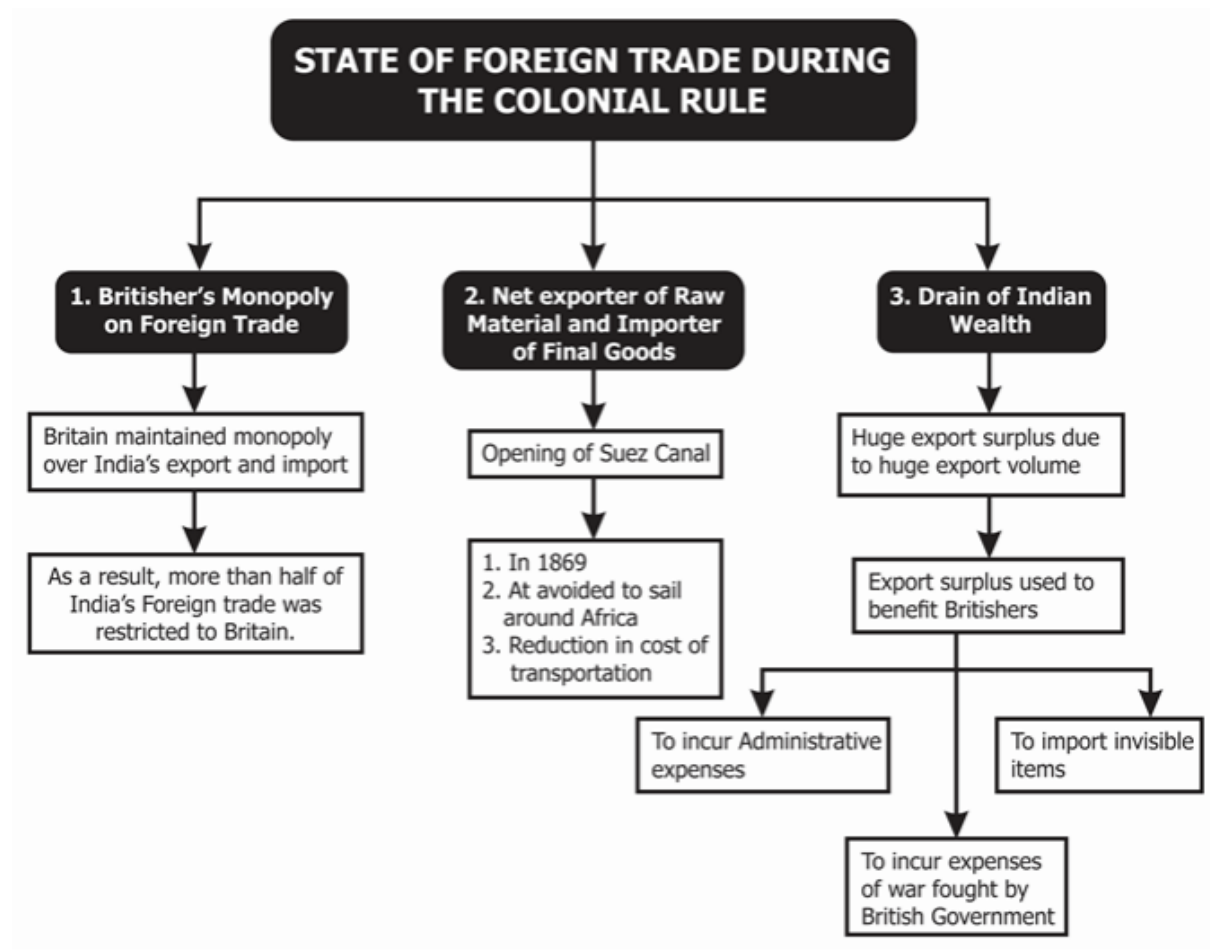


# Foreign Trade During Colonial Rule

Foreign trade means the exchange of goods and services between two or more countries/borders or territories. From the time of Independence India has been one of the important trading countries, exporting primary items like cotton, raw silk, sugar, wool, jute, and indigo, etc. And importer of finished consumer goods like woolen clothes, cotton, silk, and capital goods like light machinery manufactured in Britain.

During this period, Britain held the monopoly of over India's imports and exports. Therefore, most of the foreign trade was restricted only to Britain and other was while the rest half was allowed to trade with other countries like Ceylon (Sri Lanka), China, and Persia (Iran).

India was a large exporter in the colonial period, however, it did not affect the country's economy. Commodities like food grains, clothes, kerosene hit the country hard with its scarcity.



## State of India's foreign trade during the colonial rule

### Britain had monopoly control on foreign trade-

- Britain retained its monopoly control and ruled over India's imports and exports.
- Half of India's foreign trade was only authorized to Britain
- And the rest half was allowed to trade with other countries like Ceylon (Sri Lanka), China, and Persia (Iran).
- In 1869, the beginning of the Suez Canal increased the British authority over India's foreign trade.

### Net exporter of raw material and importer of finished goods

- **Net Exporter of raw material-** India became an exporter of primary products (raw material) such as raw silk, cotton, wool, sugar, indigo, jute, etc.
- **Importer of finished goods-** India became an importer of finished consumer goods like cotton, silk and woolen clothes and capital goods like light machinery produced in the factories of Britain.

### Drain of Indian wealth during British rule

- Drain of wealth means that the main motive of economic policies in India was to snatch maximum benefits from India's trade.
- Foreign trade of India during the colonial period generated a surplus export due to excess exports.
- However, this surplus export did not flow any silver or gold into India.
- Rather, this surplus export was utilized to make payments for:
  - (i) The costs made for the office set up by the colonial government in Britain
  - (ii) Expenses on the war fought by the British government,
  - (iii) Import of invisible items etc.
- All of this led to the drain of Indian wealth.