

STRUCTURE OF INDIA'S TRADE: FURTHER EXPLORATIONS ON THEME WITH NATURAL RESOURCES AS AN ADDITIONAL FACTOR *

K. N. PRASAD

I. Introduction

1. The celebrated study of Professor Leontief regarding the structural basis of American foreign trade was followed up by a number of similar approaches. In India, Dr. R. Bharadwaj attempted to verify the Heckscher Ohlin law using the input-output technique. In these and other studies, although the importance of natural resources is recognised, no attempt is made to treat this factor explicitly. In this paper, we have attempted to assess the role of natural resources in India's international trade together with labour and capital.

II. Natural Resource Contents

2. Natural resources, though easily understood, are much more difficult to be measured quantitatively. In this study, natural resource goods are crudely identified as the products of agriculture and mining.

The vectors of exports and imports¹ for 1955-56 are separately premultiplied by the matrix² of $(I - A)^{-1}$. The resultant gives the production requirements of commodities exported and imported (had the commodities imported been produced in the country itself) belonging to different groups. Thus, the ratios of

$$\frac{\text{Total (direct and indirect) production requirements of the products of agriculture and mining for exports/imports}}{\text{Total exports/imports}}$$

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¹ Re-exports have been subtracted from imports, since they are merely parts of imports.

² $(I - \bar{A})^{-1}$ is $(I - A)^{-1}$ with price adjustments for 1955-56.