

QUANTITATIVE RESTRICTIONS ON INDIAN EXPORTS

A Note on Raw Cotton Exports

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1. The Government of India has put quantitative restrictions on exports of quite a few goods. Oils and oilseeds, oilcakes, chillies, onions, raw wool, raw cotton, timber and wood are some of the important goods whose exports are controlled by fixing export quotas. It seems from the various official statements that the exports of these commodities are sought to be regulated in the interest of consumers at home, i.e. both the Industry and the final consumers. Numerous government announcements are made to state this policy. Some are as follows : (i) "Owing to late crop and consequent delays of arrivals in markets and other aggravating circumstances there has occurred a physical shortage of groundnut with the result that the quantity available for internal consumption and for crushing as well as for export has become small. Government of India, therefore, is obliged to suspend for the time being all exports from India of groundnuts to foreign countries".¹ (ii) "Due to very heavy exports having taken place of raw wool it has been represented to Government that wool is no longer available for wool-using industries in the country at reasonable prices... It has now been decided not to allow further exports of raw wool with immediate effect."² (iii) "Emphasis on export promotion did not mean, of course, that the export control could be abolished. Control remained necessary both to safeguard against excessive exports of essential commodities, particularly raw materials of which India herself was short...."³

2. The export policy, therefore, appears to be based on the calculation of surplus in the home market. It seems that the Government calculates this surplus in a simple way. Rising internal prices are interpreted as leaving a small surplus for export, and falling internal prices are interpreted to mean that a larger surplus was available for export. Export quotas are, therefore, varied in the opposite direction of the internal price of the commodity concerned. In December 1953, it was announced that the Government of India, "...are concerned about the prevailing high prices of chillies and onions and are keeping a continuous watch on the price trend. The new crop is likely to arrive in the market shortly. If the price of these essential commodities does not visibly come down, even

¹ 'Indian Trade Bulletin', Ministry of Commerce and Industry, Government of India, (abbr. I.T.B.), April 1950, p. 22.

² I.T.B., July 1950, p. 66.

³ I.T.B., June 1950, p. 5.