

AN ANALYSIS OF EXPORT PRICE ON TEMPORAL VARIATION OF INDIAN EXPORTS OF EAST INDIA LEATHERS

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EAST India leathers are produced chiefly for export. Demand for East India leathers over the past one and a half decade has been relatively stable. They have been earning a considerable amount of foreign exchange for the country.

Raw materials for East India leather industry comes as a by-product from the animal husbandry sector; consequently the supply of raw materials cannot be increased beyond a certain point.¹ With regard to hides, there is possibility for increasing the supply from fallen stock through better control over recovery. In the case of skins, increase in demand for mutton will result in an increase in the supply through increased slaughter rates. But all such increases will be marginal and there is always an overall and general shortage of supply of raw hides and skins in relation to their demand. One more factor may require mention here — that is cattle population. According to latest cattle census there is no significant rise in the numbers of animals namely cattle, goat and sheep.²

Even an increase in the animal population itself will not mean an increase in the supply of raw hides and skins, unless there is a corresponding increase in slaughter rates. Therefore, it is evident there is a clear and definite constraint on the supply side, which may be reflected in the quantity supplied for export.³

It is in the above context and in the absence of similar studies on East India leathers, a brief analysis has been attempted (i) to determine the price elasticity of export of East India leathers and (ii) to examine in the light of the above finding the suitability of the government policy regarding change in the pattern of East India leather exports.⁴

¹ Government of India, Ministry of Foreign Trade (1972), Report of the Committee on the Development of Leather and Leather Manufacturers for Exports, p. 4.

² Eleventh All India Livestock Census, 1972.

³ It is estimated that 75 per cent of the total East India production of goat and sheep skins and 50 per cent of East India cow and buffalo hides get exported.

⁴ The policy of the government has been spelt out in Dr. Seetharamiah Committee Report Dec. 1972. The report emphasises the need for switch-over from semi-finished leather production for export.