

# **Asia and Global Capitalist Development: the Role of Indian Business Communities with Special Reference to Sri Lanka**

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## **Introduction**

Economic transformation in Asia under the intervention of European colonial expansion is a popular theme in the academic discourse on global capitalist development. Eurocentric theory, both Liberal and Marxist, on development of capitalism on a global scale has been intensively debated and refuted. The current academic discourse on the subject recognizes the interaction of multi-centred economic processes over several centuries paying the way for global capitalist development. In this process the specific nature of the contributions of India and China has received considerable academic attention.

In the case of India, its merchant capital had been operating in South and Southeast Asia, in the Persian Gulf, Red Sea areas and East Africa over several centuries. At the time of the advent of Western capitalism Indian mercantile operation had brought about significant economic changes in this vast geographical area. It was in this background that the interaction between European and Indian merchant capitalist operations takes place in the 18<sup>th</sup> century. In this process Indian business communities performed specific roles and made a significant contribution to the development of capitalism in the region in the 19<sup>th</sup> century in collaboration and competition with European colonialism.

Though the Europeans played a major role in the economic transformation of these areas, the initial commercialization was the work of Indian merchant and banking communities through exchange of commodities, opening new markets for imported articles and trading and capital networks various Indian merchant communities played a crucial role for centuries in pre-colonial times. Their scope of activities ranged from production, transport, shipping, wholesale and retail to credit and banking. They connected regional supply centres with market areas in various locations in the trading network. As intermediaries of independent kingdoms they penetrated into indigenous economies. They excelled in skills of marine and overland trading and handling of money and other business techniques.

When the above mentioned regions came under global colonialism their economies integrated readily into global capitalist economic relations. The varied expertise of Indian merchant communities played the crucial intermediary roles in this process of integration. Indian commercial credit operations in particular played an intermediary role between European business operations and indigenous spheres of subsistence agriculture and small scale trading.

Sri Lanka presents a typical arena of this broad transformation process. Sri Lanka was in the Asian merchant capital network and Indians played an intermediary role in the economy for centuries. When Sri Lanka underwent rapid economic change under the British colonial intervention in the late 19<sup>th</sup> and early 20<sup>th</sup> centuries Indians played a noteworthy role to make colonial initiatives practicable, as in most parts of South East Asia.

### **Objectives**

The aim of this study is to examine the involvement of various Indian business communities during the colonial intervention in the Sri Lankan economy and to assess their contribution towards its transformation. The pre-colonial economy of Sri Lanka changed with the expansion of plantations under British colonial dominance after the 1850s. Plantations created a new mode of capital formation with the direct involvement of the colonial state and for development of infrastructure facilities. The economy of Sri Lanka was integrated into the world economy under this transformation. Export oriented agricultural produce of the plantation system became the mainstay of the economy. It created a large volume of import and export trade paving the way of an unprecedented commercial transactions and market expansions. Under this transformation several new Indian business communities were attracted in large numbers into newly opened opportunities for investment in Sri Lanka.

### **Research Problem**

Principle problem addressed in this research is the specific role played by various Indian business communities in the economic transformation in Sri Lanka under the colonial intervention. The research tries to assess the importance of their roles in the incorporation of indigenous society into the colonial capitalist production processes.

### **Key Findings**

These Indian business communities facilitated the incorporation of the Sri Lankan economy to fit into the circuit of European colonial capital. And at the same time, these communities successfully adjusted to the emerging economic system under the British, transforming themselves from their past role in the pre-British era.

### **Methodology**

Both qualitative and quantitative approaches of data collection and analysis will be used in this research. In regard to the qualitative approach, interviews will be conducted with the descendants of Indian communities still living in Sri Lanka in order to gather relevant information from their family histories. The research will also involve a search for private collections of documents of their families. This research will also utilize information and data obtained from primary archival materials in Sri Lanka and India and statistical records of colonial governments.

**Keywords:** Capitalism; Colonialism; Economic transformation; Indian business communities; Merchant capital

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