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A Historical and Commercial Analysis: Partition of India and Its Impact on Trade, Business and Commercial Networks

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ABSTRACT

The Partition of India in 1947 represented a major political and territorial transformation that profoundly disrupted the economic, commercial, and business structures developed during the colonial period. This study examines the historical and commercial consequences of Partition, with particular emphasis on its impact on trade, business communities, markets, transportation systems, and established commercial networks. Before Partition, the regions that subsequently became India and Pakistan were interconnected through extensive networks of agricultural exchange, manufacturing, wholesale trade, banking, finance, and merchant activity. The creation of international borders abruptly transformed these integrated economic spaces into separate national markets, resulting in disruptions to established trade routes, shortages of commodities, displacement of business communities, and reorientation of commercial activities.

Partition also generated large-scale migration of traders, entrepreneurs, artisans, financiers, and industrialists, thereby altering the geographical distribution of capital and entrepreneurial skills. While the immediate consequences included uncertainty, loss of property, disruption of supply chains, and contraction of traditional markets, the post-Partition period also witnessed the emergence of new commercial centres, business opportunities, and institutional arrangements. The study adopts a historical-analytical approach, drawing upon secondary sources, historical records, economic literature, and studies of commerce and business during the colonial and post-colonial periods. It argues that Partition should not be understood solely as a political event or humanitarian crisis; it was also a fundamental restructuring of the economic geography of South Asia. The study highlights the long-term consequences of this restructuring for bilateral trade relations, commercial connectivity, and the evolution of business networks between India and Pakistan.

Keywords: Partition of India; Trade; Business Networks; Commercial Transformation; India-Pakistan Economic Relations

INTRODUCTION

The Partition of British India in 1947 was not merely a political division that created the independent states of India and Pakistan; it was also a fundamental reorganisation of an interconnected economic and commercial space. Before Partition, the Indian subcontinent constituted a highly integrated market in which agricultural regions, manufacturing centres, ports, banking institutions, merchant communities, transport systems, and wholesale markets were connected through extensive commercial networks.

The colonial economy had developed complex relationships between producers, traders, financiers, industrialists and overseas markets. Roy (2000) observes that by the late colonial period India had developed significant industrial and commercial capabilities, particularly in cotton textiles, jute, mining, engineering and other manufacturing activities. By 1945, India had become one of the world's significant manufacturing economies, while Indian entrepreneurs had acquired an increasingly important role in several business sectors.

Commercial integration was particularly visible in regions that were subsequently divided by the Radcliffe boundary. Punjab and Bengal were economically interconnected areas in which agricultural production, processing industries, wholesale trade and transportation depended upon flows across what became an international border. The economic geography of jute provides a particularly important example. Much of the raw jute-producing region went to Pakistan, while a substantial portion of the jute-processing industry remained in India. Similar disruptions affected cotton, wheat, coal, food grains and other commodities. Mirza (2024) argues that Partition separated commodity-producing areas from

established agro-processing centres and consequently dismantled important elements of the commercial architecture that had evolved under colonial rule.

The significance of Partition for business history therefore lies in the sudden territorialisation of previously integrated economic relationships. Merchant communities had traditionally operated across regional and provincial boundaries, while firms maintained branches, agents, warehouses, financial relationships and supply chains extending throughout the subcontinent. Markovits (2008) demonstrates the importance of merchant circulation and business networks in colonial South Asia and specifically examines the response of Indian businessmen to Partition. Consequently, the creation of national borders transformed commercial relationships that had previously operated within a relatively unified political and monetary framework into international transactions subject to customs controls, foreign-exchange restrictions, taxation and political uncertainty.

Partition, Displacement and the Reorganisation of Business Networks

The immediate economic consequences of Partition were intensified by unprecedented population displacement, communal violence and property destruction. Millions of people moved between the newly created states, including traders, merchants, industrialists, artisans, professionals and financiers. This migration resulted in a substantial geographical redistribution of entrepreneurial capital and commercial expertise. Tan Tai Yong and Kudaisya's analysis of the economic effects of Partition emphasises that the consequences extended beyond Punjab and Bengal and affected transportation, river networks, property ownership and the socioeconomic structures of major cities such as Delhi, Lahore, Calcutta and Karachi. Pakistan also inherited a comparatively weaker industrial base because a large proportion of manufacturing capacity remained on the Indian side of the new border.

The displacement of business communities consequently produced both economic losses and new commercial opportunities. Businesses that had operated in Lahore, Karachi, Amritsar, Delhi, Calcutta and other centres had to reconsider their markets, ownership structures and supply arrangements. Capital flight and business uncertainty were already evident before the formal establishment of the two states. Recent business-history research indicates that substantial amounts of capital moved away from areas threatened by territorial division, demonstrating that commercial actors anticipated the economic consequences of Partition even before the final boundaries were implemented. Refugee entrepreneurs subsequently contributed to the development and transformation of commercial centres, particularly in northern India, while Pakistan relied heavily on private business capital to expand its comparatively limited industrial base (Mirza, 2024).

Partition also fundamentally changed India-Pakistan trade relations. Commercial exchanges that had previously been domestic transactions became cross-border trade requiring new administrative and financial arrangements. Nevertheless, the economic interdependence created before 1947 did not disappear immediately. Governments on both sides attempted to maintain certain commercial flows because demand, supply shortages and established business relationships made complete economic separation difficult. Khan (2020) demonstrates that India and Pakistan continued to negotiate arrangements for trade and financial transactions after Partition, despite increasing political tensions. In Bengal, for example, commercial activity continued across the new boundary because local economies remained deeply interconnected. Similarly, Saikia (2016) shows how Partition transformed Assam's long-standing economic dependence on East Bengal, affecting trade, plantation production, agriculture and local livelihoods.

Commercial Transformation and Long-Term Significance

The historical importance of Partition therefore extends beyond the immediate disruption of trade. It created two territorial national economies from a previously integrated economic system and encouraged the reorientation of business networks toward new domestic markets and institutions. Corporate enterprises themselves had to reconsider their organisational identities and geographical strategies. Recent business-history scholarship shows that companies established shortly before Partition initially envisaged operating within a unified Indian economy but subsequently adapted their activities to the separate national economies of India and Pakistan (Chaudhary, 2025).

Thus, Partition can be understood as a major turning point in the commercial history of South Asia. It simultaneously destroyed established networks, redistributed capital and entrepreneurship, generated new markets, and encouraged the emergence of nationally oriented business structures. Its effects were particularly significant for commodities, manufacturing, transport, finance and merchant communities. A historical-commercial analysis of Partition is consequently essential for understanding the foundations of post-1947 business development and the subsequent evolution of India-Pakistan economic relations. The study of these transformations also demonstrates that political borders can profoundly reshape commercial geography, even when underlying economic complementarities and market relationships continue to persist.

REVIEW OF LITERATURE

The literature on the economic history of colonial India establishes that the subcontinent developed extensive networks of trade, finance, transport and entrepreneurship before 1947. Roy (1999, 2011, 2018) explains the transformation of Indian commerce and enterprise under colonial rule, highlighting the importance of markets, infrastructure, indigenous entrepreneurship and the movement of capital. Markovits (2000, 2008) particularly demonstrates how merchant communities developed networks extending across regions and beyond India. These studies are significant because they establish that Partition divided an already interconnected commercial economy rather than two economically independent territories.

Business Communities and Partition

Markovits (2008) provides one of the most direct studies of businessmen and Partition, arguing that Indian business interests did not uniformly oppose territorial division. His analysis highlights the political and economic calculations of large business groups during the final years of colonial rule. Tripathi (1991) similarly situates Indian business within the broader development of indigenous capitalism and nationalist politics. Hazlehurst (1966) examines the emergence of Indian business elites, while Gadgil (1959) analyses the development of industrial and entrepreneurial classes. Collectively, these works demonstrate that business groups were active participants in the economic transformation surrounding independence rather than passive victims of political developments.

Partition and Commercial Networks

Mirza (2024) offers an especially important contribution by examining the reorganisation of commercial networks following Partition. The study argues that Partition separated commodity-producing regions from processing and industrial centres, producing a major restructuring of the colonial business architecture. This was particularly significant for Pakistan because it inherited substantial agricultural resources but comparatively limited industrial capacity. Tan and Kudaisya (2000) similarly demonstrate that Partition disrupted transportation, markets, property relations and urban economies across South Asia. Their work indicates that the consequences were not restricted to Punjab and Bengal but extended across the subcontinent.

Punjab, Bengal and Commodity Trade

Studies of Punjab and Bengal reveal the regional variations in Partition's commercial consequences. Jalal (1995) and Zamindar (2007) examine the political and institutional transformation accompanying Partition, while Chatterji (1994) analyses Bengal and demonstrates how territorial division affected communities, property and economic relationships. Saikia (2016) extends this literature to Assam, showing how the new border disrupted established movements of commodities and people. Recent scholarship further confirms that the division of Punjab and Bengal disrupted established transport and river networks, while commodity-producing and processing regions were separated by the new international boundary.

Banking, Finance and Industrial Transformation

The literature also demonstrates that financial institutions were deeply affected by Partition. Nguyen (2020), through an examination of bank-branch expansion between 1939 and 1946, shows that banks had invested heavily in Punjab and Bengal before Partition, indicating that financial institutions did not anticipate the scale of subsequent economic disruption. After 1947, however, banking failures and institutional relocation became important features of economic restructuring. Roy (2018) further explains the longer-term development of Indian business and capitalism, while Chatterji (2007) highlights the institutional and economic consequences of displacement.

Research Gap and Contemporary Perspective

Although substantial scholarship exists on Partition's political, demographic and humanitarian consequences, comparatively less attention has historically been given to its commercial and business dimensions. Markovits (2008) explicitly notes the limited attention given to businessmen in Partition scholarship, while recent research by Mirza (2024) and Tan and Kudaisya (2026) seeks to address this imbalance. Recent business-history research also argues that Partition disrupted merchant networks extending across India, Pakistan and the wider Indian Ocean commercial world. Therefore, the present study contributes by bringing historical and commercial perspectives together to examine how Partition transformed trade flows, business organisations, entrepreneurial communities, financial institutions and cross-border commercial networks.

Research objectives

1. To examine the historical impact of the Partition of India on trade, business activities, markets, and commercial networks in India and Pakistan.
2. To analyse how Partition-induced migration, territorial division, and political-economic restructuring transformed business communities, trade routes, and cross-border commercial relations.

RESEARCH METHODOLOGY

The present study adopted a historical and analytical research methodology to examine the impact of the Partition of India on trade, business, and commercial networks. The study was primarily based on secondary data collected from books, peer-reviewed research articles, government publications, historical records, economic reports, archival materials, and credible institutional sources. A qualitative approach was employed to examine changes in pre-Partition commercial integration, trade routes, commodity markets, business communities, banking and financial institutions, and post-Partition commercial relations between India and Pakistan. The study used a comparative historical analysis to identify continuities and disruptions in commercial activities before and after 1947. Particular attention was given to Punjab, Bengal, and major commercial centres affected by territorial division and migration. Relevant historical and economic literature was critically reviewed and thematically organised according to trade, entrepreneurship, migration, finance, industrialisation, and cross-border commerce. The findings were interpreted through historical contextualisation to establish the long-term commercial consequences of Partition.

Analysis

The present study adopted a historical and analytical methodology to examine the commercial consequences of the Partition of India in 1947. In accordance with the two research objectives, the analysis focuses on changes in trade, commodity flows, industrial activity, transportation, banking, business communities and commercial networks before and after Partition. Since the study is based on secondary historical and economic sources rather than a primary questionnaire survey, the tables below use documented historical statistics wherever numerical data are available. Where direct numerical measurement is not possible, qualitative evidence has been systematically classified into comparative categories. This approach is appropriate because Partition transformed an integrated domestic economic system into two national economies and consequently changed the institutional framework within which trade and business operated.

Contemporary and historical economic evidence confirms that the effects of Partition were long-term and extended beyond Punjab and Bengal. The division disrupted transport and river networks, separated production from processing centres, affected ports and commercial cities, and created restrictions on labour mobility. Pakistan also inherited a comparatively weaker industrial base because a larger proportion of manufacturing facilities remained in India. The analysis therefore compares the commercial structure of undivided India with the emerging commercial structure of India and Pakistan after 1947.

The first objective of the study was to examine the historical impact of the Partition of India on trade, business activities, markets, and commercial networks in India and Pakistan. The second objective was to analyse how Partition-induced migration, territorial division, and political-economic restructuring transformed business communities, trade routes, and cross-border commercial relations.

For systematic analysis, the available evidence was divided into six major indicators: (i) commodity trade, (ii) industrial and manufacturing linkages, (iii) transportation and ports, (iv) banking and finance, (v) migration and business communities, and (vi) India-Pakistan commercial relations.

Table 1: Major Dimensions of Partition's Commercial Impact

Dimension	Pre-Partition Position	Post-Partition Change	Degree of Impact
Commodity trade	Integrated internal market	Internationalised trade	Very High
Raw-material supply	Integrated production chains	Production-processing separation	Very High
Manufacturing	Regionally interconnected	Unequal distribution between countries	High
Railways and transport	Integrated network	Border fragmentation	Very High
Banking	Common financial framework	Institutional separation	Very High
Merchant networks	Transregional networks	Migration and restructuring	Very High
Ports	Complementary port system	Reorientation of trade	High
Labour mobility	Relatively unrestricted	Border restrictions	High

Source: Compiled and analysed from Tan and Kudaisya (2026), Roy (2018), Markovits (2008), Khan (2020), and contemporary economic records.

The table demonstrates that Partition produced a fundamental transformation rather than an ordinary decline in economic activity. Before 1947, movements of raw materials, finished goods, capital and labour took place largely within a common political and economic system. After Partition, these movements increasingly became subject to customs controls, exchange arrangements, border regulations and political considerations. Thus, the principal commercial consequence was fragmentation of an integrated economic space.

Impact on Commodity Trade

One of the clearest quantitative indicators of Partition's economic consequences is the change in India's trade in raw cotton and raw jute. These commodities provide particularly strong evidence because their production and processing became geographically separated after 1947.

Table 2: India's Exports of Raw Cotton and Raw Jute Before and After Partition

Commodity	Undivided India 1938–39 (tons)	Indian Union 1948–49 (tons)	Absolute Change (tons)	Approx. Decline
Raw cotton	482,658	76,080	-406,578	84.2%
Raw jute	690,350	213,603	-476,747	69.1%

Source: Poduval (1952), *Indian Journal of Agricultural Economics*; historical trade data reproduced in the agricultural-economic literature.

The data reveal an exceptionally sharp reduction in India's exports of both raw cotton and raw jute. Raw cotton exports declined by approximately 84.2%, while raw jute exports declined by approximately 69.1% between 1938–39 and 1948–49. This change cannot be attributed exclusively to Partition because the Second World War and post-war international market conditions also influenced trade. Nevertheless, Partition was a major structural factor because substantial raw-material producing regions were transferred to Pakistan.

The significance of this change is greater than the export figures alone suggest. Prior to Partition, raw cotton and jute were part of an integrated commercial system. Following Partition, India faced difficulties obtaining raw materials that had previously been available within its domestic economic space. Contemporary Indian economic analysis noted that food grains, raw cotton and raw jute, which had previously been subjects of internal trade, became international trade commodities after Partition.

This transformation forced India to reconsider agricultural production and encouraged policies aimed at increasing domestic production of commodities previously obtained from regions that became part of Pakistan. Therefore, Partition contributed to a transition from commercial integration to economic self-sufficiency and import substitution.

Transformation of the Raw-Material and Industrial Relationship

The jute and cotton industries provide important evidence of the structural imbalance created by Partition. The division did not simply separate two markets; it separated sources of raw material from industrial processing facilities.

Table 3: Selected Production-Processing Relationships after Partition

Industry/Commodity	Major Raw-Material Region	Major Processing/Industrial Region	Effect of Partition
Jute	East Bengal/East Pakistan	West Bengal/India	Production and processing separated
Cotton	Western Punjab/Sindh/Pakistan	Bombay and other Indian centres	Raw cotton supply disrupted
Food grains	Punjab and other agricultural regions	Major urban markets in both countries	Supply routes disrupted
Coal	Indian mining regions	Industrial centres in India/Pakistan	Cross-border supply complications
Tea	Assam/India	Calcutta and overseas markets	Transport routes altered

Source: Compiled from Nehru's contemporary economic statement (1947), Tan and Kudaisya (2026), Roy (2018), and historical economic records.

The table illustrates the geographical imbalance that emerged after Partition. Jawaharlal Nehru's December 1947 economic statement specifically identified jute as a major problem because cultivation was concentrated in Pakistan while processing was concentrated in India. He similarly noted India's dependence on Pakistan for a considerable portion of raw cotton.

This evidence supports the argument that the pre-Partition economic system had been based upon regional specialisation within one political economy. Partition transformed this specialisation into international economic dependence. Consequently, industries were required to establish new suppliers, negotiate bilateral trade arrangements or expand domestic production.

Changing Importance of Primary Products in India's Export Structure
Partition also affected the composition of India's exports.

Table 4: Share of Selected Primary Products in India's Export Trade

Indicator	1938–39	1948–49	Change
Raw cotton as % of total exports	14.7%	3.4%	-11.3 percentage points
Raw jute as % of total exports	8.2%	5.8%	-2.4 percentage points
Primary products as % of total exports	53.0%	28.0%	-25.0 percentage points
Oilseeds as % of total exports	9.0%	1.1%	-7.9 percentage points

Source: Poduval (1952), as reproduced in historical agricultural-economic literature.

The table indicates a major restructuring of India's export composition. The share of primary products fell from approximately 53% to 28% of total exports. Raw cotton's share declined from 14.7% to 3.4%, while raw jute's share declined from 8.2% to 5.8%.

This decline indicates more than a simple fall in agricultural exports. It reflects a transformation in India's economic priorities. The loss of agricultural areas to Pakistan reduced the domestic supply of major export commodities. At the same time, post-war industrialisation increased domestic consumption of raw materials. Historical analysis therefore suggests that Partition accelerated the movement of India toward a more diversified industrial economy.

Jute Trade and the Reorientation of Commercial Networks
Jute provides one of the strongest examples of how Partition reorganised commercial networks. East Pakistan inherited a substantial proportion of the raw-jute-producing areas, while India retained most of the established jute-processing industry in West Bengal.

Table 5: Production and Overseas Exports of Raw Jute, 1947–48 to 1951–52

Year	India Yield (M bales)	Pakistan Yield (M bales)	India Overseas Exports (M bales)	Pakistan Overseas Exports (M bales)
1947–48	1,696	6,443	1,797	765
1948–49	2,026	5,480	600	1,777
1949–50	3,117	4,500	594	1,723
1950–51	3,000	6,350	0	4,204
1951–52	4,677	6,331	0	3,203

Source: Ahmad (1958), based on Government of Pakistan statistical records.

The data reveal the rapid geographical reorientation of the jute trade. Pakistan possessed considerably greater jute production than India in the immediate post-Partition period. In 1947–48, Pakistan produced approximately 6.443 million bales, compared with India's 1.696 million. By 1950–51, Pakistan's overseas jute exports had reached approximately 4.204 million bales.

At the same time, India's overseas jute exports declined substantially. This illustrates the economic consequences of dividing production and manufacturing. Pakistan increasingly developed direct export channels, while India had to secure raw jute through cross-border arrangements or expand domestic cultivation.

The evidence also demonstrates that Partition did not permanently eliminate commercial relationships. Instead, the two countries developed new mechanisms for managing economic interdependence. Trade agreements subsequently permitted specific commodities to cross the border, demonstrating that economic necessity could encourage cooperation even in a politically tense environment.

Transformation of Port and Transport Networks

Partition also affected port geography. The division of Bengal was particularly important because Calcutta had traditionally served as a major commercial outlet for eastern India and Bengal.

Table 6: Cargo Movement through Karachi Port

Year	Imports (M tons)	Exports (M tons)	Total Cargo (M tons)	Export Share
1938–39	860	1,380	2,240	61%
1947–48	1,156	1,028	2,184	47%
1948–49	1,603	940	2,543	37%
1949–50	1,916	925	2,841	33%
1950–51	2,391	1,082	3,473	32%
1951–52	2,622	1,156	3,778	30%

Source: World Bank historical economic records, Annex I, *Exports and Imports of the Port of Karachi*.

The data indicate that Karachi experienced an important transformation after Partition. Total cargo increased from 2.184 million tons in 1947–48 to 3.778 million tons in 1951–52. However, the proportion represented by exports declined from 47% to 30%. Imports consequently became increasingly important.

This demonstrates that Pakistan's new national economic structure required Karachi to assume a much greater role as a national port. In the pre-Partition economy, port functions were distributed across a larger integrated network. After Partition, Karachi became one of the principal maritime gateways of Pakistan.

Similarly, Bengal experienced a major commercial reorientation. Chittagong became increasingly important for East Pakistan because Calcutta was now located in India. Contemporary economic-geographical evidence describes the new customs boundary as a major interruption to established commercial flows and identifies Chittagong as the principal outlet for East Pakistan's trade.

Banking and Financial Restructuring

Banking represented another major commercial sector affected by Partition. Before 1947, banking institutions operated across a broad geographical market. Partition required the separation of financial institutions, assets, liabilities and exchange-control systems.

Table 7: Major Financial Changes Associated with Partition

Financial Area	Pre-Partition System	Post-Partition Transformation
Currency system	Common monetary framework	Separate national arrangements
Exchange control	Unified administration	Separate control
Bank branches	Integrated network	Redistribution and closure
Capital movement	Interregional	Cross-border restrictions
Credit relationships	Established networks	Disruption and reconstruction
Central banking	Reserve Bank of India	State Bank of Pakistan from 1948

Source: United Nations Economic Commission for Asia and the Far East (1948); Nguyen (2020).

The transition in financial administration was gradual. Historical records show that exchange control between India and Pakistan was separated from January 1948, while the Reserve Bank of India continued to administer exchange control for Pakistan until July 1948. The State Bank of Pakistan subsequently assumed responsibility for Pakistan's exchange control.

This demonstrates that the financial separation of India and Pakistan was not instantaneous. Economic institutions initially continued to operate through transitional arrangements because complete separation would have caused additional disruption.

Nguyen's research on bank branch expansion between 1939 and 1946 further demonstrates that banking institutions had developed substantial commercial exposure in Punjab and Bengal before Partition. The subsequent political division therefore created an institutional problem because banking networks had been designed according to the economic geography of undivided India.

Impact on India-Pakistan Trade

The third major element emerging from the two objectives is the transformation of internal trade into bilateral international trade.

Table 8: India-Pakistan Trade and Commercial Reorientation

Feature	Before 1947	Early Post-Partition Period
Legal character of commerce	Internal/domestic	International/bilateral
Customs barriers	Absent internally	Introduced
Currency	Common rupee framework	Separate monetary arrangements
Trade agreements	Not required for internal trade	Increasingly necessary
Commodity shortages	Managed within common market	Cross-border supply problems
Business risk	Relatively lower	Higher due to political uncertainty
Smuggling/informal trade	Less significant within internal market	Increased along some border regions

Source: Khan (2020); United Nations economic records; Tan and Kudaisya (2026).

The analysis shows that Partition fundamentally changed the institutional character of commerce. Goods that had previously moved as internal trade became subject to customs and foreign-exchange considerations. Khan (2020) demonstrates that the governments of India and Pakistan initially attempted to preserve commercial transactions because economic necessity made complete separation difficult. He notes that some commercial exchanges continued because it was practically impossible to immediately stop transactions across the newly created boundary.

This finding is important because it challenges the assumption that Partition resulted in an immediate and complete economic separation. Instead, the evidence indicates a period of negotiated economic interdependence. Political leaders promoted economic independence, but shortages and established commercial relationships required continued exchange.

Migration and Reorganisation of Business Communities

The second research objective focuses on migration and the transformation of business communities. Partition displaced millions of people, including traders, shopkeepers, artisans, financiers and entrepreneurs. Migration consequently resulted in the geographical redistribution of commercial knowledge and capital.

Table 9: Commercial Effects of Partition-Induced Migration

Migration Effect	Immediate Consequence	Long-Term Commercial Consequence
Loss of property	Capital destruction	Redistribution of assets
Trader migration	Disruption of markets	New commercial centres
Entrepreneur migration	Loss of established firms	New business formation
Disruption of credit networks	Reduced access to finance	New kinship-based credit
Refugee settlement	Pressure on urban infrastructure	Expansion of markets
Transfer of skills	Temporary economic disruption	Entrepreneurial regeneration

Source: Markovits (2008); Tan and Kudaisya (2026); George (2026).

The evidence suggests that migration produced both economic destruction and entrepreneurial reconstruction. The first phase involved loss of property, disruption of businesses and destruction of established commercial relationships. The second phase involved the establishment of new shops, markets, manufacturing units and distribution networks.

Recent research on refugee-established markets in Delhi provides particularly useful evidence. George (2026) demonstrates that markets such as Gaffar Market in Karol Bagh developed through a combination of refugee enterprise, kin-based credit, remembered trade routes and gradual interaction with state institutions.

The significance of this finding is that refugees were not merely recipients of rehabilitation. They also became agents of commercial reconstruction. Their previous business experience, family networks and commercial knowledge enabled them to establish new markets.

Refugee Entrepreneurship and the Emergence of New Markets

The transformation of Delhi's commercial geography provides a useful example of the second objective.

Table 10: Commercial Transformation through Refugee Enterprise

Commercial Feature	Partition Impact	Developmental Outcome
Small retail businesses	Rapid establishment	Expansion of neighbourhood markets
Kinship-based finance	Recreated credit systems	Business continuity
Merchant networks	Re-established in new locations	New supply chains
Evacuee properties	Reallocated	Commercial utilisation
Refugee settlements	Initially residential	Gradual mixed-use development
Informal commerce	Initially survival-oriented	Long-term commercial centres

Source: George (2026), *Modern Asian Studies*.

George's research demonstrates that refugee-founded markets were not created exclusively through state-led rehabilitation. Informal arrangements, kinship credit, remembered commercial routes and interactions with bureaucratic institutions were also important.

This evidence supports the conclusion that migration changed not only the location of business activity, but also the institutional mechanisms through which business was conducted. Refugee entrepreneurs reconstructed trust-based networks in unfamiliar locations. Over time, these networks became durable commercial institutions.

Comparative Impact on India and Pakistan

Partition affected India and Pakistan differently because their inherited economic structures were different.

Table 11: Comparative Commercial Consequences

Indicator	India	Pakistan
Industrial base	Relatively stronger	Relatively weaker
Agricultural resources	Reduced in some major commodities	Strong agricultural base
Jute production	Relatively limited	Very strong
Jute processing	Strong industrial capacity	Limited initially
Cotton supply	Domestic production affected	Strong raw-cotton base
Major commercial ports	Bombay, Calcutta and others	Karachi, Chittagong
Refugee impact	Major population absorption	Major population absorption
Business reconstruction	Significant	Significant
Dependence on bilateral trade	High for selected raw materials	High for selected manufactured goods
Long-term outcome	Diversification and industrialisation	Industrial reconstruction and export orientation

Source: Tan and Kudaisya (2026); Roy (2018); Nehru (1947); historical economic records.

The comparative evidence suggests that India entered the post-Partition period with a stronger industrial base, while Pakistan possessed significant agricultural and raw-material resources. Nehru's contemporary assessment explicitly identified this imbalance and noted that the industrialised portions of the former economy were concentrated in India while Pakistan contained more agricultural and less industrialised regions.

This imbalance created economic interdependence. Pakistan required industrial goods and services, while India required certain agricultural raw materials. Consequently, even after Partition, neither economy could immediately operate independently of the other.

Objective-Wise Findings

Table 12: Summary of Findings According to Research Objectives

Research Objective	Principal Evidence	Finding
Objective 1: Examine impact on trade, business, markets and commercial networks	Cotton and jute exports, port data, industrial evidence	Partition caused substantial commercial fragmentation
Objective 1	Transport and market restructuring	Internal commerce became international/bilateral commerce
Objective 2: Analyse migration and territorial restructuring	Refugee business formation	Commercial skills and capital were redistributed
Objective 2	Delhi refugee markets	Migration generated new commercial centres
Objective 2	India-Pakistan trade arrangements	Economic interdependence continued despite political separation

Source: Researcher's synthesis based on historical and economic evidence from Poduval (1952), Khan (2020), Tan and Kudaisya (2026), Nguyen (2020), Markovits (2008), and George (2026).

The first objective is therefore strongly supported by the evidence. Partition significantly affected commodity trade, transport, industrial supply chains, ports, financial institutions and commercial markets. The decline in raw cotton and jute exports provides quantitative evidence of the disruption, while the transformation of Karachi and Chittagong demonstrates the reorganisation of port networks.

The second objective is also supported. Migration transformed the geographical distribution of traders, entrepreneurs, capital and commercial expertise. Although the immediate consequence was the destruction of existing commercial networks, displaced entrepreneurs subsequently created new markets and business institutions. Therefore, Partition should be viewed as a process of commercial dislocation followed by commercial adaptation.

FINDINGS AND DISCUSSION

The overall analysis establishes that Partition represented a fundamental restructuring of the economic geography of South Asia. The immediate consequences were highly disruptive because the political boundary did not correspond with existing economic boundaries. Production areas, industrial centres, markets, transport routes and financial institutions had developed through decades of interaction and could not be separated without significant adjustment.

The raw cotton data illustrate this transformation particularly clearly. Exports declined from 482,658 tons in 1938–39 to 76,080 tons in 1948–49, representing an approximate 84.2% decline. Raw-jute exports similarly declined by approximately 69.1%. These changes demonstrate how the division of agricultural regions from industrial centres altered the structure of commodity markets.

The jute evidence further demonstrates that economic relationships did not disappear but were reorganised. Pakistan rapidly developed its position as a major jute exporter, while India attempted to increase domestic production and continued to obtain supplies through bilateral arrangements.

The port data provide another dimension of this transformation. Karachi's total cargo increased significantly after Partition, reflecting its emergence as the principal maritime gateway of Pakistan. At the same time, the share of exports declined while imports increased, demonstrating the changing function of the port within a newly constituted national economy.

Financial restructuring also demonstrates that Partition involved institutional rather than merely geographical separation. Exchange-control responsibilities were progressively transferred from the Reserve Bank of India to the newly established State Bank of Pakistan in 1948. Such institutional separation transformed the conditions under which firms and traders conducted business.

Finally, migration produced a paradoxical outcome. It destroyed many established commercial networks while simultaneously creating new ones. Refugee entrepreneurs brought commercial skills, experience and social capital to new locations. Delhi's refugee-established markets provide a clear example of how displacement could eventually generate new commercial identities and urban economies.

Thus, the overall findings suggest that the commercial consequences of Partition can be conceptualised through three interconnected stages:

First, commercial disruption: established trade routes, commodity chains, financial systems and businesses were interrupted.

Second, commercial reorganisation: firms, traders and governments developed new supply chains, financial arrangements and markets.

Third, commercial adaptation: displaced entrepreneurs and newly established national institutions created alternative commercial networks.

The analysis consequently concludes that Partition did not simply reduce trade and business activity. Rather, it changed the geography, institutional structure and direction of South Asian commerce. The pre-1947 integrated market was replaced by two national economies whose commercial relationship remained characterised by both economic complementarity and political tension. This finding is consistent with recent economic history research, which describes the consequences of Partition as long-term, complex and subcontinental in scale.

CONCLUSION

The study concludes that the Partition of India in 1947 was not merely a political and territorial event but also a profound economic and commercial transformation that permanently altered the structure of South Asian trade and business. The analysis demonstrates that Partition disrupted an integrated commercial system in which agricultural production, manufacturing, transportation, banking, markets and merchant networks operated across regional boundaries. The creation of an international border transformed previously internal transactions into cross-border commerce, increasing regulatory barriers, transaction costs and commercial uncertainty.

The study further establishes that the impact was particularly significant in commodity-based industries such as cotton and jute, where production centres became separated from established processing and export centres. Transportation and financial networks were similarly fragmented, while cities such as Karachi, Delhi and Chittagong acquired new commercial significance within the emerging national economies. Partition also caused extensive displacement of traders, entrepreneurs, artisans and financiers, resulting in substantial losses of property, capital and established business relationships.

However, the consequences were not exclusively negative. Migrant entrepreneurs transferred skills, capital and commercial knowledge to new locations and contributed to the emergence of new markets and business centres. Thus, Partition produced both commercial disruption and entrepreneurial reorganisation. Overall, the findings confirm that Partition transformed rather than simply destroyed commercial networks. Its legacy can be observed in the subsequent development of Indian and Pakistani national markets, the restructuring of bilateral trade, and the continuing tension between economic interdependence and political boundaries. The historical-commercial perspective therefore provides a deeper understanding of Partition as a decisive turning point in the economic history of South Asia.

SUGGESTIONS

- India and Pakistan should promote historical trade research to identify traditional commercial routes and business networks that could inform contemporary economic cooperation.
- Greater efforts should be made to document and preserve Partition-era business records, including merchant archives, company records and trade documents.
- Academic institutions should encourage interdisciplinary research combining history, commerce, economics and business studies.
- Policymakers should examine historical patterns of cross-border commodity complementarities to identify potential areas for mutually beneficial trade.
- Digital archives should be developed to preserve records relating to Partition, migration, entrepreneurship and commercial networks.
- Further research should comparatively examine the long-term economic effects of Partition across Punjab, Bengal, Sindh, Assam and other affected regions.

FUTURE SCOPE

Future research may examine the long-term effects of Partition on India-Pakistan trade relations, entrepreneurship, financial institutions and cross-border markets. Comparative studies of Punjab, Bengal, Sindh and Assam could provide deeper regional insights. Digital archival research, business-history databases and quantitative economic modelling may further reveal previously unexplored commercial transformations.

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