

# **INDIA IN THE WORLD ECONOMY: AN OVERVIEW**

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In my presentation, I wish to focus briefly on certain important aspects pertaining to the changing role of India/south Asia in world economy. In recent years historians of pre-colonial and colonial India have been making attempts to (re)discover Indian civilization and its contribution to the “rise of modern west” in terms of India’s place in globalization. Historians of precolonial maritime history of south Asia, in particular, propounded an “India centered world economy” before the Western domination of Indian subcontinent. They argued that precolonial India, along with China was “the center of the nascent global economy”, which emerged about 500 AD. To quote a recent study, “ By the 10<sup>th</sup> century on, Indian merchants, especially from the Coromandel coast traded eastwards. Particularly important was North India, where the prosperity of Gujarat was based on its flourishing trade with West Asia as well as Africa. Significantly by the 13<sup>th</sup> century, north India ‘internationally’ traded *inter alia* (among other things) in every day manufactured textiles, metals, semi-processed raw materials and bulk food stuffs. Moreover, given the overwhelming sheer weight of Indian mercantile power in the Indian Ocean it was hardly surprising that the European interlopers, beginning with the Portuguese, managed to gain only a small slice of the Indian Ocean trade”.

Latest debates in Indian historiography have covered several issues of Euro-centrism and Orientalism. In modern Indian historiography the process of the incorporation of India into world economy and the colonization of the Indian economy under British rule have remained as themes of overriding importance- The recent voluminous literature on modern Indian economic history provides a refreshingly new understanding of the broader historical and theoretical/conceptual insights into forces that shaped the modern world and India’s place in it.

The Euro-centric world systems and Marxist approaches have been subjected to critical scrutiny and a large number of historians of India have offered revisionist perspectives and interpretations within the broader interregional, supra-regional and global contexts. The

characterization of south Asia by world system analysts as “abstract, theoretical and monothetic” and capitalism as “concrete, empirical, idiographic” and the model of the “incorporation of Indian subcontinent into capitalist world economy” have been disputed by many scholars on the basis of new empirical evidence. They stressed intricacies and peculiarities of south Asian region and the “active agency of its inhabitants who, through their creativity, collaboration, resistance played a crucial role in the construction of the edifice of world capitalism”

Available evidence makes it clear that during the era of modern globalization the regional economies of the Asian continent had under gone a new orientation and witnessed regional specialization. The best examples are the emergence of plantation economy in Southeast Asia during mid to late 19<sup>th</sup> century and the oil boom in the Middle East in the late 20<sup>th</sup> century. Although in both the cases the process of Asian integration was initiated by the advent of Western capital and demands: yet the formation of the new interdependence between the countries bordering Bay of Bengal, Arabian Sea and Indian Ocean region worked to the considerable advantages of these economies. Contrary to Euro-centric histories of modern globalization that tended to concentrate on the role of Western capitalists, scholars like Rajat Ray, Markovits etc., have highlighted the rise and growth of south Asian capitalism with supra local, regional and global scope. It has also been demonstrated as to how “South Asian merchant networks could operate with a certain degree of independence vis-à-vis European capital, although not in opposition to it. The evolution of indigenous Chettiar capitalism in south India confirms this view.

From a Euro-centric perspective, the history of modern globalization in the second half of the nineteenth and first half of the twentieth century has been written in terms of the western impact on Asia and Asia’s response to it. Economic transformation in the colonial countries of non-western world has been examined within the framework of the capitalist world economy centred on British imperialism. However, in recent years attempts have been made by historians and social scientists to comprehensively mark the origins and arrival of globalization by seeking to highlight the Asian contribution in the making of world history. Recent research had also focussed on rectifying the Euro-centric/western bias in world history. In seeking to ‘decentre’ the analysis some historical studies tend to run counter to the dominant trends of existing literature, which argues that globalization has been the outcome of the west. Asia-centred historical studies, in particular Japanese and Chinese scholars’ “Eastern perspective highlighted the role of Asia-Pacific region in the growth of international economy in the era of modern globalization. These studies mainly focus on the importance of multi-faceted intra-Asian networks based on migration, trade and commerce. Such studies also characterized the twentieth-first century as the “Pacific century” in terms of socio-economic development as well as rapid population mobility.

Historically, in many south and Southeast Asian countries and China the potential for the growth of emigration had been present and provided a vast reservoir of labour. Recent Diaspora studies have shown that Asian migrations and the life experiences of Asian people were/are integral to the contribution of Asian continent to the changing world order. A study of intra-Asian labour migrations, along with movements of capital and commodities which crossed territorial and colonial borders, helps us to understand the nature and dynamics of modern globalization. The Asian migratory movements and processes are varied and also have their own special features, yet there are considerable general trends. The rise of a global economy centered on European industrialization was the context for increased long-distance migration of labor and capital. South Indian migration to Southeast Asia increased after 1860s and took advantage of steamship transportation and opened up mines, plantations, and agricultural areas in a number of Southeast Asian countries. The intra-Asian migrations fluctuated according to economic trends and trade cycles. On the whole, migration rates rapidly increased in the last quarter of the 19<sup>th</sup> century and reached a peak in the decades before and after the First World War.

Contrary to Euro-centric approaches, we have shown that intra-Asian migrations are an integral part of world-wide flows. Indeed, south Indian migrations contained both the “Irish” and “Jews” patterns. In the case of south Indian labour migrations development of extensive middlemen and agents’ networks were crucial and, “these networks channelled further migration and expanded well beyond direct European influence to create a world densely enmeshed in an expanding global economy” both during the colonial and post colonial periods. At the turn of the 21<sup>st</sup> century, India emerged as an important global player in terms of man power exporter and remittance recipient. The positive effects of remittances on the macro-economic development are analyzed by many economists. The exceptional growth of remittances has augmented India’s foreign exchange reserves and provided funds for savings, investment and capital formation. Growing economic relations between India and Southwest and Southeast Asian countries are sustained through migration of labour and skills. During his recent visit to Malaysia in 2006, the Prime Minister of India remarked: “The Little Indias which we see in so many towns in Malaysia are more than geographical spaces. They are repositories of the sentiment that links people of Indian origin to the motherland...large migration of Indians during the colonial era provided the bedrock linking the countries, while the recent second wave of migration...[is] providing the economic impetus for the evolution of ties. Your presence in Malaysia will make it easier for us to rapidly upgrade our economic relations to a new level In the evolution of contemporary globalization, the role of Indian sub-continent is quite significant. The impact of migration

networks on the regional economic integration of south, southwest and Southeast Asia is an important dimension of globalization. In the Asian economic, political and strategic integration, India is said to “have acquired a ‘global status’ as its role has extended beyond south Asia”. In this sense, it can be said that India gained the status of “core” in the field of inter-regional flow of labour and skills. Thus the transformation of India from “semi-periphery” to “centre” occurred in the context of regional globalization.