical people to developed countries coined the term ‘knowledge worker’ to differentiate them from service workers. A bulk from India went to the US following the immigration reforms of 1965 with a great number of knowledge workers migrating from developing countries to developed ones. Knowledge workers from this region included scientists and engineers, educators and trainers and entrepreneurs, executives and supervisors (Khadria 1999: 26). Recent movement of Indian people from home to United Arab Emirates (UAE), Saudi Arabia, Canada, the United Kingdom, and the United States too resembles such knowledge based migration. Also there is a great number of people of Indian origin in Southeast Asian countries like Burma, Malaysia, Philippines, Singapore, Indonesia, Thailand, and Brunei. Many of them went there in the late twentieth century (Non-resident Indian and Person of Indian Origin: Online).

Many people from East Bengal migrated to the United Kingdom and settled mainly in port cities like London and Liverpool. By late 1950s and early 1960s, people from Sylhet migrated and settled down in the UK in large numbers due to a policy adopted by the British government to recruit foreign workers through the social network of the early Sylhet settlers.

About 160000 Nepalis joined the British Army during the Second World War. After 1947, when the *Gurkha* unit of the British Army was divided between India and the United Kingdom, the British gradually reduced their numbers, but India did not. It is unfortunate that once the tenure of their security services came to an end both destination-masters held many of the Nepalese as prisoners. During this period some Nepalis served as security personnel in Brunei, Singapore and France (Gurung et al. 2004: 102) and many settled in those destinations.

The recent trend of recruitment of temporary labour from South Asia can be traced to the early 1970s during the wake of the labour boom in the Middle East. Gradually such migration also expanded to the newly industrialised countries of South-

East Asia and Far East (e.g. South Korea and Taiwan). As Siddiqui (2004: 21) points out “the nature of such migration was qualitatively different from that of the West. The migrants went on short-term employment, with specific job contracts, and had to return home on the completion of their contract period.” At present the dominant form of migration from South Asian countries is ‘short-term contact migration.’ The South Asians go to Southeast Asia and Europe for temporary employment.

A large number of Nepalese during the 1960s and 1970s migrated for work as Nepal was still in a pre-industrial stage with no non-farm employment opportunities. Migration of Nepalese increased by almost five times from 1997-2003 due to liberalisation of travel system and increased availability of information about overseas work opportunities. Unlike other neighbouring countries, Nepal found a good employment hub in Israel. Jordan and Malaysia also became important destinations for them. An increase in the scope of employment in Southeast Asian countries resulted in the decline of illegal migration to the Republic of Korea and Japan.

Migration from Sri Lanka accelerated in the 1970s. Though a slow starter compared to its regional neighbours to respond to the oil boom and massive construction works in the Middle East, in 1978 the Sri Lankan migration rose high only to dip sharply in 1979. Rather exceptionally, the migrant work force in Sri Lanka comprises a healthy gender balance of 36.6 per cent women to 68.2 per cent men. The skilled migrant workforce includes construction workers, drivers, carpenters, and mechanics, and the unskilled workers include housemaids and other workers. Two per cent of these migrant workers are highly skilled professionals such as doctors, engineers, technologists, and navigators. In 1980s they began to go to the Far East as semi-skilled workers of the industrial sector. Dias and Jayasundere (2004: 156) note: “Records show that the migration for foreign employment has been increasing since 1998, touching 203710 in 2002.” In 2002, 65 per cent of Sri Lanka’s out-migrant population consisted of women.

With regard to migration from Pakistan, Gazdar (Online) presents four forms i.e. to developed countries, to Persian Gulf, between Afghanistan and Pakistan, and from other Asian countries. Migration to the developed countries occurs mainly through formal channels. Some have family connections in the destination country and they apply through formal legal channels for migrant status. This is generally true in case of immigration to the United Kingdom particularly exhausting the Mirpuri connections. Some go there as students and stay after completing studies. This is particularly true in respect to migration to North America. Generally young people enter these countries and stay there violating their visa rules.

Migration of the Pakistani workers to the Western countries, especially the United Kingdom, started in the 1950s and 1960s on a modest scale. The process gained momentum in the 1970s coupled with large-scale migration of workers, especially in the Middle East (Shah 2004: 131). In recent times Pakistani workers have concentrated in Saudi Arabia, Kuwait, Libya, Qatar, United Arab Emirates, Oman, the United Kingdom and Bahrain, etc.

The late twentieth century and early twenty first century saw many of the migrants returning home, particularly for generational and economic reasons. This added another dimension to the regional diasporic culture. This caused two-way traffic in inter-regional circulation. In the cost-benefit calculation it bears ‘brain gain’ for South Asia, as the returning scientists, researchers, doctors, engineers, managers and development activists had arguably an enriched ‘brain’ and ‘worldly gains.’ Thus, somebody may label returnee knowledge worker as ‘brain gain’ or ‘brain grain.’ In literature they are termed ‘sojourners’, who leave to earn money or education abroad with an aim of coming back home, not to settle there. With every passing day the number of sojourners increases in South Asia (Khadria 1999: 52). This happens because of the responsiveness of the people to the shifting global economic balance. India has taken steps to attract sojourners, as they contribute to improve the society, culture and economy in India. The story of sojourners in Pakistan and Sri Lanka are the same. The new web of young business entrepreneurs, managers and educationists in Bangladesh include a good number of sojourners from the Middle East, European Union, the United States, and Japan and many of their business bill boards speak for their destination countries. Their gesture and postures manifest circulation of cultures of the destination at home, as they did once by manifesting their home cultures in the destinations.

Circulation of Commodities

Intra-Regional Circulation of Commodities

After claiming the right to collect revenue in Bengal in 1765, the East India Company largely ceased importing gold and silver, which it hitherto used to pay for goods shipped back to Britain. In addition, land revenue collected in Bengal helped the company finance wars in other parts of India. During 1760-1800 Bengal’s money supply diminished with the closing of local mints, fixing of exchange rates and standardisation of coinage (Economic History of India: Online).

During 1780-1860, India’s status as an exporter of processed goods changed. Earlier it received bullion against the bills of export. The changed situation demanded India to start importing manufactured goods and that in turn resulted in a demand to export raw material. In 1750s, India mostly exported fine cotton and silk to Europe, Asia and Africa.

The legendary wealth of Bengal and cheapness of its ware like raw silk, textiles or food grains attracted merchants from Asia as well as from Europe. European companies - Dutch, English, French, Ostend and Danish - established their factories in Bengal for trading, with their main interest focused on export of cheap commodities like textiles, raw silk and saltpetre to Europe (Chaudhuri 2007: 186). Comparatively minor items included sugar, rice, wheat, clarified butter, mustard oil, wax, borax, gumlac, cowries (seashells) and gunny bags.

During this period European companies faced an acute shortage of working capital while an organised credit market in India was ready for them. They started borrowing from local creditors. In 1720-21 the English companies’ debt in Bengal amounted to Rs. 24 lakhs while the amount of debt exclusive of the interest turned out to be Rs. 55.5 lakhs. Among the main creditors the house of Jagath Seths is prominent. In terms of credit, the Jagath Seths then established a ‘control’ on the European companies with frequent threats to sever trade links, in case of non-payment of outstanding loan money (Chaudhuri 2007: 197). Owing to the Seths’ monopoly on the mint business, the companies could in no way sell imported treasure to anyone else. This deprived the company of fair prices of commodities.

Mir Mir Zafar Ali Khan, the commander in chief of the army of Sirajuddaula, the Nawab of Bengal defected to the British side in the power struggle, being allured by some business tycoons who secretly connived with the British for trade grants. The plot came out successfully with the Nawab facing a humiliating defeat in the battle of Plassey on 23 June 1757. As reward of betrayal Mir Zafar was sworn in as the Nawab who granted them a blank cheque of trade. This later came to be a sneaking back alley for unbridled plundering of commodities and resources of Bengal and the whole of South Asia to Europe. During this period Indian goods used to be exported bearing the seal of the British. Thus, the share of Indian trade in the 1780s came down to 22 per cent from 38 per cent in the 1730s.

The role of the colonial rulers in the subcontinent is debatable. Literature about the latter part of the twentieth century shows that under the colonial rule there was an easy flow of goods and commodities between provinces of British India mainly due to physical infrastructure being provided by the British. The government of British India invested heavily in the irrigation of Punjab and Sindh provinces as a strategy to compensate for food deficiency in other parts of the empire in the subcontinent. As Punjab and Sindh started to produce surplus to be transported to the northeast, especially the heavily populated province of Bengal, the transportation of goods necessitated the building of communication infrastructure. The Grand Trunk Road that links Kabul with Calcutta, railways, and the port of Karachi were built to serve this purpose. It virtually formed the artery of economic integration of different parts of the empire, which are now Bangladesh, India and Pakistan (Burki 2005: 12).

During the last quarter of the nineteenth century these raw material, which chiefly consisted of cotton, opium, and indigo, covered the majority of Indian exports. In the beginning of the

1830s, British textiles started to pave an inroad into the Indian market and inundate it. The value of textile imports grew from 5.2 million in 1850 to 18.4 million in 1896 (Economic History of India: Online).

The Great Depression of 1929 clearly shows the attitude of the British rulers towards the natives. They did little to alleviate the distress of the people of the subcontinent. The people, particularly the villagers, fell into debt. The rulers were more concerned about shipping gold to Britain. The depression hit the jute industry, an important export terribly. The jute industry gained momentum in the 1920s only to relapse into yet another economic crisis in the 1930s (Economic History of India: Online).

There is a great difference between the circulation of commodities during the first half and the second half of twentieth century. During the first half, the circulation pattern was quite similar to that of the preceding century. However, an abrupt change in the total system of circulation came in the second half, as the regional states emerged independent. The trading statistics available show, during the first three years of their independence, intra-regional trade in South Asia (between India, Pakistan, and Sri Lanka) as a percentage of their total trade was in the double digits (Panagariya n.d.: 180). In part, this large proportion reflects the relatively protectionist trade regime in the developed countries that came into existence in the 1930s and 1940s. It also reflects the low barriers in trade within the subcontinent. In the subsequent years, the developed countries opened their markets, and thus opened the door to trade between them and other countries including those in South Asia. In trade and commerce the countries of South Asia themselves turned inward. Import substituted industrialisation, with massive public sector participation in the production activity and tight control of the private sector. According to Burki (2005: 12) the 1947 partition of India and Pakistan “need not have resulted in the sharp decline in trade between these new political entities. Trade declined mostly for political reasons.”

At independence, roughly 70 per cent of the imports of India, Pakistan and Sri Lanka consisted of either manufactured consumer goods or inputs for their own manufacturing industries. Demand for capital goods was very low and basic industrial inputs all came from abroad. Main exports included tea, cotton, jute yarn, and manufactured goods from India, raw cotton and jute from Pakistan, and rubber and tea from Sri Lanka (Robinson et al. 1980: 310).

In 1949 Pakistan refused to cooperate with other countries of the ‘Sterling Areas’ in devaluating currencies to the US dollar while India refused to recognise the new exchange rate of 144 of her rupees to 100 currency units of Pakistan, resulting in the total stop of trade between the two regional giant economies. Pakistan resorted to a rigorous import substitution policy, which later was adopted by all other regional countries and continued for the next 40 years since independence in the late 1940s (Burki 2005: 12). The import-substitution policies worked towards limiting not just total trade but in some ways asymmetrically towards limiting intra-regional trade. The countries deliberately attempted to replace imports from across the new borders. For example, before independence, the region that was East Pakistan grew most of Bengal’s jute, while textile mills in Calcutta processed it. After 1947, India protected and promoted cultivation of jute by restricting imports that traditionally came from East Bengal, while East Bengal imposed restrictions on jute exports to India and established its own jute textile mills.

Similarly, India restricted imports of raw rubber from Sri Lanka (and Malaysia) to promote the development of a rubber industry in Kerala. After Bangladesh emerged as an independent state in 1971, it chose to follow essentially the same road. Nepal and Bhutan, two landlocked countries, chose to have open trade relations with their neighbour India, though they followed similar restrictive policies towards other countries. Consequently, they traded more with India while their trade with others drastically dropped. The only exception to this general pattern in South Asia is the Maldives, the tiniest state.

Till the late 1970s, anti-trade policies remained dominant in the region for nearly four decades. The collapse of the Soviet Union, China’s success through outward-oriented policies and transforming the *pacto-mania* of the Cold War era into trade blocks in the post-Cold War times gradually helped convince the South Asian policy makers to open up their trade regimes to the neighbours, at least in the policy level. Unilateral trade liberalisation policies, which began in the second half of the 1980s, were introduced on a more systematic basis in the 1990s. This change stimulated more rapid expansion of trade in India, Pakistan, Bangladesh and Nepal not only with the outside world but with the intra-regional ones. The states started to see increased cooperation and trade among them as a key to mutual development. The founding of South Asian Association for Regional Cooperation (SAARC) in 1985 reflected an expression to promote dialogue and cooperation. In 1993, the SAARC member states signed an agreement to forge the South Asian Preferential Trade Area (SAPTA), which became operational in December 1995. Though the actual exchange of preferences remained extremely limited, the process of negotiation kept the dialogue among member countries alive, which culminated in the South Asian Free Trade Area (SAFTA) in 2006, a step taken towards changing the whole inward-looking trade policy into an outward-looking trade culture in South Asia.

Extra-Regional Circulation of Commodities

Trade between India and the Middle East has been in existence since the first people settled along the Indus River. After Alexander the Great conquered a part of India in the fourth century BCE, he established a permanent trade route between India and the Mediterranean. By one hundred BCE, a vast amount of commodities, such as textiles, gems, and spices, were exported from India to that region. Next came the Han Dynasty, which established the Silk Route for trade. It reached as far as Mesopotamia and became a main conduit for the exchange of goods and ideas between China and other civilisations. Over time, the trade route reached 4,000 miles. Most merchants traded their goods at one of many markets established along the way. China imported goods such as glass, muslin and various food products like cucumber and grapes. Bengal produced the best muslin and traded it. Extensive trade occurred throughout the Roman Empire during the *Pax Romana* (Roman Peace). Products such as Indian cotton and spices moved freely across the empire. History shows clear instances of trade between South Asians and Mongols, who at a certain stage conquered India. It helped strengthen trade between India and Central Asia. These trade relations continued till *Pax Mongolia* or Mongol Peace. The Ming Dynasty replaced the Mongols as rulers of China. Between 1405 and 1433, Chinese admiral Zheng sailed along the coasts of India and opened trade between China and these costal belts. Sea routes across the Indian Ocean and into the Arabian Sea provided necessary links for Asia, including South Asia.

During 1700-1760, the main exports from South Asia to Europe were indigo, black pepper, raw silk, and saltpetre. Since 1730s opium export to China from South Asia became a profitable trade, which helped reverse the trade imbalances caused by British import of tea (Colonial India: Online). The Danish became a minor colonial power in India and consolidated such power to a certain extent after establishing their outposts in West Bengal (1755) and the Nicobar Islands (1750s). At one stage, the Danish and the Swedish East Asia companies together imported more tea than the British did.

During the eighteenth to the first half of the twentieth century, the circulation of South Asian commodities became more extensive than ever before. The colonial masters valued the region as a source of raw material. Among them, the British compelled the regional citizenry to produce commodities to accommodate their needs, ignoring priorities of the natives. During this period South Asia supplied the British with five major commodities: indigo, raw silk, raw cotton, opium and sugar.

European interest in goods from the East increased as the returning Crusaders took many enchanting things with them back home. The colonial rule in India by the Portuguese, the French and the English made trade between South Asia and Europe easy. But the trade statistics in this period are a little illusive. India was a major player in the world export market for textiles in the early eighteenth century, but by the middle of the nineteenth century it lost the export market and much of its domestic market, primarily to Britain, long before the Industrial Revolution (Clingingsmith et al. 2008: 3). Indian textiles export which was about 38 per cent in the 1730s, was reduced to 3 per cent in the 1840s and by 1860s, India became a net importer of textiles. The Indian spinners, the only ones capable of producing yarn strong enough for warp, produced pure cotton cloth.

The Industrial Revolution began in Great Britain in the early nineteenth century. A visible result of this revolution is an increase in the circulation of commodities. Many industrial countries searched for new markets for their goods and raw material. A result of this increase in trade was imperialism in India and Asia. New methods of transportation such as steamships, railroads, automobiles, and eventually airplanes made this trade quicker and more reliable than before.

The crisis of the rupee, a silver-based currency continued throughout the nineteenth century. B.E. Dadachnaji shows the rate of exchange during 1871-2 and 1892-3. He also shows the price of silver in pence per troy ounce and exchange rate of the rupee in pence. While the price of silver is 60.50 pence per ounce and exchange rate of rupee is 23.13 pence in 1871-2, that declines gradually to become 50.50 pence and 19.50 pence during 1883-4 and 39 pence and 15 pence in 1892-3 (Dadachanji 1934: 15). Consequently, for "India which carried out most of its trade with gold based countries, especially Britain, the impact of this shift was profound. As the price of silver continued to fall, so too did the exchange value of rupee, when measured against sterling" (Economic History of India: Online).

Through imperial policy, the British made India dependent on them for cotton. Export comprised 55 per cent of the Indian market by the 1850s. The famous Indian Jamsetji family established the first cotton mills in Bombay during this decade.

Tata Iron and Steel Company (TISCO), launched in the 1890s in India for the manufacture, repair and maintenance of locomotives, faced an all-out deprivation from the rulers. The railway companies purchased most of their hardware and parts from Britain, not allowing Indian-owned companies to manufacture or repair the locomotives. TISCO steel, did not obtain orders for rails until 1920s (Headrick 1988: 82).

Historically trade of South Asian countries with the external world has been greater than that of intra-regional countries. The trend still continues, even after the launching of SAPTA and then SAFTA.

As a destination country of the commodities of South Asia the US has an unparalleled position, accounting for 3 per cent goods and commodities of Bhutan, 36 per cent of Bangladesh, 21 per cent of India, 29 per cent of Pakistan, 38 per cent of Maldives, 21 per cent of Nepal, and 38 per cent of Sri Lanka. The former colonial master United Kingdom is the second in the ranking accounting for 3 per cent of Bhutan's commodities, 11 per cent of Bangladesh, 5 per cent of India, 10 per cent of Maldives, 2 per cent of Nepal, 9 per cent of Pakistan, and 13 per cent of Sri Lanka. Germany is emerging as an important destination. Now it is the second largest destination for the commodities of Bangladesh and Nepal, while France is also emerging as an important destination for the commodities of Bangladesh (Burki 2005: 17). Among Asian countries, China is an important country as a destination for commodities of the South Asian countries, particularly those of Pakistan, India and Bangladesh.

Conclusion

Circulation of peoples during the colonial rule, though uninterrupted legally, was carried out in line with the needs and at the behest of the colonial masters. Till independence in the late 1940s, circulation of commodities also continued as per their choice, facing virtually no restrictions. After independence, the state governments adopted various policies that discouraged the circulation process.

The nature of commodities circulated in the 18th century changed by the twentieth century due to imperial policies and the Industrial Revolution. To ensure a steady supply of certain commodities and goods from South Asia, the colonial powers changed the agricultural setup and production lines in the region. In doing so they discouraged, and in some respects, even annihilated some commodities. Local industries, such as steel faced severe discrimination. But not all colonial acts and policies were bad. The colonial rulers introduced locomotives to the region, made massive investments in irrigation and agriculture with the idea of establishing a balance in supply of food grains throughout the region. For transportation of these agro-commodities they built communications infrastructure. These still are in function as arteries of routes of intra-regional circulation of peoples and commodities.

The circulation of peoples chiefly occurred by way of indentured labourer mobilisation to the centre and other dominions of the empire. The people became educated to adapt to the new world and were involved in diverse works other than those for which they were contracted, and stayed behind even after their tenure expired. Many went to the outer world to explore better education and income opportunities.

After independence, the circulation of peoples among the countries increased because of easy communication but the circulation of commodities decreased owing to various anti-trade policies of the regional states. Extra-regional circulation of commodities, dominated by the Western countries, is still very high compared to that of the regional ones. On the wake of independence intra-regional circulation of commodities was about 18 per cent of the total circulation of commodities, and decreased to about two per cent by the end of the twentieth century despite having regional blocs such as SAARC to increase economic cooperation.

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