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Growth of Foreign Trade in madras presidencey (1858 – 1914)

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Trade and commerce commenced when man depended on others in economic matters. It is the earliest economic transaction of human beings, who carried it out by means of barter system till the invention of coins or currency as the medium of transaction. India had commercial relations with other Asian and European countries during the ancient time onwards. The Sangam literature furnishes mine of information about the existence of external commerce with Yavanas. Roman coins found in the Tamil coast proved that Tamil country had maritime relations with European countries and it continued during the modern period. The sources available on the growth of foreign trade throw light at all India level and the sources connected with the Tamils alone are scarce. Thus, I have made an attempt is to study the growth of foreign trade covering the entire regions of India. However, attempts are made to specify the growth of foreign trade of the Tamils wherever it is possible.

The outstanding features of India's foreign trade from the earliest times had been her absorption of the precious metals. The commercial trend had always been towards the west, but from the days of the Roman Empire until the enterprises of the East India Company it more or less established a sea route round the Cape of Good Hope. Exchanges were mainly confined, owing to the difficulties of land transport, to articles of high value and comparatively small bulk, such as costly muslins, silks, ivory and precious stones. With the application of steam to sea traffic and the opening of Suez Canal, the character of the trade was permanently changed and the greater part of India's international exchanges was concerned with raw materials of considerable bulk and comparatively low value.[1]

The advent of Europeans in India and their economic and political transactions with the native rulers and the ruled added another sphere of trade relations with the European countries. Among the European states, the Portuguese in 1498, followed by the Dutch and the English in 1600 and the French in 1672, commenced their commercial dealings. The Englishman, however, made his way to the East as a private individual long before any company was formed.[2]

The establishment of the English East India Company by the Charter of Queen Elizabeth I on 31 December 1600 granted a charter to some 220 gentlemen and merchants enabling them to engage in trade "as one body corporate and politic by the name of the Governor and company of merchants of London trading to the East Indies" with a capital of L 30 135-6-8 divided into 101 shares.[3] The Charter authorised them to carry on trade entrusted to a Governor and 24 committee members. The Company enjoyed the exclusive privilege of trading with all parts of Asia.[4] The chief articles of export from the East were (i) raw silk, (ii) salt, (iii) calicoes, (iv) coffee, (v) indigo,
(vi) kerman wool, (vii) salt petre, (vii) pepper and (ix) drugs.[5]

The formation of Fort St. George by Francis Day in 1639 was an epoch making event in the annals of British settlement in India, which ushered in a new enlightenment in the history of trade and commerce between India and England particularly between Madras and England, since the formation of Fort. St. George in 1639.[7] The English began to establish factories in the coastal areas like Masulipatnam, Cuddalore and Madras which later emerged as the centers of trade and commerce and political as well as military transactions. When the British settlement at Masulipatnam failed, the British concentrated their attention on the Fort St.George and it developed into an import commercial centre for the British till it changed into the political headquarters of South India in 1801, when the

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Madras Presidency was constituted.

Till the middle of the eighteenth century, the British were not successful in their trade and commerce, because it was dominated by the early settlers like the Portuguese and the Dutch who established their footings by their settlements in important centers. Even in the Coromandal Coast, the Dutch had factories at Pulicat and the Portuguese had factories at St.Thomas near Madras. The commercial rivalry among the European settlers cropped into political antagonism which resulted in a series of wars with the native as well as the European settlers in India. The outcome was that the British subdued not only the other European powers, but also the native ruling families, and became the defacto rulers of India towards the close of the eighteenth century.[8]

The import trade into Coromandel took a greater variety. Spices from the moluccas--nutmeg, cloves, and mace--were always carried, though they were more vendible in northern Coromandel than in the south. Pepper from Acheh and Tin came from all over the South East Asian region from Acheh and the Sumatran coast, from Bantam and west Java, from the Malaya states of Jahore, Perak and Kedah, and from Burma and Southern Siam. Another bulk commodity that was traded in with profit was elephant. Elephants were bought in Achech, Bantam, Johore, Perak, Kedah, Tenasserim, Syreain, Pegu and Arakan. Ivory and other minerals alloys were imported in small quantities. Zinc, tutenag, brass and copper were imported from East Asian merchants and in small bits from Burma. Leather and skins were imported from Siam. Among the most valuable imports were bullion, gold and silver, mainly in the form of spices and gold dust. South East Asian coins of silver and gold were transported to India to be melted down and sold as bullion.[9]

There had been a continuous expansion of foreign trade since 1870. Several factors contributed to this progress, the most important of which was improved means of communication such as roads, railways, posts and telegraphs, the rapid development of European ship building industry, and consequently the lowering of freights, etc., the abolition of numerous internal duties in India and above all the establishment of peace and order under the British who were interested in fostering Indo-British trade.[10]

The opening of the Suez Canal in 1869 marked the beginning of a new era of Indo-European trade. The canal reduced the distance between England and India by about 3,000 miles compared to the old route.[11] It encouraged the use of steamships, dragged the Mediterranean countries into active commerce, offered facilities for quicker transport of bulk goods and thus restored the Mediterranean route to its ancient importance. It stimulated agricultural production and brought new areas into cultivation. India's raw materials could be more easily taken to the continental factories and the Indian market could be more readily exploited by European manufacture. Suez Canal thus offered a fillip to European industrialization and encouraged agricultural production in India.[12]

The bulk of India's external trade was financed by the British colonial and foreign exchange banks. (i) The principal exchange Banks transacting business in India were the Chartered Bank of India, Australia and China, with Indian branches in Calcutta, Bombay, Madras, Rangoon, Delhi, Amritsar, Karachi and Tavoy; (ii) The National Bank of India with Indian branches in Calcutta, Bombay, Madras, Rangoon, Karachi, Lahoro, Amritsar, Delhi, Cawnpore, Chittagong, Mandalay, Tuticorin and Aden; (iii) The Mercantile Bank of India with branches in Calcutta, Howrah, Bombay, Madras, Rangoon, Karachi, and Delhi; (iv) The Eastern Bank with branches in Calcutta and Bombay and also in Baghdad, the head offices of these four banks being in London; (v) The Hong Kong and Shanghai Banking Corporation with its head office at Hong Kong and branches in Bombay and Calcutta; (vi) The Yokohama Specie Bank, with its head office at Yokohama and branches in Calcutta, Bombay and Rangoon, and (vii) The International Banking Corporation of New York with branches in Calcutta and Bombay.[13]

The total value of the sea-borne trade of the Madras Presidency in the year 1892-93, exclusive of treasure and transactions amounted to 28 crores and 45 lakhs or 49% lakhs more than in the preceding year. Compared with the previous year, the exports increased to one crore and 63 ¼ lakhs while the imports declined to 63¼ lakhs.[14] In 1916-17, the value of India’s overseas trade showed a noticeable increase, particularly in exports which increased by 21 percent while imports increased by over 13 per cent.[15]

The features of 1917-18 were the export of commodities of vital national importance to meet the increasing demands of the Allies and the great impetus given by necessity to India's industrial development. The share of manufactured goods in the export trade which was less than 24% in 1913-14 increased to 31%. The textile industries in particular enjoyed extraordinary prosperity. There was a further fall in the price of raw jute and the decreases in the imports of cotton piece goods encouraged considerably the manufacture of better qualities of cotton cloth with higher counts of yarn in the mills of Western India.[16]

Important articles of export from India were hides and skins, coffee, indigo, cotton, raw, seeds, spices, rice, paddy, other gracious sugar, cotton piece goods, oils, coconut, kernel, coconuts, coir yarn & rope, timber and wood, tobacco, animals, tea and other articles.[17] The principal articles like cotton, sugar, iron and steel machinery, silk and spices were imported into India from 1913-14 to 1918-19.

In the year 1854-59, the value of imports was £ 17,900,000 and the value of exports was £ 17,233,333. The imports and exports value increased continuously till the year 1914-1915. During this year the value of imports and exports was £ 122,086,000 and £ 154,360,000.46 This shows the development of commerce in presidency from the transfer of power in 1858 to the First World War in 1914.

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