

INDIA AS FOREIGN TRADING NATION: A HISTORICAL PERSPECTIVE

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The economic history of India reveals the fact that the concept of foreign trade is not new to the country. The evidence available prove that foreign trade existed in almost all the ages of Indian history, whether it is ancient medieval or modern. Many archaeologists have proved this fact on the basis of the excavations of evidence relating to those periods. Evidence also proves that the system of trade, routes for transportation, composition, tariffs and administration were all found even in the early periods. For getting into the details of the composition of foreign trade up to the attainment of independence, the whole period can be broadly classified as-

1. Ancient Period
2. Medieval Period
3. Modern Period

(1) **Ancient Period**- For the purpose of studying the foreign trade of India in the ancient period, it can be classified as under-

(a) **Pre-historic and Pro-historic period**- The beginning of the Indian mercantile activities goes back to very early time. The discovery of so many objects suggests that the people in this area imported them from outside. The scarlet wares portraying landscape with animals on the frieze found at Kulli bear close resemblance with stone vessels found in MESOPOTAMIA, Ur and Kish. That time some stone vessels have to be found in Mesopotamia (Iraq) and SUMER (Iraq) are identical with those found at Kulli (Baluchistan), The main pivot element to direct trade contact between India and West Asia in Pre-Sardonic time (2300 B. C.)

The antiquities discovered from the city of Harappa and Mohenjodaro (now in Pakistan) and those of outside India shows a fair amount of resemblance, and on this basis it may be concluded that India had trade relations with other countries in the world. The city of Mohenjodaro was a great trading center and external trade was carried on from there.

Various evidence proves that Indian cotton goods formed an important item of exports especially towards Sumerian Cities. Afghanistan, Iran, East Turkistan, Tibet and even Burma supplied semi costly stones such as jade, turquoise and Lapis Lazuli, Hematite of red iron oxide, came from the islands of Persian Gulf (include countries like Iraq, Iran and Arab), Silver used for vessels and ornaments imported from Afghanistan and Persia (Modern Iran) and copper had been imported from Afghanistan.

(b) **Periods of Vedic Samhitas, Brahmanas and Upanishads (1500-700 B.C.)** - Sea-borne trade was well known during this period as various references were found relating to it. Further archaeological evidences of the Egyptian mummies, Indian cedar in the place of Nebuchadnezzar, an emperor of Babylon, and the Indian teak in the temple of the Moon God at Ur (Mesopotamia) shows the continuity of Indian commercial relations with west Asia. It may also be noted that the Rig-Veda class trading both on land and by sea) who constituted the niggardly merchant class in the Rig-Veda

been identified or associated with the Bekantas (Babylonians) So, it appears that during this period trade was done with the help of the merchants.

(c) **Pre-Mauryan and Mauryan Periods (700-185 B.C.)** - The references indicate that during pre-mauryan period India developed its trade relations with Babylon, Arabia, Egypt, Greece and South European countries (including Spain and Britain). The chief articles of exports were silk, muslin (a fine quality cloth), cloth, cutlery, Armour, broaches, embroideries, rugs, perfumes, drugs, ivory works and jewellery of gold and silver. During the whole pre-mauryan and mauryan period foreign trade flourished to great extent.

The reference by Megasthenes indicate that India had further developed its traded relations with Syria, China, Ceylon Farther Indian and other countries of Hellenistic West (including Mesopotamia, Persia, Egypt, Roman, Iraq and Iran) India has developed good trade relations with Rome also. During the mauryan period, the Indian goods which were in demand were ivory, tortoise shells, pearls, pigments and dyes (especially indigo), rice, various spices e.g. pepper, nard, costum, malabathron; some rare woods e.g. sandalwoods and other varieties, various medicinal substances, cotton, silk, sea-products, metals, semiprecious stones and animals, Indian muslins were highly demanded in the west. On the other hand the Mauryan kings eagerly sought sweet wine and dried figs.

Mauryan period witnessed a partial interference of the state in trading transactions as the literature of those time talked about taxes, fines, penalties relating to trade There were also some articles of trade that were exempted from trade and also trades of certain articles were prohibited.

(d) **Per-Gupta and Gupta period (185 B.C. - 700 A.D.)**- The foreign trade during this period go further expanded and was in a flourishing condition. India maintained its existing trade relations with the foreign countries. The exports during this period were of a varied character comprising agricultural, animal, manufactured and mineral products, among agriculture products rice and wheat, clarified butter, sesame oil and sugar. Indian sandalwood, teak wood, timbers and logs of block wood and ebony were regularly shipped to Persian Gulf. Indian ivory were in great demand. Among the valuables, pearls and precious stones like diamonds, sapphires and beryl were in great demand by Romans, Indian aromatics spices and other plant products, also textiles, cotton cloth of fine quality as well as coarser variety were exported to Arabia East Africa and Egypt. Indian iron-ore and steel were exported to Egypt.

As regards imports, *Roman gold and silver coins* were imported in large quantity to make up the adverse balance of trade. Among Agricultural products dates; among animal products coral were in great demand. India was involved in regular trade of Chinese raw as well as silk yarns and silk cloth. Various varieties of gems and pearls were imported from Ceylon. Various medicinal plants and kinds of incense were in demand. During this period the most important articles of import were horses of best breed from Arabia, Persia and Afghanistan.

(e) **Post-Gupta Period (A.D. 700-1200)**- The existing trade relations of the earlier period continued during the period also. The foreign trade did not developed superiority in trade and the decline of Indian shipping were some of the factors contributing to the fall of India's trade. The growing maritime power of the Arabs and their interest in piracy made the routes unsafe for foreign trade which contributed to India's loss of trade. And also not much reference was found relating to the existence of coins. Hence on this basis also it can be concluded that foreign trade declined during this period.

On the other hand stress on imports, especially on luxury items, led to the drainage of India's national resources.

Thus it can be concluded that the composition of India's foreign trade showed major changes in the ancient period. During the Prehistoric, Proto-historic and Vedic period composition of India's foreign

trade included some precious and semi-precious stones, dyes and some metals. But during the Mauryan period the composition expanded and foreign trade flourished. Along with precious and semi-precious stones, dyes and metals the articles of trade also included various food and live items like rice and various spices; various crude materials like cotton and silk textiles among which Muslim was highly demanded and various other items of different categories. During the Mauryan period state interference in controlling the foreign trade was there by imposition of taxes, fines and penalties i.e. tariff barriers and also by prohibiting trade of certain articles i.e. non-quantitative barriers. Thus in that period also trade was under direct control of the government. During Gupta period also the composition of foreign trade further expanded and included cotton textile and on the other hand under manufactured goods precious stones and pearls, metals and iron and steel occupied a major share. Trade of agricultural products also expanded including rice, wheat and various spices. But after Gupta period the foreign trade suffered a set back and did not develop much. Thus it can be seen that as compared to earlier ancient period where only some precious and semi-precious stones, dyeing materials and cotton textiles were exported but now the composition includes various agricultural, manufactured and crude materials and during the later ancient period the concept of tariff and non-tariff barriers were there which were used by the government to control the trade.

From the above we can conclude that the concentration of the foreign trade were on the articles which have less weight and more value. The reason can be that the transport facilities were not developed much to support the bulk trading. Cotton textiles occupied a major share in trade through the ancient period due to the localized production i.e. production units were near to the source of the raw materials.

The *major feature* of foreign trade during this period was that India always had surplus balance of trade i.e. India imported less than it exported and to overcome this difference foreign countries supplied treasures to India and thus resulting in accumulation of wealth in India, the accumulated wealth attracted foreign aggressors to India. Some come to loot the country's wealth but some became permanent residents over here and developed permanent trade relation with India.

(2) **Medieval Period-** The medieval period of the Indian history can be divided into two periods as-

(a) Sultanate Period (A.D. 1200-1526)

(b) Mughal Period (A.D. 1526-1757)

(a) **Medieval Period- (A.D. 1200-1526)-** During the period the commercial intercourse of India with other countries continued and showed some progress. India exported spices, sandalwood, saffron, aromatics, indigo was iron, sugar, rice, coconut, precious stones, coral, beads drugs and seed pearls to Arab and Persia and in return India imported Arabian horses, gold, silver, lead, quicksilver coral, vermilion, rose water saffron and opium. Arabian, Iraqi and Central Asian horses were in great demand. Other commodities imported were camels, furs, white slaves velvet, dry fruits, tea and wines. Silk were imported from China and Persia.

Other traditional exports from India included cotton textiles, foodstuffs such as rice sugar and spices. The countries around Persian Gulf were dependent on India for their entire food supply. India also had trade relations with Sumatra (Malaysia) importing gold, Malacca (Indonesia), Timor (Indonesia), Borneo, China, Burma and Ceylon.

(b) **Mughal Period (A.D. 1526-1757)-** India's foreign trade expanded to a great extent during this period due to the activities of the various European countries which came to India during this period along with other countries companies and also due to the rise of the Mughal empire. India developed new trade relations with Europeans, which demanded spices, cotton and silk textile manufactures indigo saltpeter and other goods.

Following is the Indian imports broadly classified under three categories:

(i) **Necessaries** : Precious metals and horses were highly demanded under this category. Bullion demanded from West Asian market, gold from Indian Archipelago, China, Japan, Sofala and Mozambique; silver from Japan, Malacca and nearby market; and horses from Arabia, Iraq and Persia.

(ii) The raw materials included raw silk (China); metals e.g. copper, tin (Malay), zinc, lead and quicksilver (Lisbon); and ivory (East Africa) coral, amber and dye woods (Persian Gulf) other goods for artistic handicrafts.

(iii) **Luxury and Fancy goods** include (i) all precious stones Indian Archipelago and pearls (Ceylon); (ii) textiles, silk, woolens, velvets and brocades; (iii) spices; (iv) perfumers (v) fruits; (vi) European wines; (vii) African slaves; and (ix) other rarities and novelties.

On the other hand India's exports includes

(i) **Textile Fabrics**

(ii) Common food articles like rice, wheat, pulses, oils exported to Malacca, Hormus, Aden; con out and other spices;

(iii) **Black Pepper**, an important item exported to Indonesia and Western Europe;

(iv) **Indigo** and other dyes;

(v) **Opium** exported to Pegu (Burma) Java (Indonesia) Malay Peninsula (Malaysia), China and Persia;

(vi) **Miscellaneous** other items like Bengal wax, Lac and coromondal skin.

All of these cotton goods constituted the most important item. During the period, the rich upper classes developed a craze for the costly European novelties called 'toys'. The Europeans utilized this weakness of the Mughal ruling class for their economic interest.

There for during the medieval period trade extended in both the streams i.e. imports and exports. Under imports during the medieval period there were various new items, which were included like various types of raw materials and handicrafts and various luxury and fancy goods and above all precious metals and horses. On the other hand, under exports foods items expanded to include various new items like Bengal wax, lac, coromondal skins and also manufactured cotton goods. A new item called opium occupied a chief position.

Thus, it can be concluded that foreign trade developed during this period and development of shipping transport made it easier to trade in bulk items and also to trade with far off countries. During this period luxury and fancy goods occupied an important place as rich community had enormous wealth and this accumulated wealth motivated them to import because of the instinct of show off. This large import of fancy and luxury goods drained out India's wealth.

(3) Modern Period- In this modern period India was main exporter country and one of the great trading nations during the period and so the product composition of India's trade was much wider and the included manufactured goods as well as primary and semi-processed commodities in her exports. According to the major changes the modern period can be divided in three unequal parts-

(a) The period from 1757-1814

(b) The period from 1814-1857

(c) Period from 1857-1947

(a) Period from 1757-1814- During this period East India Company tried its best to enforce and exclusively monopolistic trade between Britain and India. Various European Character Companies and French Companies dominated the trade during this period. And so the Indian trade went from Indians to the hands of East India Company. The Industrial Revolution took place in England from 1760

onwards and the East India Company After revolution adjusted itself to the new situation and began to treat India as a colony and as a market for British manufactured goods and as a source of supply of raw materials to Great Britain. Due to this reason India's imports from East India Company is 14.4% during 1780-90 and export to it was 26.8% of the total.¹ And so Indian industries did not develop. Other foreign companies like Dutch, French, Danish, Portuguese constituted 41.5% of imports and 37.6% of exports in the total trade.²

The principle items of exports in the period were indigo, sugar, raw silk, grain, Bengal gram, opium, cotton piece goods. Piece goods, sugar, raw silk, grain and cotton are the articles the showed continuous increase during the period. The principle items of imports were metals, articles for manufacture and ship building, glass and stationary, liquors and treasures. Treasure occupy an important place in India's imports which is imported to adjust the imbalance between exports and imports and also India did not possess silver mines, so need to import it.

In the whole period cotton and silk textile occupied the major share. Britain and America share major role in India's foreign trade.

(b) The period from 1813-1857- The East India Company enjoyed exclusive monopoly till 1813 but in 1813 that monopoly was abolished and the company debarred from trading altogether in 1833. Thus the period of modern development in the history of Indian foreign trade can be said to begin only with the passage of the Charter Act in 1813.

After the Act India was gradually transformed being an exporter of manufactured products—largely textile—into a supplier of primary commodities, importing finished consumer goods and certain intermediate industrial goods as well in return. During the period export of raw cotton occupied an important place followed by indigo, raw silk and piece goods. But there was sharp decline in export of piece goods from 33% (1811-12) to 3.7% (1850-51) and increase of raw cotton from 4.9% (1811-12) to 30.1% (1850-51)³. The disappearance of textile as a major group of exports meant that India was now left with largely primary commodities that she exchanged for advanced industrial products of the west.

On the other hand import composition of India's foreign trade during the period as cotton yarn (13.3%), cotton piece goods (32.3%), metals (11%) wines and spirits (5.5%) and woollens (2.1%)⁴ during 1840. But later in 1850 share of cotton yarn declined to 9% and metal increased to 16.8%⁵.

(C) The period from 1857-1947- During this period India's foreign trade faced great ups and downs. The major articles of exports at the start of this period was raw cotton (22.3%), cotton goods (2.4%), indigo (5.7%), food grains (10.2%) raw jute (1.2%), manufactured jute goods (1.1%), hides and skins (2%), opium (30.9) seeds (5.4%), tea (0.5%) and sugar 3.15% in 1860.⁶ Thus in the second half of the century trade became more diversified with the emergence of new items, such as food grains, jute, tea hides and skins, sugar, seeds and manufactured jute goods.

The opening up of Suez Canal, development of Indian Railways System and other development accelerated trade during the period. Around 1885-86 share of raw materials was 42.7% in total exports followed by food and drink (30%), fully manufactured goods (3.5%), partly manufactured goods (12.8) and drugs and narcotics (14%). On the other hand fully manufactured goods share 61.9% in total imports in 1885-86 followed by partly manufactured goods (18.5%), food and drink (11%), raw material (6.3%) and drugs and narcotics (1.9%).⁷ The imports' also include purely luxury items e.g. Arabian incense and carpets, Persian horses, various wines and spirits from Europe for the richer class of Linens. From the above data it is clear that Indian imports included great share of consumer goods imported from European countries due to their advanced² technology and enjoyed a comparative advantage. Other areas with which India used to trade were France, Germany, Italy, Japan, U.S.A., Arabia and Persian Gulf.

But the First World War proved to be a serious set back for India's foreign trade compared to world other country. There was complete stoppage of trade with enemy countries. But by 1919-20 India's exports increased sharply due to increase in world demand for raw materials and the removal of war time restrictions. Imports also increased to satisfy pent up demand.

As compared to earlier period exports of food grains, manufactured jute goods, seeds and tea increased but cotton remained the chief item and on the other hand imports of metals, machinery, railway materials and mineral oils increased but cotton piece goods remained the chief items.

By the end of 1929 there was worldwide trade depression. India's foreign trade suffered severely and there was sudden and continuous decline. But the impact of depression began to subside after 1932 but India did not regain the glory, as it was earlier. And the outbreak of Second World War brought about several important changes in the pattern of India's foreign trade. But during the war India gained huge export surplus.

During the period proposals were made to set up a system of imperial preference which immediately led to the conclusion of Ottawa Trade Agreement in 1932 and India joined it. Due to the adoption of imperial preference Britain's share in India's trade got a boost and rose up to a great extent. But the agreement terminated in 1936.

In 1938-39 jute manufactures, cotton manufactures and tea accounted for about 35% of total exports. Of the rest, raw cotton, raw jute, oil seeds, hides and skins, metals and ores and raw wool accounted 40%. In the following decade the share of jute and cotton manufactures and tea had risen to 56% and of the latter group to less than 15%. The growing tempo of industrial production in India absorbed a good deal of raw materials and machinery. Other industrial articles like building and engineering materials, chemicals figured prominently in India's foreign trade. As the protection was provided to Indian industries import of manufactured goods declined.

During the Second World War exports increased rapidly, particularly to Britain, as compared to imports. During the war trade with Japan and Germany, Britain's enemy countries completely disappeared. But the share of dollar areas increased much. Middle East and Australia emerged out as new markets. The share of the neighboring countries also increased in trade. Britain and U.S.A. accounted for the bulk of India's exports. Thus during this period Britain and other Common Wealth countries dominated the trade in cotton textile which as one time contributed to the bulk of India's exports accounted for the largest share of her exports during the British rule.

During the modern period East India Company enjoyed exclusive monopoly over India's foreign trade and followed a trade policy which benefited their interest. During the earlier modern period the export constituted chiefly the manufactured cotton goods, dyeing material-especially indigo, food grains and raw silk. On the other hand composition of imports changed and now it also includes articles of manufacture and shipbuilding, glass and stationery, liquors and treasures. So it can be concluded that now imports do not include luxury items as much as compared to the earlier period. But in the modern period imports included articles of manufacture and shipbuilding. As regard to exports manufactured cotton items and raw silk occupied important place. But during the mid-modern period a major change took place i.e. the export of manufactured goods declined and the export of raw material like raw cotton increased to a great extent. On the other hand import of manufactured cotton goods increased to a great extent. This major change was due to the policy of East India Company to import high quality raw materials cheaply from India and to export manufactured goods to it and also to fulfill the demand caused due to the Industrial Revolution, which took place in England. Thus, India exported during the mid-modern period basically raw materials and primary commodities.

But the last phase of the modern period observed major changes as during this period trade developed due to various development policies of the British. In this period also export of raw cotton occupied a major share but trade of various new items started like under food and live items-tea, sugar and various

food grains; raw and manufactured jute items and also hides and skins. And the imports in the last phase of the modern period included manufactured goods and also various raw materials, machinery and industrial items-building and engineering materials and chemicals, which started figuring prominently in India's foreign trade due to the protection provided to the Indian industries.

Thus, it can be easily concluded that India has always been one of the civilized country and not only in the modern but during ancient and medieval period also importance of India was more as a trading nation since it has always been a developing nation. This can be concluded by the study of the composition of exports and imports of India. As regard exports during the earlier ancient period it was very narrow but in later ancient period it included various foods items, crude or raw materials, chemicals and manufactured goods. But the imports were not so diversified and chiefly included treasures and luxury items. But during later ancient period exports became more diversified and included various agricultural, manufactured, mineral items and metals. But in the modern period the exports basically included manufactured goods due to the monopoly of Britishers who used to satisfy their interest and India remained the exporter of primary commodities but during the later modern period imports included machines, chemicals, ship and building materials, etc. due to the protection and development of Indian industries.

CONCLUSION

We analyze that India's foreign trade always enjoyed favorable balance of trade. Since the ancient period India's exports were more than its imports and so to fill up the gap India was supplied with treasures, which led to the accumulation of wealth in India and it was because of this that India was nick named as "*Sone ki Chidiya*". This accumulated wealth attracted many aggressors, Europeans also came to India and exploited weaknesses of the India rulers and drained away, the wealth of India. Further, the Europeans became the rulers and treated India as a colony. They formed the trade policy in such a way that satisfied their interest at the stake of the India growth.

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