



“Workshop of Asia”: Rise and Fall of India’s Trade Ambitions in the 1950s and Lessons for India-ASEAN Economic Engagement

Event Summary

Tuesday, December 16, 2025

- The Centre for Social and Economic Progress (CSEP) hosted its 37th Foreign Policy and Security Studies Tiffin Talk on **“Workshop of Asia”: Rise and Fall of India’s Trade Ambitions in the 1950s and Lessons for India-ASEAN Economic Engagement** with **Sandeep Bhardwaj**, Visiting Research Fellow, Institute of South Asian Studies, National University of Singapore (ISAS-NUS).
- The event examined the trajectory of India’s early post-independence economic engagement with East and Southeast Asia. Discussing how this period was marked by a brief, ambitious push by India to become the “workshop of Asia,” followed by a sustained withdrawal, which contributed to India’s marginalisation in regional trade networks. It attributed this to the failure of commercial diplomacy, and was followed by highlighting implications for India’s contemporary engagement strategies with the region.
- The discussants were **Kanti Bajpai**, Visiting Professor, Ashoka University and Emeritus Professor, Lee Kuan Yew School of Public Policy, National University of Singapore and **Constantino Xavier**, Senior Fellow, CSEP. The talk was moderated by **Anindita Sinh**, Research Associate, CSEP.
- The participants included representatives from the diplomatic community, think tankers and scholars from research institutes and universities in India and abroad.

Historical Argument and Core Claims

Presenting a chapter from his upcoming book project, the speaker traced how, in the late 1940s and early 1950s, India emerged from the Second World War as one of the few industrial centres “left standing” in Asia, with a national income higher than the rest of Asia (excluding Japan) combined. Fostering an ambition to replace pre-war Japan as the regional industrial hub by exporting manufactured goods (especially simple goods such as cotton cloth), to what policymakers described as India’s “natural market.”

This vision was underpinned by nationalist and developmental logic, suggesting that as industrialisation advanced, traditional exports of primary goods were expected to fall while demand for capital goods rose, thus making manufactured exports essential for managing balance-of-payments pressures. India’s export drive in 1949, accompanied by liberalisation of many export controls, briefly seemed to vindicate this optimism. East and Southeast Asia came to account for around a fifth of Indian exports, and India became the world’s largest exporter of cotton cloth, with officials anticipating expansion into

items such as sewing machines, batteries, fans, bicycles and textile machinery.

Export Pessimism and Lack of Commercial Diplomacy

The speaker showcased how this early surge faded rapidly, with India’s exports stagnating or declining across multiple indicators through the 1950s. India’s share of intra-Asian trade halved, the share of East and Southeast Asia in its manufactured exports fell, and even within this regional basket, manufactured goods were increasingly supplanted by primary products such as raw cotton and tobacco. This performance spurred a rich contemporary debate among Indian economists, many of whom attributed the problem to domestic inefficiencies, high protection and uncompetitive industries vis-à-vis Japan and Europe.

Challenging this standard story, the speaker argued that historical price data suggests India remained broadly competitive with Japan in several export lines, including grey cotton cloth, well into the late 1950s. The speaker’s core

claim was that the constraint lay in a failure of commercial diplomacy. Suggesting that in a context of tightly managed trade regimes across Asia, access depended on negotiated preferences and state-to-state deals, yet India underused its considerable assets, such as political capital as an anti-colonial leader, inherited tariff preferences from the British, purchasing power in commodities such as rice, and nascent aid and credit tools, to lock in market access.

Politics, Archives, and Causality

The discussants emphasised the paper's contribution in shifting the debate on India–Southeast Asia from cultural or security frames to a political-economy lens that foregrounded trade, bargaining and institutional choices. They welcomed the careful reconstruction of export optimism and subsequent pessimism, and the use of granular country cases like Burma/Myanmar and Japan, and commodity cases like rice, to illuminate how India's relative position eroded despite early advantages. They highlighted how these also complicated the simplistic autarky narratives about India in the post-independence period. The connection of historical export debates to contemporary arguments over India's Free Trade Agreements (FTAs) and regional integration was also appreciated. At the same time, the discussants pressed for a sharper articulation of tools and causality and questioned whether the narrative placed too much weight on the state and commercial diplomacy, and too little on industry behaviour.

Triangulating archival evidence through Southeast Asian and Japanese archives to understand how the perceptions of India as a partner or competitor was suggested. Discussants also urged the speaker to spell out in concrete terms what "political-economic strategies and instruments" successful states deployed in similar conditions, suggesting post-war Japan as a useful comparator for the use of credits, tied aid, long-term contracts and institutional mechanisms to secure market access. There was a push for a more precise explanation of "why the 1950s?" as a "tipping point". Asking whether this shift was driven mainly by (1) domestic political choices, (2) security anxieties about China and Japan, (3) an over-optimistic self-assessment in the 1940s, or (4) the pull of India's domestic market that dampened the perceived need to fight for external markets. Discussants also suggested contextualising the

argument by explicitly answering the question of "why Southeast Asia matters to India at all". Suggesting doing so by (1) pointing to the region's economic weight, (2) its ranking among India's trading partners, (3) security interdependence in the Indo-Pacific, and (4) the role of the Indian diaspora, as reasons India cannot afford to treat the region as peripheral.

India's Contemporary Policy Concerns

The discussion aligned the research to current debates over India's trade policy and regional architecture. One participant argued that India's long-standing difficulty lies less in the "fear of competition" and more in a reluctance to embed itself in cross-border value chains. Noting that modern FTAs are as much about securing "a seat at the table" to set rules and standards as about tariff concessions. The discussion linked the recent flurry of Indian FTA negotiations to perceived limitations of purely inward-looking strategies. While warning that attempts to avoid any framework that includes China are increasingly untenable given that most major economies remain deeply entangled with China through trade and production networks.

Participants noted that despite opting out of the Regional Comprehensive Economic Partnership (RCEP) agreement, India's bilateral trade with China has continued to grow. Highlighting that staying out of regional agreements does not amount to economic decoupling. They also drew parallels with the 1950s, suggesting that contemporary discomfort with "creative destruction" mirrors earlier reluctance to bear short-term costs in order to secure long-term market access.

The session closed by returning to the paper's central question. An attempt was made to understand why a state with demonstrated convening capacity, early export gains and significant leverage chose not to invest in commercial diplomacy in the 1950s, and how far that decision helped embed an export-pessimist, defensive mindset that still shapes India's approach to the Association of Southeast Asian Nations (ASEAN) and Asian FTAs. Participants agreed that revisiting this history is not an academic exercise but offers a lens on today's choices about whether India is willing to incur the political and economic costs of deeper regional economic integration.

All content reflects the individual views of the participants. The Centre for Social and Economic Progress (CSEP) does not hold an institutional view on any subject.

*This event summary is prepared by **Anindita Sinh**, Research Associate, CSEP.
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