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Economic Condition of India in Ancient Period: An Empirical Study

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Abstract

Early mediaeval kingdoms such as the Cholas, Pandyas, Cheras, Guptas, Western Gangas, Harsha, Palas, Rashtrakutas, and Hoysalas succeeded the Mauryan Empire. For the majority of the first to eighteenth centuries, the Indian subcontinent had the biggest economy of any area in the globe. Objective: The aim of the study is to explore the economic position of Bharat in ancient time. Methods: The various materials gathered from the various sources have been examined, validated, and methodically arranged under the relevant headings in order to hold the necessary presentation and conclusion. Result and Discussion: All of the major industries, including mining, metallurgy, textiles, and arts and crafts, prospered in India from the year 1 CE to the 1700 CE. They increased commerce to the point that India now accounted for almost one-fourth of global GDP (gross domestic product). India's economic history was really remarkable. Finding: India was not richer under Muslim rule and British rule than it had been under Hindu kings. Conclusion: India must take more initiative to increase its level of global competitiveness if it is to realise its full potential.

I. INTRODUCTION

The Indus Valley civilisation, which lasted from 3500 BC to 1800 BC, marks the beginning of India's history. The economy of the Indus civilisation seems to have been heavily reliant on commerce, which was made possible by developments in transportation. Its people farmed, tamed animals, fashioned swords and sharp implements out of copper, bronze, and tin, and traded in terracotta pots, beads, gold, silver, coloured gem stones like lapis lazuli and turquoise, metals, flints, seashells, and pearls. They used the ships to reach Mesopotamia where they traded gold, copper and jewels [https://cgijeddah.gov.in/webfiles/267622636-History-of-Indian-Economy.pdf]. The Indian economy saw significant transformations and advancements under the Mauryan Empire (c. 321–185 BC). The majority of India was united under a single ruler for the first time. The establishment of an empire improved the security of trade routes. Road construction and upkeep cost the empire a lot of money. Trade was boosted by the upgraded infrastructure, higher security, more consistent measurements, and more coin usage as money. India's proportion in the global economy is thought to have been between 32% and 35% over this period [Basu & Sen, 2008].

Classical and early mediaeval kingdoms such as the Cholas, Pandyas, Cheras, Guptas, Western Gangas, Harsha, Palas, Rashtrakutas, and Hoysalas succeeded the Mauryan Empire. For the majority of the first to eighteenth centuries, the Indian subcontinent had the biggest economy of any area in the globe [Maddison, 2003, 2007 & Paul, 1995]. India accounted for almost 30% of global GDP between the year 1 CE and the year 1000 CE. Maddison believes that 28.5% of the world's population resided in India in the year 1000 CE [Maddison, 2003). [https://en.wikipedia.org/wiki/Economic_history_of_India]. Prior to Muslim domination, India was the world's wealthiest nation. Numerous foreign kings were drawn to India because of its richness, which led to their attacks and looting. There are several instances. Mahmud of Ghazni is one such instance. From 971 until 1030 AD, Mahmud Ghaznavi, also referred to as Mahmud of Ghazni, governed Ghazni. India's immense wealth drew his attention. He raided India 17 times between 1001 and 1027 AD as a result of this. He also gave his invasion of India a religious component. To get the moniker "Idol Breaker," he demolished the temples of Somnath, Kangra, Mathura, and Jwalamukhi. In order to steal India's wealth, he launched his first raid in 1001. In 1025, he launched his sixteenth assault on the temple of Somnath with the sole intent of stealing the wealth that had been accumulated there, including gems, gold, and silver. In 1026 AD, the soldiers of Sultan Mahmud of Ghazni stole 200 mans of gold, or around 6.25 tonnes, from the temple of Somnath, according to the 17th-century Persian historian Firishta. This is a substantial amount of money, with an estimated current value of $200 million (https://www.google.com/search?q) Following his final assault, Mahmud Ghaznavi passed away from malaria in 1030 AD. The Ghanaian invasions had no significant political effects on India, but they did highlight the flaws in the Rajput monarchs' military tactics. Additionally, it exposed India's lack of political cohesion and paved the way for further assaults.

Objective: The aim of the study is to explore the economic position of Bharat in ancient time.

II. METHODS AND MATERIALS

Study area description: At that time, Bharat was consisted present India, Bangladesh, Pakistan and some parts of Afghanistan.

Design and approach: This study has employed both qualitative and quantitative methods and is descriptive by nature. This study made use of secondary data. Secondary data is gathered from a variety of sources, including government publications, research papers, theses, articles, websites, Wikipedia, and more.

Analysis methodology: To support the required presentation and conclusion, the diverse materials collected from the many sources have been scrutinized, verified, and systematically organized under the pertinent topics. Descriptive analysis, content analysis, and text analysis are among the various quantitative and qualitative analytic techniques used.

III. RESULT AND DISCUSSION

All of the major industries, including mining, metallurgy, textiles, and arts and crafts, prospered in India from the year 1 CE to the 1700 CE. They increased commerce to the point that India now accounted for almost one-fourth of global GDP (gross domestic product). India's economic history was really remarkable. India accounted for 14% of global gold output between 1493 and 1930, which means it had accumulated that much export surplus for five centuries in a row (The 1934-35 annual report of the Bank of International Settlements) [BIS]). The wealthy areas were the villages and small towns. They were the hubs from which wealth poured. Due in large part to the widespread practice of agriculture, many abundant harvests, and numerous small-scale enterprises that flourished in every village across the country, the hinterland, the villages, and Grama created a great deal of wealth prior to the British era. Ancient India's towns, cities, and villages were therefore sustained. Trade was the primary source of prosperity for the towns, cities, and villages (https://www.artofliving.org/in-en/culture/reads/india-and-world-trade). The

36 wealthiest OECD nations started a significant endeavour to examine global GDP history from a 21st-century perspective. Prof. Angus Maddison was appointed as the team's chairman. Professor Angus Maddison is an Honorary Fellow at Cambridge University and an Emeritus Professor at the University of Groningen in the Netherlands.

The world is surprised and in disbelief when the report is released because it reveals a reality. China and India used to be the world's most affluent nations. From the first to the tenth centuries, India was the richest nation in terms of GDP without plundering anybody. The numbers generated by Professor Angus Maddison are shown below. The following Table 1 displays his projected 1990 International Dollar GDP for India, China, West Europe, and the world total for the years 1 CE–1000 CE, 1000 CE–1500 CE, 1500 CE–1600 CE, and 1600 CE–1700 CE. Table 2 displays their wealth in relation to the global GDP. In the year 1000 CE, India's share of the global GDP was little over a quarter; between 1000 CE and 1500 CE and 1600 CE and 1700 CE, it was slightly less than a quarter (History of Indian Economy: https://cgijeddah.gov.in/web_files/267622636-History-of-Indian-Economy.pdf).

Table-1: GDP in millions of 1990 International Dollars

Years	1 CE - 1000 CE	1000 CE- 1500 CE	1500CE-1600 CE	1600CE-1700 CE
India	33,750	60,500	74,250	90,750
China	26,550	61,800	96,000	82,800
West Europe	10,165	44,345	65,955	83,395
World Total	116,790	247,116	329,417	371,369

Source: Prof. Angus Maddison's Estimation

Anova: Single Factor

SUMMARY

Groups	Count	Sum	Average	Variance
Column 1	4	187255	46813.75	2.27E+09
Column 2	4	413761	103440.3	9.24E+09
Column 3	4	565622	141405.5	1.59E+10
Column 4	4	628314	157078.5	2.04E+10

ANOVA

Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	2.89E+10	3	9.63E+09	0.80541	0.514699	3.490295
Within Groups	1.43E+11	12	1.2E+10			
Total	1.72E+11	15				

The above ANOVA table represents the results of a one-way ANOVA (Single Factor) test.

F-statistic (0.80541): It is a ratio of the variance between groups to the variance within groups.

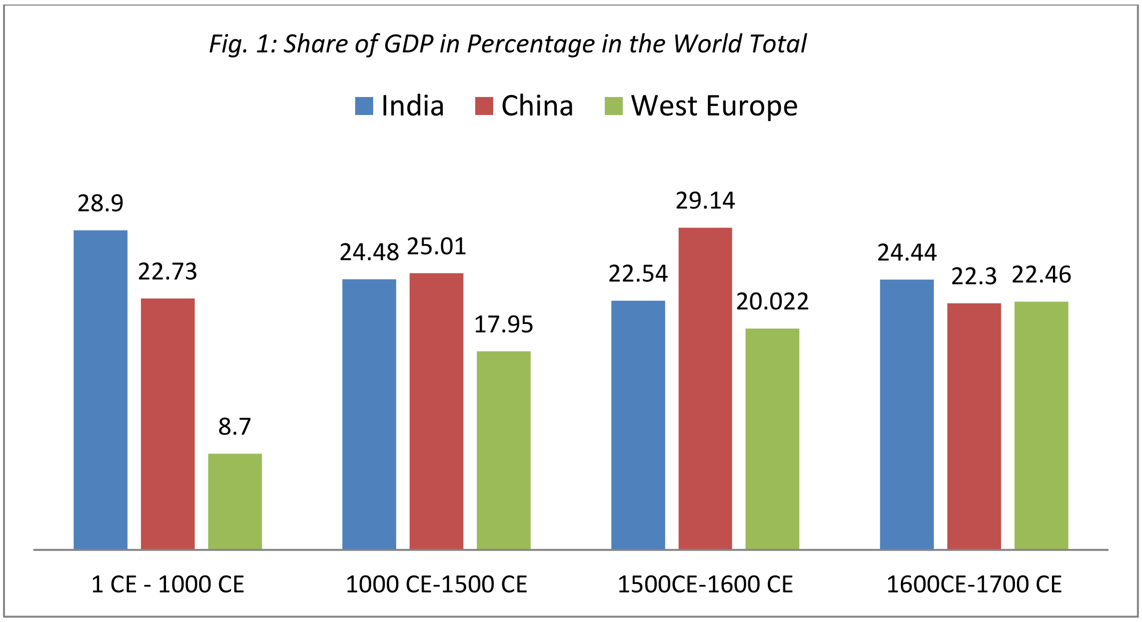
P-value is 0.514699, which indicates that the probability of observing a difference is extreme. It tells that the null hypothesis is true. Because the P-value (0.515) is higher than 0.05, the null hypothesis cannot be ruled out. So, we fail to reject the null hypothesis. F crit (3.490295): Furthermore, the null hypothesis cannot be rejected since the calculated F-statistic (0.80541) is smaller than the F-critical value of 3.490295.

As a result, the means of the four groups do not differ much. This implies that rather than a real influence, the differences in group averages could just be the result of chance. At a 5% significance level (α=0.05\alpha = 0.05), the F-statistic of 0.8054 is significantly below the critical value of 3.4903. Additionally, there is not enough evidence to reject the null hypothesis because the P-value of 0.5147 significantly surpasses the conventional cutoff of 0.05. These findings imply that rather than reflecting significant differences between the groups, the observed variability in group means is probably due to random fluctuations.

Table-2: Share of GDP in Percentage in the World Total in 1990 International Dollars

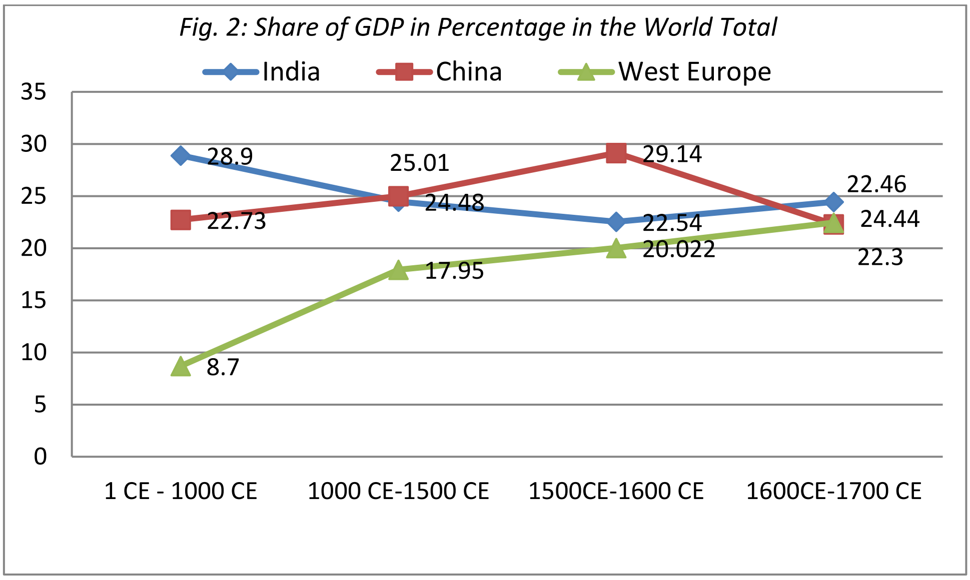
	Share of GDP in Percentage in respect of World Total			
Years	1 CE - 1000 CE	1000 CE-1500 CE	1500CE-1600 CE	1600CE-1700 CE
India	28.90	24.48	22.54	24.44
China	22.73	25.01	29.14	22.30
West Europe	8.70	17.95	20.022	22.46
World Total	100	100	100	100

Source: Self Calculated on the basis of above Table-1 subject to error.



Source: Constructed on the basis of Table-1.

Explanation of Table-1, Fig.1 and Fig. 2: Prof. Angus Maddison estimated GDP in millions of 1990 International Dollars. According to Professor Angus Maddison and his group, India was extremely prosperous and affluent in terms of GDP during the early period, which was between the years 1 and 1000 CE. She was superior than China. China and West Europe are smaller than the Indian Bar in Figure 1. India's line is higher than that of China and western Europe in the line diagram, also known as the time plot diagram in Figure 2. From 1 CE to 1700 CE, India was similarly superior to West Europe. As a result, India's bars are consistently larger than those of West Europe, and its queue is consistently higher than that of West Europe. Due to repeated Muslim theft of India's wealth and the gradual transition of power from Hindus to Muslims, China entered India between 1000 and 1500 CE. For this reason, at 1000 CE, India's bar is little lower than China's. Between 1500 and 1600 CE, China was superior over India. However, China descended beneath India between 1600 and 1700 CE. Because of those who stole India's riches, India was driven down. The British plucked India's wealth is the explanation. In much of central India, the Marathas supplanted the Mughals in the 18th century, while the other minor regional kingdoms, such the Nizams in the south and the Nawabs in the north, were primarily late Mughal dependents. In the middle of the 18th century, the British imperial dominion started to expand in India. The Indian industry entered a period of decline.



Source: Constructed on the basis of Table-1.

Discussion on Angus Maddison's Study

Swaminathan S. Anklesaria Aiyar chastises those who view India's pre-Islamic past as a golden economic era in his blog, Swaminomics, published in The Times of India. He claims that India was actually far poorer than other nations on a per capita basis and that the true golden period in India should be looked to the upcoming decades. He uses data from the well-known book Contours of the World Economy 1–2030 AD: Essays in Macro Economic History, written by economist Angus Maddison of the Organisation for Economic Co-operation and Development, to support his claims. Aiyar's main points are listed below.

1. India's per capita income as of 1 CE was just marginally higher than the global average (32 percent of the world's GDP compared to 33.2% of its population), and it was half that of Italy.
2. Between 1 and 1000 CE, India's GDP and per capita income remained constant at $33.75 billion and $450 year, respectively.
3. The GDP quadrupled to over $90.7 billion during the Muslim era (1000–1700 CE), while per capita income increased marginally to $550 annually.
4. Between 1700 and 1950, Britain's GDP increased to $222.2 billion annually, while per capita income reached $619.

Based on these numbers, Aiyar concludes that whereas the Hindu era was characterized by stagnation, the British and Islamic colonial eras saw relative advancement, and that our development since independence has put both of these eras in the past. Actually, India was not made poor by the British; rather, it was surpassed by Europe's growth as a result of the industrial revolution. Although Europe surely benefited enormously from the industrial revolution, Aiyar selectively exploits facts without giving readers crucial background information, confusing them about India's past. Because Aiyar compares India over millennia with little to no global context, his thesis is weak. As civilization as a whole advance over a period of two millennia, each country will tend to improve over time in terms of both economic performance and mortality rates. For a more logical viewpoint, a comparison with other countries at each age is required. Aiyar has focused his research on GDP per capita.

ASSESSING THE HINDU PERIOD

India's per capita GDP in the first century CE was $450, whereas Italy's was really nearly twice, at $809. Context is what Aiyar omits. In actuality, the majority of Western Europe and almost the whole rest of the globe fall between $400 and $450 (the global average was $467, while France and Spain are little higher at $473 and $498). Per capita income was almost the same around the world. Aiyar uses Italy as an example, although it was an anomaly. What caused that? In 1 CE, Italy was at the core of a huge empire that sucked resources from a wide range of areas, including the Middle East, Eastern Europe, the Balkans, sections of Western Europe, and much of North Africa, extending from Egypt to Morocco. Fortunately, India was never a colonising power. Take note of Italy's situation by the year 1000 CE. Once more conveniently left out by Aiyar, it fell to $450 with the fall of the Roman Empire, which is precisely where India was in 1000 CE.

Regarding his second assertion, Aiyar trivialises India's past by pointing out that during the time when it was ruled by Hindus, per capita GDP stagnated for a millennium. Aiyar fails to mention that over this millennium, the GDP of Europe fell by a staggering 29% per capita. China and India, which stayed flat, did significantly better than Europe. West Asia is the only region in the globe to have had a rise in per capita GDP this millennium, by almost 19%, due to Islamic imperial plunder that began to collect there in the 7th century (including from the Northwestern sections of India).

In summary, India's per capita GDP was not significantly higher than that of other nations throughout the Hindu era. However, "sone ki chidiya," or "golden bird," did not imply anything. Back ago, India was the exporter of luxury items that were in great demand worldwide, including spices, ivory, pearls, perfumes, and fine textiles. India insisted on receiving payment solely in gold. Pliny the Elder, a Roman senator in 77 CE, bemoaned Roman women's preference for upscale Indian items and referred to India as "the sink of the world's gold." Thus, the expression was "**Sone Ki Chidiya.**" Romans were the first to use it, and the Arabian Nights also made mention to it later. In Hindu culture, gold was also considered auspicious. "Sone Ki Chidiya" does take on a broader significance when the nation with the biggest GDP in the world, India, likewise stays unchanged over a century in whereas Europe fell by 29%. Prosperity is always relative.

Furthermore, we are all well aware of the enormous temples constructed by the Cholas in the south (temples in the north were mostly destroyed by Islamic conquests) and the international universities that thrived in North India and drew students from many nations, including Takshashila, Nalanda, Vikramashila, Odantapuri, and others. In maths and science at the time, India was the world leader. The character and economic might of Indian society in the first millennium are amply demonstrated by these. This historical period is chronicled in the book "The Wonder That Was India" by historian AL Basham [https://theprint.in/opinion/india-wasnt-richer-under-muslim-british-rule-than-it-was-under-hindu-kings/1715385/].

IV. FINDING

India was not richer under Muslim and British than it had been under Hindu kings. In ancient India, the country's economy was characterized by a thriving and diversified economy. The main findings are as follows:

1. **Agriculture as the Foundation:** Rice, wheat, barley, pulses, sugarcane, cotton, and other crops were grown, making agriculture the main employment. Particularly throughout the Mauryan and Gupta eras, sophisticated irrigation methods such as wells, canals, and tanks were employed. Ownership of property varied; the king, people, temples, and communities all owned land.
2. **Commerce and Trade:** Internal commerce: Cities and towns were thriving hubs for commerce, with marketplaces offering ceramics, metals, textiles, and spices. International Trade: India had close

commercial ties with China, Southeast Asia, Persia, and Rome. Maritime commerce was helped by ports such as Tamralipti, Bharuch, and Kaveripattinam. Silk Route: Exporting textiles, precious stones, and spices, India was a significant participant in the Silk Route commerce.

3. **Craft and Industry:** Textiles (cotton, silk), metallurgy (iron, copper, and gold), and ceramics were among the many industries that thrived. Indian handicrafts and steel (Wootz steel) were highly prized around the world.
4. **Urban Economy and Guilds:** Pataliputra, Ujjain, and Mathura were significant centers of the economy. Guilds (Shrenis) acted like contemporary trade unions, controlling industry and trade. They created their own money, controlled pricing, and upheld quality.
5. **Revenue System and Taxation:** Tolls on commerce, taxes on craft production, and taxes on irrigation were among the other levies. Land revenue, which was gathered in the form of cash or crops, was a significant source of state income. Kautilya's Arthashastra describes the Mauryan government's well-organized income system.
6. **Monetary System:** Different dynasties produced their own coinage, such as copper/bronze coins for regional commerce, gold coins from the Gupta period, and silver coins with punch marks from the Mauryan era. The Gupta era's gold coins (Dinara, Suvarna) show a thriving economy.
7. **Temples and the Economy:** Temple donations aided in the dispersion of wealth, and temples played a significant part in the economy as banks, employers, and landlords.
8. **Self-Sufficient Villages:** Each village included farmers, merchants, and craftsmen (potters, weavers, and blacksmiths), and the economy was mostly centered on the village and self-sufficient, producing food, textiles, other necessities locally.

V. CONCLUSION

India is a very alluring market for multinational companies. It is the perfect place for industry and investment because of its sizable labor pool, robust market, and stable government. But if India wants to reach its full potential, it needs to do more to raise its level of global competitiveness. India can maintain its position as a top destination for businesses worldwide by enacting wise reforms and fostering a favorable business environment. Before the Muslim conquest, ancient India's economy was thriving, with a strong craft industry, a healthy trade, and a thriving agricultural sector. Strong trade networks, an efficient tax system, and self-sufficient settlements all contributed to prosperity. Sometimes referred to as the "Golden Age," the Gupta era (4th–6th century CE) saw the economy reach its peak. But occasionally, trade and agricultural productivity were hampered by political upheaval and intermittent invasions.

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