

A STUDY OF INDIA'S TRADE PATTERN WITH
THE ESCAP REGION FROM 1967 TO 1976

M.Phil Dissertation

By

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A STUDY OF INDIA'S TRADE
PATTERN WITH THE ESCAP
REGION FROM 1967 TO 1976

DISSERTATION SUBMITTED TO
THE UNIVERSITY OF POONA
IN PART FULFILMENT OF THE
DEGREE OF
MASTER OF PHILOSOPHY

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JULY 1980

ACKNOWLEDGEMENTS

I would like to express my deep sense of gratitude to Dr. S. V. Bokil under whose able guidance I have carried out this dissertation work. I must admit that but for his comments and valuable suggestions, this work would not have acquired its present form. I am however, solely responsible for any error, that might have crept into the work.

I am equally grateful to the authorities of the Gokhale Institute of Politics and Economics, Pune for providing me with all facilities and for offering me a Junior Fellowship.

I am also thankful to Shri S. K. Athale for prompt and efficient typing.

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July 1980

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CHAPTER I

INTRODUCTION

It has been an accepted premise of development planning that the developing economies have to step up their export earnings to finance their capital import needs, which in the initial stages of development, tend to increase very rapidly. In recent years the problem has become urgent because of their mounting indebtedness to western countries and a sharp decline in net aid flows. However, it has been a common experience of developing countries that it is becoming increasingly difficult for them to tap the developed markets because of the many protective devices set up by them. Like other developing countries of world, India too is faced with these problems. The situation is assuming serious dimensions because of continuous rise in oil prices which threatens to reach a staggering level of \$40 a barrel.

It is common knowledge that trade acts as a balancing mechanism to enable a country to dispose off surpluses and to convert these into desired imports. However, the balancing role has to be at a sufficiently desired level, failing which it has to be supplemented by foreign aid and assistance. When aid inflows are not enough, trade begins to play a bottleneck role. A country then begins to attempt to reducing her import dependence through import substitution and export promotion.

India has pursued the above strategy of import substitution and export promotion vigorously during the last twenty years and she now finds herself in a position, where she has attained self-sufficiency in a vast range of vital imports, and allowed her export structure to be diversified to a great extent by developing non-traditional export lines. However, at this higher level, her need for maintenance and equipment imports still falls short by nearly fifteen to eighteen hundred crores of rupees. Countries like Brazil, Mexico and Argentina find themselves in a similar situation in which India is.

So, India should further diversify her trade and fan out where there are no competitors, and where she has technological ascendancy. If this has to be done, India must boost her trade primarily with the Asia-Pacific region, both because of geographic proximity and because there exists vast scope for economic cooperation with them.

It is for this reason that India's trade with what the United Nations has defined as the Economic and Social Commission for Asia and Pacific (ESCAP) gains importance. Compared to other regions, the degree and depth of our trade with the ESCAP is on the increase. It is a heterogeneous region, and forms a subset from India's foreign trade. It must be kept in mind that the region even geographically is not a compact area, and is characterised by a good many differences in political and economic conditions among the

countries. In the subsequent chapters, we shall try to bring out the factors which explain the trends in India's trade with the region, and their differential importance.

About two thirds of the world's exports originate in the developed market economies, and these countries also account for 70 per cent of world imports. The developed market economies sell 73 per cent of their total exports among themselves and only a fifth to the developing market economies. They buy 68 per cent of their total import requirements from among themselves, and only a fourth from the developing market economies. As such the developing market economies as a group are not very important either as buyers or as sellers to the developed market economies.

At the same time the developing countries buy a major portion of their imports from the developed countries, which also pushes them into selling as much as possible to these markets. The developing market economies sell 75 per cent of their exports in the developed markets and buy 67 per cent of their import requirements in the developed markets.

The current flows of international trade thus clearly indicate the low level of economic interdependence and integration of the markets of the developing economies, and a high level of dependence of the developing economies on the developed economies, both for buying their importables and therefore for selling their exportables as well.

The above statements hold good in the case of ESCAP countries too. Developing ESCAP countries sell 68 per cent of their exports to the developed market economies, and purchase 62 per cent of its imports from them. From the point of view of developed countries, their links with the developing ESCAP are more or less perfunctory. They sell 6 per cent of their exports to them, and buy 5 per cent of their import requirements from them.

Trade among developing ESCAP is also not of a very high order either in magnitude or significance. These countries sell about a fifth of their exports and buy a sixth of their import requirements from among themselves.

In sum, the international trade matrix for the ESCAP partakes all the salient features of the world trade matrix.

Developing ESCAP countries are heavily dependent on international trade, and this dependence has, in most cases, increased significantly during the past decade.

Most developing ESCAP countries have also a significant dependence on primary product exports. For 8 developing ESCAP countries viz. India, Iran, Sri Lanka, Indonesia, Malaysia, Philippines, Singapore and Thailand, primary commodity exports amounted to well over 50 per cent of total exports even in 1975. Often, too one or two commodities have a large share. In 1975, natural gas, fruits and nuts and cotton accounted for 90 per cent of the total exports of Afghanistan; rice, rough wood and shaped wood 98 per cent of

the total exports of Burma; sugar, tea and iron ore 54 per cent of the total exports of India; petroleum, petroleum products and cotton 97 per cent of the total exports of Iran; 87 per cent of the total exports of Malaysia were accounted by rubber, tin and petroleum; 93 per cent of the total exports of Sri Lanka were accounted by tea, rubber, fruits and nuts, and sugar, rice and maize accounted for 87 per cent of the total exports of Thailand. It should also be noted that the ESCAP region is the major world 'supplier' of many of these commodities. Approximate percentage shares in world exports in the period 1970-75 were: jute 70 per cent, tea 58 per cent, rice 28 per cent, natural rubber 90 per cent, sugar 11 per cent, copra 62 per cent, coconut oil 69 per cent and coconuts 94 per cent. This heavy dependence on primary commodity exports and often on a few primary commodities has made for extreme vulnerability to international market forces.

Developing ESCAP countries, consequently have a vital interest in reforms which would stabilize commodity prices and/or export earnings in greater processing of these products for export and in better access to markets. Further they have a strong interest in coming together for accomplishing import substitution tasks which would enable them to reap the advantages of a large unified market, economies of scale and the adoption of modern technology.

Some developing ESCAP countries such as India, Republic of Korea, and Singapore have already developed relatively

capital - intensive exports and it is quite natural, that other small size economies of this region would like to come together.

However, the commodities exported by these countries offer only very limited opportunities for an expansion of intra-regional exchanges. Some of them are industrial raw materials, and in the absence of much industrial development, there is not much demand for them in the region itself. Moreover, the scope for trade is limited by a broad similarity of natural environment which makes for similarity in the specialities of tropical production; and in the absence of sufficient diversification of non-primary output, such as would have resulted from a successful drive for industrial development, these economies contain only a very limited element of mutual complementarity. This explains the comparative insignificance of intra-regional trade.

Moreover, the problem of developing countries is not one of only restrictive import policies in the developed world, but of certain structural and dynamic changes secularly taking place in the world economy which explain the growing inability of developing countries to achieve an export surplus to finance their development imports. It is not so much the restrictive policies of the developed world, as the failure of the developing countries to pay heed to shifting comparative advantage in a dynamic world. The comparative advantage has a shifting base. It shifts, among

other things, with factor growth, technology, growth and distribution of income, capital accumulation etc.

Technology shifts comparative advantage in favour of those who initiate the change. The imitators can turn the advantage in their favour by seizing upon the internationally standardized products whose input combinations systematically change so as to be more suited to their factor supplies.

The growing income levels bring in their wake changes in the demand patterns which create a market for differentiated goods. With rising incomes, world's relative demand for primary, secondary and tertiary products also changes. With these changes comparative advantage also changes.

The moral of this debate is that the less developing countries must discover their dynamic comparative advantage in a world which is constantly changing as a result of shifts in technology, income distribution and tastes. This would necessitate their coming together in order to follow import substitution strategies, and imply movement away from established exportables, though this is by no means an easy task. Steps need to be taken at least marginally so that beginnings could be made in that direction. It is here that India can play a crucial role.

Thus the scope for economic cooperation at many levels within the ESCAP region is necessary. But, before this nature and dimension of cooperation is established, we

shall have to acquaint ourselves with the existing situation. The factual position should be known first, and in the following chapters, I have tried to collect and interpret the factual information. It is nevertheless only a first assessment, as no empirical work or projections for the future have been made, given the time constraint.

In the chapter that follows, India's trade pattern from a global perspective is dealt with, bringing out details of the direction and composition of her trade for the period 1967 to 1976. After this, India's trade with the ESCAP region has been explored, the important trading partners identified, and the commoditywise structure of trade examined.

It must be pointed out that the period covered is only from 1967 to 1976, and thus earlier and later trends have not been covered. Another limitation is that the trade structure is viewed only from India's angle and not from her respective trading partners.

CHAPTER II

INDIA'S TRADE : A GLOBAL VIEW

The period chosen for the study of India's trade pattern is between 1967 to 1976. This period is extremely significant because of several international and national developments. The important developments in the international sphere were - (a) the boom in prices of primary commodities, (b) the quadrupling of crude oil prices after 1973 and upward revisions thereafter, (c) a marked acceleration in the rate of world inflation and its spread through trade channels, (d) the collapse of the Bretton Woods system and the consequential change over to managed flexibility in the exchange rates, (e) the worst ever recession in the industrial world since the 30s, and (f) the economic resurgence of the developing countries, as evidenced by the North-South dialogue etc.

In India too, there were developments which influenced her trade pattern. These were - (a) the revival of exports after a near stagnation over 1951-66, (b) the devaluation of the rupee in 1966, (c) a conscious policy of export promotion, backed by a series of incentives in the form of subsidies and import entitlements, (d) the deterioration in the quality of assistance India had been receiving; the share

of grants which are easiest for the receiving country declined, while the share of loans increased.

Trends in Exports

Expansion of exports apart from providing one of the important measures for raising import capacity, have a crucial rôle in developmental strategy aiming at self-reliant growth.

As can be seen from Table 2.1, exports which were Rs.1,199 crores in 1967-68, have been steadily rising, being Rs.1,569 crores in the mid-year of study, and Rs.4,043 crores in 1975-76. This is reflected in the acceleration of the rates of growth of exports during this period. The rate which was about 4 per cent to 5 per cent in the 60s, rose to 8.6 per cent in 1970-71, and was 28 per cent in 1973-74. This adds to an impressive growth rate in exports of about 20 per cent per annum during 1970-76.

India's share in world exports declined continuously from 2 per cent in the 50s to 1.04 per cent in the 60s, and further to 0.66 per cent in the early 70s. Today the figure is 0.5 per cent.

A large proportion of the expansion in world exports was attributable to increased exports from the developed countries. Thus it might be argued that a developing country like India, could not have maintained its share in world trade. However, India's exports did not even

Table 2.1 : India's Balance of Trade

(Rs. in crores)

	1967- 68	1968- 69	1969- 70	1970- 71	1971- 72	1972- 73	1973- 74	1974- 75	1975- 76
Exports	1,199	1,358	1,413	1,535	1,569	1,971	2,523	3,329	4,043
Imports	2,008	1,908	1,567	1,634	1,806	1,867	2,956	4,519	5,265
B.O.T.	-809	-550	-154	-99	-237	+104	-433	-1,190	-1,222

Source: Monthly ~~Bulletin~~ of Foreign Trade Statistics of India, April Issues.

keep pace with the general growth in exports from the less developed countries.

The export to G.N.P. ratio is around 5 per cent.

Trends in Imports

The impressive gains recorded by India on the export front, gives only one side of the picture. We have also to study the steep increase in our import bill over the years.

On account of the relative inelasticity of imports, the import bill was Rs.2,008 crores in 1967-68. This fell to Rs.1,806 crores in 1971-72, but was as high as Rs.5,265 crores in 1975-76.

India's share in world imports too is extremely small - a fraction of one per cent of the total. The import to GNP ratio is quite erratic, but declined for the most part of the period. The marked increase in the imports to GNP ratio, in recent years may be due to the fact that world prices (and oil prices in particular) have risen much faster than Indian prices:

The ratio of exports to imports which were 59.7 per cent in 1967-68, has been increasing over the years. The years 1971-72 to 1974-75 were abnormal but in the average exports could finance 93 per cent of imports.

Balance of Trade

The balance of trade picture from Table 2.1 shows that India had an unfavourable balance, throughout the

period except in 1972-73. In 1967-68 the balance of trade was adverse to the tune of Rs.809 crores. However, with a better crop in 1968-69, foodgrain imports declined and consequently the balance of trade deficit got reduced from Rs.550 crores in this period to Rs.154 crores in 1969-70. As a consequence of the policies of import restriction, and reduction in foodgrain imports, coupled with measures of export promotion, the country had a favourable balance of trade to the tune of Rs.104 crores in 1972-73. This was a healthy development, but its impact was soon lost in 1973-74, because of several international factors, which pushed up the prices of petroleum products, steel, fertilisers, newsprint among other items. Thus, India's balance of trade was unfavourable to the tune of Rs.1,190 crores in 1974-75, and Rs.1,122 crores in 1975-76.

Direction of Trade

The data on direction of India's trade has been presented in detail in Tables 2.2, 2.3, 2.4 and 2.5. Table 2.2 is classified under the U.N. scheme. It can be seen from this table that the bulk of our trade is still tied up with U.K., Western Europe and North America. This is obviously so because the purchasing power of the world, being concentrated in developed areas, it is natural that higher demand for our goods and services should emanate from them rather than from the developing world; in other words the depth of the market is very high. This also

Table 2.2 : General Exports (F.O.B.) of India - Value as a Percentage of Total

	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976
Developed market economies	63.2	60.5	57.8	53.9	54.2	54.2	56.6	52.4	47.4	54.2
Developing market economies	18.6	21.2	23.0	25.7	24.2	22.1	21.7	28.1	34.2	30.5
Centrally planned economies	18.2	18.2	19.3	20.4	21.2	23.2	20.5	19.0	18.0	15.0
African developing economies	6.2	5.2	5.8	8.3	8.4	6.5	4.1	5.6	7.6	6.1
Asian developed economies	11.0	11.5	12.3	14.0	11.6	11.4	13.8	10.2	10.4	11.1
Asian developing economies	11.6	15.5	16.6	16.7	14.6	15.0	17.1	21.6	25.9	23.8

Source: Yearbook of International Trade Statistics, Vol.I, 1977.

Table 2.3 : Shares of Economic Regions in the Exports (Including Re-exports) from India (Percent and Absolute)

	(Rs. in crores)									
	1967-68	1968-69	1969-70	1970-71	1971-72	1972-73	1973-74	1974-75	1975-76	
Africa										
Value	71.05	72.79	88.12	139.29	132.06	101.12	100.91	257.61	270.42	
Percentage of total	5.9	5.3	6.2	9.1	8.4	5.1	4.0	7.1	6.8	
North America										
Value	236.96	263.4	264.3	235.3	302.5	303.9	373.6	419.1	550.2	
Percentage of total	19.7	19.4	18.7	15.3	15.8	15.4	14.9	12.6	13.9	
ESCAP region										
Value	270.6	341.8	375.9	409.6	424.5	568.1	730.8	910.8	1,177.8	
Percentage of total	22.6	25.2	26.6	26.7	26.5	28.8	29.3	27.4	29.9	
Eastern Europe										
Value	225.9	266.5	307.7	362.4	343.6	469.7	488.1	684.8	676.6	
Percentage of total	18.8	19.6	21.8	23.6	21.4	24.0	19.3	20.6	17.2	
E.E.C. countries (Excluding U.K. from 1967-71)										
Value	89.16	111.08	100.5	99.01	302.98	407.7	594.3	698.97	819.1	
Percentage of total	7.4	8.1	7.12	6.5	18.9	20.8	23.5	21.0	20.9	
E.F.T.A. countries (Including U.K. from 1967-71)										
Value	243.1	216.98	183.4	189.4	16.27	27.8	31.9	38.1	78.3	
Percentage of total	20.3	15.98	12.97	12.34	1.0	1.4	1.3	1.2	2.0	
U.K.										
Value	242.9	201.49	165.07	170.43	-	-	-	-	-	
Percentage of total	20.24	14.8	11.7	11.1						
World total	1,199.6	1,357.8	1,413.2	1,535.2	1,608.2	1,970.8	2,483.8	3,328.8	3,941.01	

Source: D.G.C.I.S.

Table 2.4 : General Imports (C.I.F.) of India - Value as a Percentage of Total

	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976
Developed market economies	76.3	72.1	61.3	63.3	66.2	63.2	63.6	48.5	60.9	59.1
Developing market economies	13.9	15.8	19.1	21.7	12.9	14.0	13.6	9.1	7.2	8.5
Centrally planned economies	9.8	12.2	19.7	14.9	10.8	10.8	8.9	14.4	9.3	6.7
African developing economies	5.2	7.1	8.5	10.9	8.7	9.5	6.6	3.8	2.0	3.7
Asian developed economies	5.1	6.6	4.3	4.6	8.3	9.4	9.2	9.3	8.1	6.0
Asian developing economies	7.8	8.2	9.5	9.9	3.7	4.2	4.3	3.7	4.2	3.9

Source: Yearbook of International Trade Statistics, Vol.I, 1977.

Table 25: Shares of Economic Regions in the Imports into India (Percent and Absolute)

	(Rs. in crores)								
	1967-68	1968-69	1969-70	1970-71	1971-72	1972-73	1973-74	1974-75	1975-76
Africa									
Value	94.3	148.2	141.4	169.8	143.7	165.1	167.3	151.0	112.9
Percentage of total	4.7	7.8	9.0	10.4	7.9	8.8	5.7	3.3	2.2
North America									
Value	874.9	671.0	533.8	570.2	532.0	342.5	614.3	867.4	1,497.8
Percentage of total	43.6	35.2	34.1	34.9	29.2	18.7	21.0	19.2	29.0
ESCAP region									
Value	288.9	329.1	260.03	264.4	361.4	400.6	673.1	1,128.8	1,053.8
Percentage of total	14.4	17.2	16.6	16.2	19.8	21.5	23.0	25.0	20.4
Eastern Europe									
Value	223.2	309.6	281.4	227.7	209.4	231.1	400.5	664.3	546.2
Percentage of total	11.1	16.2	17.95	13.9	11.5	12.4	13.7	14.7	10.6
E.E.C. countries (Including U.K. from 1972-76)									
Value	256.1	234.8	170.4	188.4	447.7	576.4	704.0	867.8	1,044.4
Percentage of total	12.8	12.3	10.9	11.5	26.2	30.9	24.1	19.2	20.2
E.F.T.A. countries (Including U.K. from 1967-71)									
Value	208.7	170.2	129.2	156.02	26.9	38.7	52.4	79.4	138.3
Percentage of total	10.4	8.9	8.2	9.6	1.5	2.1	1.7	1.8	2.7
U.K.									
Value	162.7	127.5	100.4	126.8	-	-	-	-	-
Percentage of total	8.1	6.7	6.4	7.8	-	-	-	-	-
World total	2,008.6	1,908.6	1,567.5	1,634.2	1,824.5	1,867.4	2,925.3	4,518.8	5,157.8

Source: D.G.C.I.S.

facilitates our need for imports from them. Thus, developed market economies together constitute an important outlet for India's exports. Their share in 1967 was 63.2 per cent and in 1976, though it declined over the years, it remained at 54.2 per cent.

Centrally planned economies, though they constituted a new outlet for our exports, could not continue to provide an ever rising market for our exports. They reached a point of saturation, where not more than 20 per cent of our exports could be absorbed by them. This stands in sharp contrast with the big role of developing market economies in providing a big support to our export effort. While in 1967, this group constituted something like 18 per cent of the total exports, by 1976 its contribution to our total exports had reached a figure of 30 per cent. In this group, Asian developing economies played a dominant role. The share of these Asian countries, has gone up from 11.6 per cent in 1967 to 23.8 per cent in 1976.

Table 2.3 also throws light on direction of trade, but the classification is in accordance with D.G.C.I.S. Here we find that ESCAP region, E.E.C., Eastern Europe and North America have been the principal destinations of exports from India, their average share in the total value of exports during the 70s, has been hovering around 80 per cent to 85 per cent, Africa and Latin America being relatively unimportant.

North America, is the second biggest trading area of the world. Its share to the world trade in 1970-71 was about 20 per cent on the average. Between 1960 and 1970, its total import increased by 210 per cent. India's exports to the area in the same period however increased only by 78 per cent, her share to the U.S. total import came down from 1.4 per cent in the late 50s and early 60s, to only about 0.8 per cent in 1970. The reasons behind our not being able to take advantage of the rapid growth in U.S. trade are mainly inadequate production, both in volume and quality, and also uncompetitiveness in price. Though, there is a vast market for different types of consumer goods, the sophisticated nature of the demand does not allow a developing country like India to take advantage of it. Our export is therefore restricted to traditional items. India's exports to the U.S.A. has also been affected by the existence of high import duties on certain items like footwear, jewellery and engineering goods. India's exports to Canada are also rising very slowly - about 20 per cent in the past 10 years. Nevertheless, in absolute terms the share of North America has been steadily increasing from Rs.237 crores in 1967-68 to Rs.550.2 crores in 1975-76.

India's trade with the centrally planned economies is limited to the seven countries of Eastern Europe (Czechoslovakia, Yugoslavia, G.D.R., Poland, Hungary, Rumania, and Bulgaria) and the U.S.S.R. India's exports to

the area has increased at a rapid rate. Such a phenomenal growth in export to this area has brought an important shift in the directional pattern of our trade. While immediately after independence their share in India's total export was only 1.6 per cent, in 1970-71 the share rose to 24 per cent. However, after this peak, there followed a steady decline, and in 1975-76 the figure was 17.2 per cent. The most important factor responsible for such a rapid growth in our trade with Eastern Europe, especially after 1958, is the mechanism of trade and payments agreements entered into with these countries. The conclusion of such agreements not only enabled us to increase the value of our exports, but also made possible imports of various types of machinery, equipment and chemicals needed for development purpose, for which in the absence of these agreements, we would have to pay in hard currencies. In absolute terms, our exports to Eastern Europe have trebled from 226 crores in 1967 to 677 crores in 1976.

Our share of the vast and rapidly growing market of the E.E.C. is at present only 0.3 per cent. The progress of the E.E.C. towards a common market and its association agreements with so many countries have meant increased handicaps for India in relation to these countries. While the imports from these countries were getting a duty-free entry, those from India had to pay high duties. The E.E.C.'s common agricultural policy also had a detrimental effect on

India's exports. Apart from the discriminating tariff rates and protectionist agricultural policy, India's exports were also affected by quantitative restrictions and heavy fiscal changes. Hence the above policies of the E.E.C. acted strongly against increasing exports from India. In spite of all these factors, the E.E.C. countries (including U.K.) have come to occupy the second position among India's customers since 1973-74, prior to which Eastern Europe had a larger share. From a mere 7.4 per cent of total exports in 1967-68 the figure in 1975-76 was 20.9 per cent. An interesting sidelight of this table is that our trade relationship with the U.K. has undergone a drastic change. The share of U.K., which was a major trading partner of India in the initial years after independence, declined in the subsequent years. From as high as 40 per cent in the early 50s, U.K.'s share has come down to a mere 11 per cent in the 70s. The main reasons behind this down trend in India's exports to U.K. are: (1) diversification of our markets and (2) continuous dilution of commonwealth preferences.

E.F.T.A. countries are not major buyers of Indian goods, exports being a mere 1 per cent to 2 per cent.

Africa and Latin America too, do not seem to provide an important outlet for our exports, their contribution together being not more than 7.5 per cent over the period. The ESCAP region has been growing in importance over the

years, as a major buyer of Indian goods. India's exports to the region which until recent years consisted mainly of agro-based and semi-processed products, to-day consists of machinery, transport equipment, iron and steel, and chemical goods. Export of capital goods, however, requires granting of credit facilities, where India finds it difficult to compete with the advanced countries. Moreover, developing countries can rarely afford to purchase from the cheapest source or from sources nearer home, as they are subject to chronic balance of payments difficulties. In spite of these difficulties, the country composition of ESCAP, has enabled it to occupy the first position in our exports over the period of study for all the years. The percentage of exports to the ESCAP region to total exports has been ranging from 20 per cent to 28 per cent, during the period 1967-76. (A more detailed analysis of trends in trade to the region will be given in subsequent chapters).

Imports

After knowing the direction of export we now turn to our sources of imports. Table 2.4 reveals the necessary information in this regard.

The developed market economies still constitute an important source for India's requirements. Their share in total imports of India was 76.3 per cent in 1967 and 59.1 per cent in 1976, although it had fallen to 48.5 per cent

in 1974. Though this share has fallen over the years, mainly due to our import substitution effort, it continues to be high. It means so far as our machinery, chemicals, and other maintenance imports our concerned, this is a market that takes care of it. The bulk of economic assistance, which we continue to receive, comes from these countries. It is thus not surprising that our imports originate in these markets, particularly when aid is tied to them. It is also evident from this table that imports from developing countries have not been very significant. Although they rose to 15 per cent in 1970, in 1976 the figure was only 8.5 per cent. This is because our level of industrialisation is higher and as our resource base is diversified, these countries cannot supply us with commodities we want and hence we have to look to the developed countries for our import requirements. Among developing countries, Asian nations are most important. Our exports being much higher than imports from them, it is obvious we are generating surpluses in these countries and hence the degree of reciprocity in the matter of trade is limited. The share of our imports from developing African and Latin American is quite negligible, being a mere 5 per cent to 6 per cent. Trade with the centrally planned economies is in our favour, these East European countries importing more than we export to them. Our dependence on them has decreased and we have built up surpluses with them. There is greater multilateralism in our trade with

the developed countries, the unfavourable balances that we have with them being made up by and flows.

Again, if we look at India's imports from the D.G.C.I.S. grouping according to various economic regions, given in Table 2.5, it is quite clear that her important sources of goods are from North America, the ESCAP region, Eastern Europe and the E.E.C. countries.

North America, which had a massive share of 43.6 per cent in India's total imports in 1967-68, constituted only 29 per cent of India's total imports during 1975-76, but was still the largest region, accounting for Rs.1,498 crores of total imports from India. The shift in the directional pattern of our imports, away from the U.S. and to other regions, is significant.

As mentioned earlier, the mechanism of trade and payments agreement entered into with the centrally planned economies, made possible imports of various commodities needed for our development purposes. India's imports from the East European countries reached a peak level of 18 per cent of total imports in 1969-70. The share in later years started declining, because once India's infrastructure was built up, she no longer required the heavy machinery and equipment which these countries supplied earlier. Consequently, the share of imports from these nations to total imports were only 10.6 per cent in 1975-76.

The countries comprising the E.E.C. are of paramount importance, accounting for about 40 per cent of world trade. The E.E.C. countries were India's most important source of goods in 1972-73, accounting for 31 per cent of India's total imports. This figure rose to 34 per cent in 1974-75, but in recent years their importance has declined, and other regions, particularly the E.S.C.A.P. has taken its place.

The share of African countries as a supplier of goods to India has been inconsequential, being about 6 per cent to 7 per cent over the period.

India has also not been a major importer of goods from EFTA countries. Latin America, too as in the case of exports, has been a negligible source of imports too.

The ESCAP countries have increased their share over the years, and in 1975-76 ranked second in the regional grouping for India's imports. Moreover, as the region consists of both developed and developing countries, only a countrywise study will bring about the true nature of India's trade pattern. Valuedwise, imports have gone up from Rs.289 crores in 1967-68, to Rs.1,054 crores in 1975-76, being the highest viz. Rs.1,128 crores in 1974-75. Percentagewise these figures respectively for the above-mentioned years were 14.4 per cent, 20.4 per cent and 25 per cent.

Commodity Composition of Trade

Exports

A preliminary idea of the changes in commodity composition of exports can be obtained by examining the changing share of individual commodities in total exports. Tables 2.6 and 2.7 trace respectively the absolute and percentage contribution of India's principal exports to total export earnings. The striking fact to emerge from these figures is the rapidly declining importance of traditional exports. There was a dramatic fall in the share of tea over the period from 14.9 per cent of total exports in 1967 to a mere 5.8 per cent in 1976. The share of cotton textiles, manganese ore, vegetable oils, mica, raw cotton and coir manufactures in total export earnings also declined steadily over the decade. In contrast, the share of the relatively new exports of engineering goods, iron ore, leather, oil cakes, chemicals, and iron and steel registered a significant increase; the expansion was particularly substantial in the case of engineering goods like machinery and transport equipment and iron ore. Among the older exports there was a slight increase in the percentage share of cashew kernels. On the other hand the contribution of some commodities viz. coffee, tobacco, spices and footwear to total export earnings remained virtually unchanged over the period.

Table 26 : India's Exports of Principal Commodities

	(Rs. in crores)								
	1967- 68	1968- 69	1969- 70	1970- 71	1971- 72	1972- 73	1973- 74	1974- 75	1975- 76
<u>Food and live animals</u>	362	364	346	413	414	530	679	1,019	1,253
Fish and fish preparations	n.a.	n.a.	n.a.	31	41	54	88	65	126
Cashew kernel	43	61	57	52	61	69	74	118	96
Coffee	18	18	20	25	22	33	46	51	67
Tea	179	155	122	145	155	145	142	221	234
Spices	27	25	34	39	36	29	55	61	72
Oil cakes	45	49	41	55	40	75	171	96	86
Sugar	16	10	9	29	17	14	43	340	475
<u>Beverages and tobacco</u>	36	34	33	33	45	64	71	82	99
Tobacco unmanufactured	35	33	32	31	42	61	68	80	93
<u>Minerals, fuels, lubricants, etc.</u>	9	12	9	13	8	32	15	20	37
<u>Chemicals</u>	16	24	30	36	32	40	58	104	91
<u>Manufactured goods</u>	511	601	630	616	662	816	1,001	1,169	1,389
Leather and leather manufactures	53	73	82	72	91	175	172	145	201
Cotton textiles	79	88	87	97	100	127	240	215	216
Jute manufactures	234	218	207	190	265	250	227	297	248
Woollen carpets and rugs	10	11	11	10	13	22	25	36	43
Pearls, precious stones	N.A.	n.a.	n.a.	42	53	79	108	98	149
Manufacture of metals	N.A.	n.a.	n.a.	28	24	30	40	69	83
Iron and steel	55	79	87	91	47	42	61	88	122
<u>Machinery and transport equipment</u>	22	45	56	83	73	87	118	216	260
Machinery other than electric	n.a.	n.a.	n.a.	28	25	31	47	91	111
Electrical machinery	n.a.	n.a.	n.a.	16	19	24	29	57	65
Transport equipment	n.a.	n.a.	n.a.	39	30	33	42	67	84
Total exports	1,199	1,358	1,413	1,535	1,569	1,971	2,523	3,329	4,043

Source: Reserve Bank of India, Report on Currency and Finance, Statement 82 of 1972-73, Statement 91 of 1969-70, Statement 94 of 1978-79.

Table 2.7 : India's Exports of Principal Commodities (Percentage Shares to Total)

	1967- 68	1968- 69	1969- 70	1970- 71	1971- 72	1972- 73	1973- 74	1974- 75	1975- 76
Food and live animals	30.2	23.7	24.5	26.9	26.4	26.9	26.9	30.6	30.9
(a) Tea	14.9	11.4	8.6	9.4	9.9	7.4	5.6	6.6	5.8
(b) Sugar	1.3	0.74	0.64	1.9	1.1	0.7	1.7	10.2	11.7
Chemicals	1.3	1.8	2.12	2.3	2.04	2.03	2.3	3.1	2.3
Manufactured goods	42.6	44.3	44.6	40.1	42.2	41.4	39.7	35.1	34.4
(a) Cotton textiles	6.6	6.5	6.2	6.3	6.4	6.4	9.5	6.5	5.3
(b) Iron & Steel	4.6	5.8	6.2	5.9	2.9	2.13	2.42	2.6	3.02
Machinery and transport equipment	1.8	3.3	3.96	5.4	4.7	4.4	4.7	6.5	6.4

(Calculated from)
Source: Reserve Bank of India, Report on Currency and Finance, 1969-70, 1972-73 and 1978-79.

If we consider the composition of exports as between (a) food and beverages, (b) raw materials and (c) manufactured goods, we find that the average annual share of food, beverages and tobacco (a commodity classification constituted mostly by semi-processed products) has remained more or less constant ^{lowering} hovering around 30 per cent. The average annual share of raw materials and other processed goods slightly fell, while that of manufactured goods especially of the non-traditional type as a whole (including iron and steel, machinery and transport equipment, non-metallic mineral manufactures, non-ferrous metals, chemicals, silk and woollen manufactures, paper, rubber and other miscellaneous manufactured articles) have increased considerably.

If we consider a few important commodities - the traditional ones being tea, cotton textiles, minerals (especially iron ore) and non-traditional exports like chemicals, and engineering goods, the reasons for their growth or lack of it can be studied in more detail.

Coming to cotton textiles we find that many people put the blame on quantitative and non-quantitative restrictions in cotton textiles imposed by western countries, but the main reason for the relatively poor export performance of the Indian cotton textile industry is its lack of competitiveness reflected in the sharp increases in the cost of raw cotton, rising labour costs and an attractive domestic market.

India's share in world exports of tea dropped significantly, because of the loss of its foothold in traditional markets. Likewise the Indian tea industry also suffered from deteriorating cost competitiveness, and the pressure of domestic demand. This is in contrast with the sudden spurt in sugar exports in the middle 70s. Sugar exports, however, can be attributed to fluctuations in domestic production, it being an agro-based commodity. Another item on - India's export list which must be mentioned is iron ore, the remarkable growth in India's exports of iron ore was made possible by the rapid expansion of demand from Japan for steel making. Here we could have done better than what we did. Relatively inefficient mining methods, inadequate transport networks, and poor port facilities in India acted as constraints on potential export supplies of iron ore, thereby preventing exports from increasing faster than they actually did.

India's exports of chemicals and allied products, increased very slowly until 1967-68, but grew at a remarkable pace since then, and boost for such exports was provided by import liberalisation for inputs, and heavy subsidisation.

India's exports of engineering goods grew very rapidly in the period and her performance compares quite well with that of other developing countries. Most of the growth came from increased exports of electrical machinery, transport equipment and iron and steel products, as can be seen

from the table. There are three main factors underlying the impressive export performance: (a) recession in the domestic market, (b) heavy subsidisation by the government and (c) the closure of the Suez Canal in 1967.

Imports

If we study the commodity composition of India's imports from Tables 2.8 and 2.9 giving respectively the absolute and percentage contribution to total imports, we observe the following trends. India continues to import large quantities of cereals, particularly wheat. This implies that India was not self-sufficient in foodgrains even as late as 1976. Wheat imports fell to Rs.48 crores in 1972-73, but were as high as Rs.1,211 crores in 1975-76. Rice imports have been declining, mainly because of increased domestic production. The picture in later years looks encouraging because not only has India stopped food imports, but built sizeable buffer stocks and repaid the wheat loan in kind to the Soviet Union.

Due to international factors, like the quadrupling of crude oil prices in 1973 and their steady upward revision since then, imports have been shooting up, and in 1975 were 25.6 per cent of our total imports. This particular commodity has taken away the bulk of our export earnings, and exchange reserves, and there is no limit to the rise in its price, as evidenced in recent years. To-day more

Table 2.8 : India's Imports of Principal Commodities

	(Rs. in crores)								
	1967- 68	1968- 69	1969- 70	1970- 71	1971- 72	1972- 73	1973- 74	1974- 75	1975- 76
<u>Food and live animals</u>	579	403	321	272	197	160	547	855	1,429
<u>Cereals and cereal pre- parations</u>	518	336	261	213	131	81	473	764	1,343
(i) Wheat	378	259	184	173	103	48	346	698	1,211
(ii) Rice	55	57	58	30	18	11	6	12	47
Cashewnuts	25	31	28	29	28	32	29	37	34
Spices	1	0.6	0.7	na	0.9	1	1	1	1
<u>Crude materials inedible except fuels</u>	191	190	177	200	213	190	184	220	213
Hides and skins (raw)	1	1.7	1.7	2	1.3	1	1	1	1
Crude rubber	4	5	9.6	4	4	4	4	7	7
Cotton raw other than linters	83	90	83	99	113	91	52	27	28
Jute raw including cutting and waste	2	9.3	1	na	na	1	12	4	3
Wool raw and other animal hair	12	11	17	16	14	12	21	27	26
<u>Minerals, fuels, lubricants</u>	75	133	138	136	195	204	561	1,157	1,226
Petroleum crude	60	96	96	106	147	145	417	955	1,052
Petroleum products	15	37	41	30	47	59	143	202	174
<u>Animal and vegetable oils and fats</u>	34	19	29.5	38	47	25	65	35	17
<u>Chemicals</u>	273	284	184	192	218	259	357	731	760
Chemical elements and compounds	77	83	67	68	72	91	110	186	180
Fertilisers manufactured	139	139	67	61	81	96	163	436	469
<u>Manufactured goods</u>	255	250	229	345	440	450	539	771	620
Paper, paper board and manufacture	18	18	24	25	35	31	29	60	58
Iron and steel	106	86	81	147	238	226	249	424	312
Non-ferrous metals	89	89	74	119	101	108	139	177	98
<u>Machinery and transport equipment</u>	503	514	393	395	454	532	652	696	935
Machinery other than electric	337	366	279	258	268	298	427	404	577
Electrical machinery	86	82	64	70	102	134	130	161	201
Transport equipment	81	66	50	67	20	100	95	131	157
Total imports	2,008	1,909	1,567	1,634	1,806	1,867	2,955	4,519	5,265

Source: Reserve Bank of India, Report on Currency and Finance, Statement 92 of 1969-70, Statement 83 of 1972-73, Statement 95 of 1978-79.

Table 2.9 : India's Imports of Principal Commodities (Percentage Shares to Total)

	1967- 68	1968- 69	1969- 70	1970- 71	1971- 72	1972- 73	1973- 74	1974- 75	1975- 76
Food and live animals	28.8	21.1	20.5	16.6	10.9	8.6	18.5	18.9	27.2
(a) Wheat	18.8	13.6	11.7	10.6	5.7	2.6	11.7	15.4	23.0
(b) Rice	2.7	2.99	3.7	1.8	0.9	0.6	0.2	0.3	0.89
Crude petroleum and products	3.7	6.97	8.8	8.3	10.8	10.9	18.9	25.6	23.3
Chemicals	13.6	14.9	11.8	11.8	12.1	13.9	12.1	16.2	14.4
Manufactured goods	12.7	13.1	14.6	21.1	24.4	24.1	18.2	17.1	11.8
(a) Iron & steel	5.3	4.5	5.2	8.9	13.2	12.1	8.4	9.4	5.9
(b) Non-ferrous metals	4.4	4.7	4.7	7.3	5.6	5.8	4.7	3.9	1.9
Machinery & trans- port equipment	25.1	26.9	25.1	24.2	25.14	28.5	22.1	15.4	17.8
(a) Machinery other than electric	16.8	19.2	17.8	15.8	14.8	15.9	18.2	8.9	10.9
(b) Electrical machinery	4.3	4.3	4.1	4.3	5.7	7.2	4.4	3.6	3.8
(c) Transport equipment	4.03	3.5	3.2	4.1	1.1	5.4	3.2	2.9	2.9

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Source: (Calculated from) Reserve Bank of India, Report on Currency and Finance, 1969-70, 1972-73 and 1978-79.

than
that 80 per cent of our export earnings (Rs.4,000 crores) are used to finance oil imports.

Iron and steel imports comprise the largest items of imports under the broad grouping "manufactured items". Although percentagewise imports of this commodity has been around 5 per cent over the period, in absolute terms imports have almost trebled, reaching a peak of 424 crores in 1974-75.

India's imports of machinery other than electric, electrical machinery and transport equipment have been declining over the years. This is a reflection of the increasing industrialisation of India, as she is not only in a position to manufacture these commodities, but as mentioned earlier, even exports these goods to many countries. Imports of chemicals have not shown much fluctuations although the absolute value has been going up steadily, despite the steady increase in exports of chemicals.

To summarise the major commodity groupings of India's total imports and exports can be compared in 1967 and 1976.

Table 2.10: Export Structure of India : Percentage Shares for Main Categories of Exports and Selected Commodity Groups (1968-76)

Year	By main categories of export									Selected commodity groups							(Percentage)	
	Total value in million \$	All food items	Agricultural raw materials	Fuels	Ores & metals	Manufactured goods	Of which		Machinery and equipment	Cereals	Petroleum & products	Transport equipment	Medical and pharm. products	Textile fibres, yarn & clothing	Metals and metal manufacture	Machinery		
						Chemical products	Other manufactured goods								Non-electrical	Electrical		
1968	1,749.0	31.92	5.70	0.90	16.54	44.50	1.59	39.98	2.92	0.09	-	1.11	0.27	29.62	7.87	0.89	0.92	
1970	2,012.6	29.68	5.56	0.83	18.47	45.13	2.34	38.07	4.72	0.45	-	1.78	0.56	26.68	8.96	1.84	1.10	
1971	2,036.7	30.48	5.41	0.54	13.27	50.04	2.22	42.93	4.89	0.25	-	1.90	0.60	29.93	5.88	1.75	1.24	
1974	3,898.7	32.56	5.96	0.67	11.09	49.51	3.16	40.71	5.63	0.73	-	1.65	0.68	27.19	6.64	2.41	1.56	
1975	4,354.8	37.75	3.98	0.89	15.01	42.18	2.66	32.22	7.29	0.37	-	2.45	0.66	19.31	9.37	3.08	1.76	
1976	5,322.7	31.60	4.18	0.66	17.82	42.57	2.23	37.51	5.83	0.43	-	1.96	0.46	21.77	13.33	2.29	1.58	

Source: UNCTAD - Handbook of International Trade and Development Statistics (U.N.), 1979.

Table 2.11: Import Structure of India : Percentage Share for Main Categories of Imports and Selected Commodity Groups (1968-76)

Year	By main categories of import									Selected commodity groups									
	Total value in million \$	All food items	Agricultural raw materials	Fuels	Ores and metals	Manufactured goods	Of which Chemical products	Other manufactured goods	Machinery and equipment	Cereals	Crude and manufactured fertiliser	Crude petroleum	Petroleum products	Medicinal & pharmaceutical products	Textile fibres, yarn, clothings	Metals and metal manufacture	Machinery Non-electrical	Electrical	Transport equipment
1968	2,506.7	25.04	7.12	4.32	11.35	49.80	16.75	4.96	28.08	20.34	9.58	2.97	1.35	0.89	6.60	9.59	19.95	4.27	3.87
1970	2,093.7	20.92	9.21	7.71	17.93	41.36	11.19	6.76	23.42	14.78	3.70	6.01	1.69	1.48	8.28	15.68	16.19	4.26	2.97
1973	3,146.1	20.07	4.89	13.87	16.24	44.59	13.21	7.39	23.99	14.08	6.33	9.89	3.97	1.03	4.34	14.90	15.17	4.95	3.87
1974	5,167.1	19.62	1.94	27.98	16.05	34.23	12.69	4.87	16.67	16.00	7.74	22.74	5.24	0.77	1.71	14.09	10.26	3.49	2.91
1975	6,289.5	25.78	2.06	22.56	11.11	38.34	17.79	4.91	15.63	23.54	12.47	19.00	3.55	0.69	1.72	9.52	9.53	3.69	2.41
1976	5,404.9	27.48	3.00	25.71	10.19	33.46	8.05	6.55	18.85	24.52	3.50	22.48	3.23	0.85	2.82	8.57	13.01	3.32	2.52

Source: UNCTAD - Handbook of International Trade and Development Statistics (U.N.), 1979.

Table 2/12 : Direction of Major Exportable Commodities of India, 1973

	(Percentage)							
	Rice	Tea	Textile yarn and thread	Cotton	Jute	Hides/ skins	Iron ore	Leather
ESCAP region	39.6	10.3	41.6	75.4	19.0	10.3	82.5	7.8
U.S.A.	n.a	n.a	5.4	3.4	n.a	n.a	n.a	3.7
W. Europe	4.7	39.7	29.4	4.1	49.0	8.9	n.a	54.3
E. Europe	n.a	n.a	12.8	16.5	31.0	31.0	16.1	33.9

Source: Foreign Trade Statistics of ESCAP Region, United Nations, 1977.

(Summarised from Tables 2.7 and 2.9)

	(Percentages)	
	1967-68	1975-76
<u>Exports</u>		
Food and live animals	30.2	30.9
Chemicals	1.3	2.3
Manufactured goods (traditional & non-traditional)	42.6	34.4
Machinery and transport equipment	1.8	6.4
<u>Imports</u>		
Food and live animals	28.8	27.2
Crude petroleum and products	3.7	23.3
Chemicals	13.6	14.4
Manufactured goods	12.7	11.8
Machinery and transport equipment	16.8	10.9

Likewise, India's major trading partners (the top 10) in 1975-76 were as follows:

- | | |
|-----------------|----------------|
| 1) U.S.A. | 6) France |
| 2) Japan | 7) Iran |
| 3) U.K. | 8) Netherlands |
| 4) U.S.S.R. | 9) Dubai |
| 5) West Germany | 10) Kuwait |

CHAPTER III

INDIA'S TRADE : A REGIONAL VIEW

As mentioned in the last chapter, the ESCAP region is India's major trading partner, accounting for about 25 per cent of India's exports, and 20 per cent of her imports over 1967-68 to 1975-76.

The membership of ESCAP consists largely of developing economies, with the exception of Japan, Australia and New Zealand. The following are the list of members and associate members:

Members

(1) Afghanistan, (2) Australia, (3) Bangla Desh, (4) Bhutan, (5) Burma, (6) Cambodia, (7) China, (8) India, (9) Indonesia, (10) Iran, (11) Japan, (12) Laos, (13) Malaysia, (14) Mangolia, (15) New Zealand, (16) Pakistan, (17) Philippines, (18) Republic of Korea, (19) Singapore, (20) Sri Lanka, (21) Thailand and (22) Vietnam.

Associate Members

British Solomon islands, Brunei, Fiji, Gilbert islands, Cook islands, Hong Kong and Papua New Guinea.

However, all the members of ESCAP are not equally important trading partners of India. To spot out important

trading partners we need some criterion. We define a major trading partner as one whose contribution to India's exports or imports is on an average more than 3.5 per cent of the ESCAP total exports or imports. Applying this criterion the major trading partners, were on the export side - Afghanistan, Australia, Indonesia, Iran, Japan, Nepal, Singapore and Sri Lanka. Importing countries were by this criterion from Afghanistan, Australia, Iran, Japan, Nepal and Thailand.

In 1975-76 Japan accounted for 33.7 per cent of the total ESCAP imports of India. The figures for the other countries were: Afghanistan 1.2 per cent, Australia 9.6 per cent, Iran 43.6 per cent, Nepal 3 per cent and Thailand 1.8 per cent.

The figures for important countries to which India exported goods as a percentage to the ESCAP total in 1975-76 were: Afghanistan 2.9 per cent, Australia 4.05 per cent, Indonesia 4.42 per cent, Iran 23.01 per cent, Japan 36.24 per cent, Nepal 4.3 per cent, Singapore 4.4 per cent and Sri Lanka 1.96 per cent. These figures are evident from Tables 3.1 and 3.2.

We can group these countries into developed and developing. Australia and Japan being the developed countries, while the others mentioned are developing nations.

India's trade with some of the developing Asian countries is of particular significance due to the

Table 3/1: India's Imports from Selected Countries of the ESCAP Region and their Percentage Share in ESCAP Total

	(Rs. in crores)																	
	1967-68		1968-69		1969-70		1970-71		1971-72		1972-73		1973-74		1974-75		1975-76	
	Value	% of total	Value	% of total	Value	% of total	Value	% of total	Value	% of total	Value	% of total	Value	% of total	Value	% of total	Value	% of total
<u>Afghanistan</u>	9.45	3.28	9.35	2.8	11.59	4.46	9.58	3.63	negl.	negl.	16.03	3.99	15.09	2.24	17.8	1.6	12.5	1.2
<u>Australia</u>	64.96	22.5	25.7	7.8	31.3	9.5	36.6	13.9	29.4	8.1	33.6	8.4	43.7	6.5	118.4	10.5	101.5	9.6
Burma	9.24	3.21	16.5	5.0	20.2	7.8	9.6	3.7	5.9	1.6	2.1	0.5	0.65	0.10	negl.	negl.	5.30	0.5
Indonesia	0.11	0.04	0.14	0.04	0.21	0.06	0.25	0.09	0.18	0.05	0.27	Negl	0.41	Negl	2.63	Negl	3.44	Negl
<u>Iran</u>	32.9	11.4	86.4	26.3	83.4	32.1	91.6	34.7	126.4	34.9	121.9	30.4	267.9	39.9	472.7	41.9	459.3	43.6
<u>Japan</u>	108.4	37.6	115.4	35.1	66.8	25.7	83.4	31.6	161.6	44.8	178.5	44.5	255.6	38.1	454.8	40.5	354.8	33.7
Malaysia	9.3	3.24	7.72	2.35	8.27	3.18	5.75	2.18	3.85	1.07	8.41	2.09	32.1	4.8	11.2	0.99	14.3	1.4
<u>Nepal</u>	15.1	5.23	14.1	4.29	14.4	5.54	9.44	3.6	10.3	2.8	9.5	2.37	12.97	1.9	19.3	1.72	31.5	2.99
New Zealand	1.38	0.48	1.99	0.61	1.57	0.6	1.57	0.59	3.69	0.99	6.5	1.6	8.3	1.23	1.08	Negl	0.60	Negl
Philippines	0.36	0.13	2.5	0.8	0.79	0.30	0.98	0.4	0.30	0.08	0.28	Negl	0.46	Negl	0.97	Negl	4.46	0.44
Singapore	3.33	1.2	9.23	2.8	1.5	0.54	1.17	0.4	2.99	0.83	2.83	negl.	9.70	1.45	7.23	negl.	11.62	1.10
Sri Lanka	3.33	1.2	1.96	0.6	2.86	1.10	2.95	1.1	1.45	0.41	9.13	2.3	9.1	1.35	0.24	negl.	0.29	negl.
<u>Thailand</u>	24.7	8.6	35.1	10.7	15.7	5.9	9.5	3.6	3.8	1.1	5.51	1.3	1.81	0.27	12.3	1.09	19.1	1.8
Hong Kong	0.87	0.3	0.96	0.29	0.86	0.33	0.84	0.32	2.20	0.61	9.94	2.7	1.7	0.3	1.43	negl.	1.71	negl.
ESCAP total	288.8		329.1		260.03		264		361		401		673		1129		1054	
World total	2008		1909		1567		1634		1806		1867		2956		4519		5265	
ESCAP as a percentage of world total		14.4		17.2		16.6		16.2		19.9		21.5		22.8		24.9		20.02

Note: Countries underlined are principal sources of India's imports.

Source: (Calculated from) April issues of Monthly Bulletins of Foreign Trade Statistics, 1968-76 (D.G.C.I.S.)

Table 3.2: India's Exports to Selected Countries of the ESCAP Region and their Percentage Share in ESCAP Total

	(Rs. in crores)																	
	1967-68		1968-69		1969-70		1970-71		1971-72		1972-73		1973-74		1974-75		1975-76	
	Value	% of total	Value	% of total	Value	% of total	Value	% of total	Value	% of total	Value	% of total	Value	% of total	Value	% of total	Value	% of total
<u>Afghanistan</u>	6.95	2.6	9.7	2.8	11.4	3.01	14.1	3.3	9.8	neg.	12.2	2.2	14.9	2.03	14.8	1.3	33.9	2.9
<u>Australia</u>	27.98	10.3	25.5	7.5	24.4	6.5	24.4	5.7	27.9	6.6	25.9	4.6	50.4	6.9	61.4	5.5	47.6	4.05
Burma	3.8	1.4	9.7	2.8	20.9	5.5	14.0	3.3	10.8	2.5	14.3	2.5	15.3	2.1	4.6	0.41	8.9	0.76
<u>Indonesia</u>	5.9	2.2	5.6	1.6	4.04	1.07	4.1	0.96	3.4	0.79	5.3	0.9	26.7	3.6	50.9	4.5	52.0	4.42
<u>Iran</u>	14.2	5.2	21.5	6.3	24.02	6.3	26.6	6.3	19.8	4.7	24.7	4.5	42.7	5.8	214.8	19.04	270.8	23.01
<u>Japan</u>	135.9	50.2	158.3	46.2	179.4	47.5	202.2	47.5	182.8	42.9	216.8	38.2	354.9	48.3	296.3	26.4	426.3	36.24
Malaysia	6.9	2.6	7.1	2.1	8.3	2.2	11.7	2.8	11.7	2.8	9.3	1.6	24.1	3.3	29.5	2.63	32.32	2.8
<u>Nepal</u>	18.4	6.8	24.1	7.2	27.3	7.2	23.5	5.5	28.4	6.7	35.04	6.2	28.9	3.9	42.4	3.8	50.4	4.3
<u>Singapore</u>	8.8	3.2	13.4	3.9	15.8	4.2	17.5	4.1	17.6	4.1	17.6	3.1	42.8	5.8	37.1	3.3	51.4	4.4
<u>Sri Lanka</u>	14.9	5.5	23.4	6.8	25.7	6.8	31.8	7.5	21.2	4.99	7.9	1.4	9.8	1.33	26.8	2.4	23.01	1.96
Thailand	8.5	3.12	7.4	2.2	7.5	1.98	5.7	1.34	4.6	1.1	5.7	0.99	9.2	1.3	12.3	1.1	15.8	1.3
Hong Kong	3.4	neg.	11.3	3.31	12.9	3.4	17.1	4.03	15.8	3.7	19.8	3.5	35.9	4.9	27.8	2.5	40.5	3.4
ESCAP total	270.8		342.2		378.1		410		425		568		738		1129		1178	
World total	1199		1358		1413		1535		1569		1971		2523		3329		4043	
ESCAP as a percentage of world total		22.6		25.2		26.8		26.7		27.1		28.8		29.3		33.9		29.1

Note: Countries underlined are major trading partners.

Source: (Calculated from) April issues of Monthly Bulletins of Foreign Trade Statistics, 1968-76.

geographical proximity and the consequent cost advantage resulting from lower freight rates and shorter time required in haulage. Moreover, there are many countries which have started industrialising only recently and are as such still in need of various types of machinery and capital goods which India can at present meet easily. The factor endowments in these countries are also greatly similar to that of India.

The major commodities exported to the ESCAP region are tea, iron, ore, iron and steel, jute manufactures, cotton manufactures, and cashew kernel. Tables 3.3 to 3.9 show the major countries to which India exports these goods. I have also calculated the share of the ESCAP region to the world total. It is evident from these tables that India's exports are spread over most of the ESCAP region, although Japan is a major importer of iron ore and iron and steel, while Australia of cashew kernel and cotton piece goods.

Important imports from ESCAP include iron and steel, rice, manufactured fertilisers, chemical elements and compounds, non-electrical and electrical machinery. From Tables 3.10 to 3.15 (where I have calculated the share of ESCAP region to the world total as well) it is evident that Indian imports are mainly from Japan, Australia; the developing ESCAP countries being insignificant. It is only cereals and cereal preparations, which India, imports in large quantities from Australia, Nepal and Thailand.

Table 33 : India's Exports of Cashew Kernel to Principal Countries

	(Rs. in crores)								
	1967- 68	1968- 69	1969- 70	1970- 71	1971- 72	1972- 73	1973- 74	1974- 75	1975- 76
North America									
Canada	1.68	2.24	1.67	2.55	4.23	6.94	3.78	6.31	6.30
U.S.A.	23.74	28.97	21.48	24.58	28.69	23.70	25.69	19.01	39.48
ESCAP countries total	2.22	3.19	2.74	2.24	2.78	3.55	6.54	7.39	11.59
Australia	1.51	2.06	1.55	1.22	1.35	1.31	1.78	4.08	4.14
Japan	0.30	0.49	0.47	1.02	1.43	2.24	4.76	3.31	7.45
Hong Kong	0.41	0.64	0.72	<i>negl.</i>	<i>negl.</i>	<i>negl.</i>	<i>negl.</i>	<i>negl.</i>	<i>negl.</i>
<u>ESCAP countries as percentage of World total</u>	5.16	5.24	4.8	4.3	4.5	5.16	8.8	6.3	12.1
U.S.S.R.	9.20	19.23	24.71	14.68	18.01	23.99	29.42	72.76	25.08
U.K.	2.36	2.10	1.75	1.07	1.67	1.97	1.64	1.65	1.60
World total	43.03	60.93	57.42	52.07	61.33	68.82	74.43	118.14	96.13

(Calculated from)

Source: Reserve Bank of India, Report on Currency and Finance, 1969-70, 1972-73 and 1978-79.

Table 3.4: India's Exports of Tobacco (Unmanufactured) to Principal Countries

(Rs. in crores)

	1967- 68	1968- 69	1969- 70	1970- 71	1971- 72	1972- 73	1973- 74	1974- 75	1975- 76
Total of ESCAP countries	2.87	3.24	3.06	2.89	4.08	5.22	5.30	6.88	10.62
Japan	2.47	2.88	2.61	2.39	3.86	4.41	4.50	6.48	9.52
Malayasia	0.02	0.04	0.06	n.a	n.a	n.a	n.a	n.a	n.a
Nepal	0.38	0.32	0.39	0.50	0.22	0.81	0.80	0.48	1.10
<u>ESCAP as a percentage of World total</u>	8.2	9.8	9.4	9.2	9.7	8.5	7.75	8.6	11.4
U.S.S.R.	3.06	3.21	6.43	5.54	15.28	29.40	18.60	17.23	28.91
E.E.C. Countries									
Belgium	0.58	0.69	0.48	n.a	n.a	n.a	n.a	n.a	n.a
Netherlands	0.36	0.37	0.33	n.a	n.a	n.a	n.a	n.a	n.a
U.K.	20.40	19.51	15.87	16.62	15.79	12.28	31.56	38.96	30.31
World total	34.85	33.16	32.71	31.40	42.25	61.07	68.41	80.36	93.10

(Calculated from)

Source: Reserve Bank of India, Report on Currency and Finance, 1969-70, 1972-73 and 1978-79.

Table 3.5 : India's Exports of Iron and Steel to Principal Countries

	(Rs. in ^{CRORES} Lakhs)						
	1969- 70	1970- 71	1971- 72	1972- 73	1973- 74	1974- 75	1975- 76
ESCAP countries total	27.9	36.6	10.1	8.1	11.8	11.9	29.7
Burma	2.2	2.2	2.3	0.53	0.20	0.12	0.52
Iran	n.a.	7.5	2.3	1.66	3.3	7.9	18.2
Japan	24.3	24.7	5.3	5.6	8.4	2.6	9.9
Sri Lanka	1.4	2.11	0.9	0.28	0.14	1.3	1.1
U.K.	1.9	2.1	0.17	0.19	1.75	1.16	0.24
U.S.A.	7.2	6.1	2.4	6.4	3.6	8.8	3.0
U.S.S.R.	5.1	17.7	7.8	9.4	8.2	1.7	10.0
World total	86.8	90.6	40.8	41.8	58.0	86.2	117.2
<u>ESCAP as a percentage of world total</u>	32.1	40.3	24.6	19.4	20.4	13.8	25.3

(Calculated from)

Source: Reserve Bank of India, Report on Currency and Finance, 1976-77.

Table 3.6: India's Exports of Iron Ore and Concentrates

	(Rs. in ^{CRORES} lakhs)					
	1970- 71	1971- 72	1972- 73	1973- 74	1974- 75	1975- 76
Japan	93.15	86.33	90.72	108.11	114.02	157.45
U.K.	0.53	0.66	<i>negl.</i>	0.46	<i>negl.</i>	<i>negl.</i>
Czechoslovakia	3.47	3.80	4.59	3.53	4.71	5.77
F.R.G.	2.38	0.43	<i>negl.</i>	0.39	1.82	3.43
Total	117.28	104.70	109.79	132.87	160.39	213.79
<u>Percentage of Japan to total</u>	79.4	82.5	82.6	81.4	71.1	73.6

(Calculated from)

Source: Reserve Bank of India, Report on Currency and Finance, 1976-77.

Table 3.7 : India's Exports of Tea to Principal Countries

	(Rs. in crores)								
	1967- 68	1968- 69	1969- 70	1970- 71	1971- 72	1972- 73	1973- 74	1974- 75	1975- 76
North America									
Canada	3.25	2.83	2.42	2.28	2.83	1.84	1.80	4.09	3.63
U.S.A.	5.85	5.96	2.87	5.64	12.56	8.56	5.52	7.01	6.56
Total of ESCAP countries	10.80	13.48	11.84	12.08	12.67	11.59	12.10	23.50	29.42
Afghanistan	3.25	5.79	6.22	6.53	6.46	5.78	5.14	6.19	16.50
Australia	4.22	3.62	2.57	2.06	2.05	2.07	2.36	3.49	3.32
Iran	2.97	3.71	2.88	3.49	4.16	3.74	4.60	13.82	9.60
New Zealand	0.36	0.36	0.17	negl.	negl.	negl.	negl.	negl.	negl.
<u>ESCAP as a percentage of World total</u>	6.03	8.7	9.7	8.3	8.1	8.0	8.5	10.6	12.6
U.S.S.R.	19.8	19.29	23.88	24.39	32.99	32.42	32.64	59.52	72.96
U.K.	99.81	76.46	46.46	64.57	50.29	39.42	35.61	50.81	45.69

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(Calculated from)
Source: Reserve Bank of India, Report on Currency and Finance, 1969-70, 1972-73 and 1978-79.

Table 3.8 : India's Exports of Jute Goods to Principal Countries

	(Rs. in ^{Crores} Lakhs)							
	1967- 68	1968- 69	1969- 70	1970- 71	1971- 72	1972- 73	1973- 74	1974- 75
Australia	13.2	9.2	8.9	8.5	9.8	6.9	10.8	8.0
Iran	2.01	2.6	1.96	1.55	1.75	6.61	4.52	11.9
New Zealand	3.1	2.4	2.34	1.94	3.16	2.26	3.12	4.45
ESCAP coun- tries total	18.31	14.2	13.20	12.3	14.8	15.8	18.4	24.3
World total	225.1	209.8	201.6	130.05	191.24	164.42	152.75	179.3
<u>ESCAP as a percentage of world total</u>	8.2	6.8	6.5	9.3	7.7	9.6	12.1	13.6

(Calculated from)

Source: Reserve Bank of India, Report on Currency and Finance.

Table 3.9: India's Exports of Cotton Piece Goods to Principal Countries

	(Rs. in crores)								
	1967-68	1968-69	1969-70	1970-71	1971-72	1972-73	1973-74	1974-75	1975-76
World total	66.50	71.43	70.84	76.65	78.53	103.42	197.98	168.81	163.44
Total of ESCAP countries	9.03	8.28	6.96	7.60	6.05	4.81	17.25	18.06	8.44
Afghanistan	1.14	0.60	0.58	0.68	0.09	0.46	0.41	0.89	0.57
Burma	negl.	0.11	1.41	0.67	negl.	negl.	negl.	negl.	0.40
Sri Lanka	0.62	1.10	1.85	0.62	0.39	0.14	0.14	0.15	0.12
Indonesia	2.13	1.49	0.19	0.01	0.05	0.06	0.48	0.13	0.06
Australia	2.42	2.64	2.23	2.85	2.86	2.07	8.65	8.66	3.53
New Zealand	1.24	0.99	0.88	1.14	1.42	0.92	3.31	5.48	1.32
Malaysia	1.48	1.35	1.81	1.57	1.24	1.16	4.26	2.73	2.44
<u>ESCAP percentage of world total</u>	13.6	11.6	9.8	10.0	7.7	4.7	8.7	11.0	5.2
North America									
Canada	1.66	1.73	1.26	0.99	1.25	1.27	2.08	1.66	2.39
U.S.A.	6.08	8.78	8.35	8.08	10.50	14.91	32.72	19.89	28.94
U.S.S.R.	0.41	5.85	6.49	10.29	7.77	28.88	14.58	23.49	18.32
E.E.G. countries									
France	0.6	1.44	2.55	1.02	1.41	2.09	3.63	2.81	4.12
F.R.G.	0.5	1.24	2.21	1.33	1.48	2.01	4.62	3.19	2.05
U.K.	24.67	18.58	14.94	12.67	14.26	17.89	40.35	16.72	29.30

(Calculated from)
 Source: Reserve Bank of India, Report on Currency and Finance, 1969-70, 1972-73 and 1978-79.

Table 3/10 : India's Imports of Iron and Steel Manufactures

	(Rs. in crores)								
	1967- 68	1968- 69	1969- 70	1970- 71	1971- 72	1972- 73	1973- 74	1974- 75	1975- 76
World total	106.2	86.15	81.52	147.04	237.61	225.70	249.00	424.00	312.00
ESCAP Region total	20.06	15.97	16.05	28.87	64.92	93.09	101.64	206.8	107.94
Australia	0.66	0.13	0.63	0.68	0.89	0.95	0.17	1.59	1.95
Japan	19.11	15.71	14.88	26.53	58.16	83.88	101.47	205.21	105.98
<u>ESCAP Region as percentage of total</u>	18.9	18.5	19.7	19.6	27.3	41.2	40.8	48.7	34.6
North America	13.40	7.85	12.51	41.68	30.25	35.24	42.84	n.a	n.a
E.C.M.	25.81	25.64	16.65	26.48	41.53	42.00	44.00	-	-
E.F.T.A.	26.08	17.60	14.16	23.59	70.39	55.20	59.00	-	-

(Calculated from)

Source: (1) 1967-68 to 1971-72 - "Supplement to Monthly Statistics of the Foreign Trade of India", Quarterly Issues, Vol. I (D.G.C.I.S.) (2) 1972-73 and 1973-74 - "Commodity Trade Statistics, U.N.", Conversion factor Re.1 = \$0.1303 for 1972-73, Re.1 = \$0.1245 for 1973-74 (3) 1974-75 and 1975-76 - "Statistics of the Foreign Trade of India", Fourth Quarterly Issue (D.G.C.I.S.).

Table 3.11 : India's Imports of Machinery (Non-Electric)

	(Rs. in crores)								
	1967- 68	1968- 69	1969- 70	1970- 71	1971- 72	1972- 73	1973- 74	1974- 75	1975- 76
World total	335.96	364.99	280.34	257.41	270.86	298.00	426.78	404.00	577.00
ESCAP Region	33.00	35.93	15.86	14.59	25.98	38.43	45.01	40.92	55.02
Australia	1.04	0.37	0.65	0.31	0.32	1.78	1.10	1.51	1.15
Hong Kong	0.01	0.02	0.02	0.01	0.04	0.09	0.08	0.10	0.18
Japan	19.86	27.43	12.19	13.66	22.08	35.62	43.37	38.79	52.27
Singapore	<i>negl.</i>	0.09	0.03	0.03	0.20	0.15	0.46	0.51	1.43
<u>ESCAP percentage of world total</u>	9.8	9.9	5.7	5.8	9.6	12.7	10.5	10.13	9.6
North America	0.780	59.84	38.97	50.08	52.18	47.69	<i>na</i>	<i>na</i>	<i>na</i>
Eastern Europe	0.890	118.48	111.47	85.99	60.75	<i>na</i>	<i>na</i>	<i>na</i>	<i>na</i>
E.E.C.	0.780	97.85	69.40	59.73	73.21	150.26	213.93	<i>na</i>	<i>na</i>
E.F.T.A.	0.570	57.56	43.75	47.19	58.60	14.71	20.69	<i>na</i>	<i>na</i>

(Calculated from)

Source: (1) 1967-68 to 1971-72 - "Supplement to Monthly Statistics of the Foreign Trade of India", Quarterly Issues, Vol. I (D.G.C.I.S.) (2) 1972-73 and 1973-74 - "Commodity Trade Statistics, U.N.", Conversion factor 1972-73, Re.1 = \$0.1303; 1973-74, Re.1 = \$0.1245 (3) 1974-75 and 1975-76 - "Statistics of the Foreign Trade of India", Fourth Quarterly Issue (D.G.C.I.S.)

Table 3.12: India's Imports of Fertilisers (Manufactured)

	(Rs. in crores)								
	1967- 68	1968- 69	1969- 70	1970- 71	1971- 72	1972- 73	1973- 74	1974- 75	1975- 76
World total	134.39	137.59	67.07	61.21	81.2	96.0	163.00	436.00	469.00
Total of ESCAP Region	11.12	8.15	6.78	3.52	3.07	na	33.1	62.60	66.73
<u>ESCAP as a per- centage of world total</u>	8.3	5.9	8.8	5.75	3.8	--	20.2	14.3	14.2
Japan	10.32	8.14	6.78	3.41	2.98	--	33.06	62.5	66.7
North America	79.6	93.2	48.2	19.7	47.4	--	60.43	na	na
E.E.C.	18.5	11.5	4.23	13.9	8.23	--	na	--	--
E.F.T.A.	5.1	3.4	4.5	4.5	2.4	--	3.9	--	--

(Calculated from)

Source: 1967-68 to 1971-72 - "Supplement to Monthly Statistics of the Foreign Trade of India", Quarterly Issues, Vol.I, (D.G.C.I.S.) (2) 1972-73 and 1973-74 - "Commodity Trade Statistics, U.N.", Conversion factor Re.1 = \$0.1303 for 1972-73 and Re.1 = \$0.1245 for 1973-74 (3) 1974-75 and 1975-76 - "Statistics of the Foreign Trade of India", Fourth Quarterly Issue (D.G.C.I.S.).

Table 3/3: India's Imports of Chemical Elements and Compounds

	(Rs. in crores)								
	1967- 68	1968- 69	1969- 70	1970- 71	1971- 72	1972- 73	1973- 74	1974- 75	1975- 76
World total	78.04	82.7	67.42	67.99	71.85	91.00	110.00	186.00	180.00
ESCAP Region total	14.11	22.17	10.12	7.22	8.93	29.41	34.65	51.6	46.29
Australia	0.88	0.58	0.49	0.20	0.12	0.11	0.25	0.25	0.20
Japan	12.27	21.63	5.82	7.06	8.74	29.31	34.40	51.35	46.06
<u>ESCAP Region as a percen- tage of world</u>	18.1	26.8	15.1	10.6	12.4	32.3	31.5	27.8	25.7
North America	13.85	20.19	14.49	19.49	14.84	11.34	16.57	7.2	7.2
E.E.C.	26.36	15.63	12.95	15.55	21.23	38.45	43.72	--	--
E.F.T.A.	9.28	8.16	7.28	6.88	8.37	2.02	3.29	--	--

(Calculated from)

Source: 1967-68 to 1971-72 - "Supplement to Monthly Statistics of the Foreign Trade of India", Quarterly Issues, Vol.I (D.G.C.I.S.) (2) 1972-73 and 1973-74 - "Commodity Trade Statistics, U.N." - Conversion factor Re.1 = \$0.1303 for 1972-73 and Re.1 = \$ 0.1245 for 1973-74 (3) 1974-75 and 1975-76 - "Statistics of the Foreign Trade of India", Fourth Quarterly Issue, D.G.C.I.S.

Table 3.14: India's Imports of Cereals and Cereal Preparations

	(Rs. in crores)								
	1967- 68	1968- 69	1969- 70	1970- 71	1971- 72	1972- 73	1973- 74	1974- 75	1975- 76
World total	518.20	336.62	260.98	213.01	131.21	81.00	473.00	764.00	1343.00
ESCAP region	75.15	51.26	34.30	28.55	19.91	na	40.09	60.05	97.60
North America	422.38	270.27	216.07	172.71	106.20	"	432.05	na	na
E.E.C.	1.11	0.36	3.83	na	na	"	na	na	na
<u>Wheat</u>									
Australia	34.88	3.39	3.45	5.84	5.82	"	27.37	47.9	52.28
<u>Rice</u>									
Nepal	7.62	2.51	6.15	4.82	6.64	6.70	12.71	12.16	23.27
Burma	8.33	14.59	18.49	8.88	4.52	na	na	na	5.14
Thailand	20.27	26.93	10.11	8.37	2.30	"	"	"	16.89
<u>ESCAP percentage of world total</u>									
	14.5	15.2	13.14	13.4	15.2	-	8.5	7.9	7.3

(Calculated from)
 Source: (1) 1967-68 to 1971-72 - Supplement to Monthly Statistics of the Foreign Trade of India, Quarterly Issues, Vol.I (D.G.C.I.S.), (2) 1972-73 and 1973-74 - Commodity Trade Statistics, U.N., Conversion factor Re.1=₹0.1303 for 1972-73, Re.1=₹0.1245 for 1973-74, (3) 1974-75 and 1975-76 - Statistics of the Foreign Trade of India, Fourth Quarterly Issue (D.G.C.I.S.).

Table 3.15: India's Imports of Electrical Machinery

	(Rs. in crores)									
	1967-68	1968-69	1969-70	1970-71	1971-72	1972-73	1973-74	1974-75	1975-76	
World total	68.85	68.81	64.32	70.35	10.14	134.00	130.00	161.00	201.00	
Total of ESCAP region	9.40	6.54	3.68	3.98	12.05	12.29	13.32	14.10	16.90	
Australia	0.11	0.09	0.08	0.09	0.03	0.11	0.08	0.22	0.73	
Hong Kong	0.27	0.05	negl.	0.01	0.02	0.10	0.12	0.14	0.30	
Japan	7.67	4.56	2.76	3.65	9.10	11.90	12.89	13.22	15.58	
Singapore	negl.	0.10	negl.	negl.	negl.	0.17	0.22	0.53	0.30	
<u>ESCAP region as a percentage of total</u>	11.1	8.1	5.7	5.7	11.9	9.2	10.2	8.8	8.4	
North America	6.18	11.12	11.58	17.18	27.24	24.41	25.37	n.a	n.a	
Eastern Europe	9.08	15.17	10.42	14.19	13.22	n.a	n.a	n.a	n.a	
E.E.C.	24.44	23.71	24.12	19.30	29.31	31.06	42.41	n.a	n.a	
E.F.T.A.	22.44	24.51	14.35	15.05	22.03	4.39	6.40	n.a	n.a	

(Calculated from)

Source: (1) 1967-68 to 1971-72 - "Supplement to Monthly Statistics of the Foreign Trade of India", Quarterly Issues, Vol. I (D.G.C.I.S.),
 (2) 1972-73 and 1973-74 - "Commodity Trade Statistics, U.N.", Conversion factor Re.1 = \$1303 for 1972-73, Re.1 = \$0.1245 for 1973-74,
 (3) 1974-75 and 1975-76 - "Statistics of the Foreign Trade of India", Fourth Quarterly Issue (D.G.C.I.S.).

An important aspect of trade in this area is the heavy dependence of the region's trade on a few developed countries. In the composition of import of the Asian countries, there is a predominance of capital goods and materials chiefly for consumption goods. In the ESCAP region the share of capital goods in the total imports increased from 36 per cent in 1967, to 45 per cent in the late 70s. India's exports to the region until recent years, consisted mostly of agro-based products. And, in recent years, although the exports of certain types of machinery, transport equipment, iron and steel, and chemicals, etc., have increased, they are faced with various types of problems. Export of capital goods always requires granting of medium and long term credit facilities. Being herself facing foreign exchange scarcities, India finds it extremely difficult to compete with the advanced countries both in credit terms and quantum of credit granted. Moreover, the developing countries can rarely afford to purchase from the cheapest source or from the sources nearer home as they are subject to chronic balance of payments difficulties. They have to make their purchases from the countries which provide them aid, as the aids granted are mostly tied to their sources. There is also the difficulty of breaking through the established channels of business. The advanced countries have got well established reputation in these markets due to their past links.

The volume of India's trade with many countries of the region is very insignificant, and there is wide fluctuation from year to year. India's exports to certain countries are low because there are no suitable commodities that India can import in return, and to certain others we cannot supply the goods required. The demand structure of many of these countries is not sufficiently complementary to India. Most of these countries are agrarian in nature, and as mentioned earlier are dependent on the export of a few commodities. Heavy concentration on a few primary commodities leads to a wide fluctuation in the volume of trade, resulting from fluctuation in agricultural performance and prices of commodities.

When we include the developed countries of Japan, Australia and New Zealand, there is much greater amount of complementarity among the developed and the developing countries of the ESCAP region, than among the countries of either of the group exclusively.

Considering the developed countries of the region i.e. Australia and Japan, we can draw the following conclusions. India's exports to Japan consist mainly of traditional exports, and primary or semi-processed goods such as fish, fresh or simply preserved, raw cotton, iron ore, iron and steel scrap, leather, pearls and precious stones, unmanufactured tobacco, jute manufactures and cashew kernel. Thus non-traditional items where the technological

input and value added are high do not figure in the list. Imports from Japan are chemical elements and compounds, iron and steel manufactures, manufactured fertilisers, machinery other than electric, electrical machinery and transport equipment. Looking at Japan's imports from India we can say that she is insulated from our industrialisation process, as she is not a customer for India's non-traditional goods. It can be said that we are in fact supporting the Japanese economy through necessary imports from them and supplying her with mainly primary commodities.

Indian imports from Australia consist mainly of wheat, raw wool and various metallic alloys and only a small part is accounted for by electrical and non-electrical machinery, and other sophisticated goods. Thus, even though Australia is a developed country, India imports mainly primary products from her. India's exports to Australia consist mainly of jute manufactures, cotton fabrics and tea. Thus it can be said that trade between them is reciprocal in primary commodities, and until recent years, as the balance of trade was not very high, there was to a large extent bilateral balancing.

Iran enjoys a special place in India's trade with the ESCAP, because of the huge oil and petroleum imports from her, which constitute more than 80 per cent of India's total imports from Iran. Consequently, India has had a perpetual adverse balance of trade with Iran. Escalation

in petroleum prices has aggravated the problem of trade deficit. India mainly exports tea, sugar, jute manufactures, iron and steel and metal manufactures to Iran. In recent years exports of electrical and non-electrical machinery and transport equipment have gone up, although India does not figure as a prominent seller in Iran's booming import market.

Some of the minor trading partners of India in the ESCAP, like Burma, Sri Lanka, Afghanistan and Nepal are however, important purchasers of India's non-traditional exports, viz. engineering goods, particularly transport equipment. These countries together accounted for about 42 per cent of India's exports of transport equipment in 1974-75. Of these exports to Indonesia, amounted to Rs.2.2 crores to Nepal Rs.2.2 crores to Afghanistan Rs.87 lakhs and Malaysia Rs.1.9 crores. This performance indicates that India can play a significant role in helping the developing countries in ESCAP build the necessary infrastructure for development.

India can barely qualify as a major supplier of imports into the total ESCAP region. Nevertheless, it figures as a major supplier in the markets of Afghanistan, Burma, Nepal, and Sri Lanka. Important items of exports to Afghanistan include tea, cotton piece goods and non-electrical machinery, transport equipment and spices. India's major exports to Burma are coal, cotton yarn and thread,

iron and steel and clothing. Major items of imports by Sri Lanka from India include transport equipment, bidi wrapper leaves, cotton yarn and thread, electrical and non-electrical machinery, while Nepal buys tea, spices, cotton fabrics, cotton yarn, cement, medicinal and pharmaceutical products, electrical machinery and transport equipment.

On the imports side, ESCAP region as a whole is becoming progressively important as a supplier of a variety of importables in the Indian market. Imports from Nepal consisted of rice, butter and ghee, pulses, oil seeds, wood, lumber cork, and nuts. India exports much more to Nepal than she imports, as a small land locked and under developed country like Nepal has little to offer to India. It is no wonder than that India has had a consistent balance of trade surplus with India. Indian imports from Sri Lanka consist mainly of tea and marine products.

Imports from Afghanistan too are very limited and restricted only to a few items like fresh and dried fruits and nuts including almonds, raisins, pomegranates etc. and spices. India no doubt is supporting the Afghan economy, through imports of these items, as Afghanistan being industrially backward can offer us practically nothing. There is thus little reciprocity in trade.

Although on the import side, ESCAP region as a whole is becoming progressively important as a supplier of a variety of importables in the Indian market, major suppliers

from ESCAP to India in 1975-76 were Australia, Iran and Japan. These three countries together accounted for over three quarters of total imports from the ESCAP countries in 1975-76.

To sum up, the global pattern of India's trade is reflected in India's trade with the ESCAP countries. However, as far as the export performance of India in the ESCAP region is concerned, though it is an important market for Indian exports, there is much scope for improvement, as India today supplies only an infinitesimal proportion of the total imports by the ESCAP region; trade in the region has continued to remain concentrated in a few developed countries of the world. A substantial proportion of India's exports to ESCAP, even to the developing countries are mainly in the nature of traditional commodities, simply processed food and non-food items. India's non-traditional items should be exported in larger quantities to these economies, which should be persuaded to divert their demand for capital goods from the developed western markets to countries like India.

The trade links between India and the ESCAP countries, thus clearly indicate the need for and the possibility of closer trade ties between the ESCAP members.

CHAPTER IV

A DETAILED STUDY OF INDIA'S TRADE WITH SELECTED ESCAP COUNTRIES

In this chapter, India's trade pattern with Japan, Australia, Iran, Afghanistan and Nepal will be examined in some detail. These countries together accounted for (on an average) 80 per cent of India's exports to and imports from the ESCAP region.

Indo-Japanese Trade

Japan is undoubtedly a major country not only in the region, but is one the important economic powers of the world. Her rate of growth, during the 60s and 70s, has been phenomenal. Completely lacking oil and most other natural resources both in minerals and agriculture this is a remarkable achievement. It is thus interesting to study India's trade pattern with this country. India's exports and imports to Japan and the balance of trade from 1967-68 to 1975-76 are shown in Table 4.(a).

The two way trade between India and Japan has steadily increased in the period under review. Japan in 1975-76 ranked as the second largest trading partner of India, taking about 6.9 per cent of India's total imports and about 11 per cent of exports. India has had a favourable balance of trade with Japan except in 1974-75.

Table 4.(a): India's Trade Balance with Japan

(Rs. in crores)			
Year	Exports	Imports	Trade Balance
1967-68	135.92	108.43	+27.49
1968-69	158.33	158.16	+0.17
1969-70	179.36	66.82	+112.54
1970-71	202.15	83.43	+118.72
1971-72	182.76	161.60	+21.16
1972-73	216.75	178.54	+38.21
1973-74	354.89	255.57	+99.32
1974-75	296.31	454.84	-158.53
1975-76	426.33	334.81	+71.52

Source: Tables 4.1 and 4.2.

Japan is the most important trading partner of India in the ESCAP region. India's imports from Japan have been around 30 per cent and more of her total imports from ESCAP. They reached on all time high of 44.5 per cent in 1972-73 although the lowest reached (25.7 per cent) was in 1969-70. In 1975-76 this figure stood at 33.7 per cent. Imports from Japan consisted mainly of iron and steel manufactures, fertilisers, organic and inorganic chemicals, electrical and non-electrical machinery and transport equipment. (Tables 4.1 and 4.2).

Table 4.1 : India's Exports to Japan

	(Rs. in crores)									
	1967-68	1968-69	1969-70	1970-71	1971-72	1972-73	1973-74	1974-75	1975-76	
Fish fresh or simply preserved	5.11	4.68	9.41	11.93	22.38	46.31	42.57	40.51	85.27	
Raw cotton	13.21	8.88	13.00	11.91	12.72	15.39	22.91	13.82	19.09	
Mica including split and waste	2.54	2.30	2.45	1.69	1.64	n.a	n.a	0.75	0.64	
Iron ore	57.64	71.01	76.13	93.15	86.33	95.94	106.58	114.02	157.45	
Iron and steel scrap	10.71	7.39	7.34	6.32	1.33	2.64	n.a	5.91	6.38	
Manganese ore	5.86	7.98	6.93	11.11	8.03	6.54	12.99	n.a	n.a	
Animal casings	1.59	1.06	1.45	n.a →	-	-	-	-	← n.a	
Tea	negl. →	-	-	-	-	-	← negl.	1.12	1.05	
Spices	negl. →	-	-	-	-	-	← negl.	1.32	1.51	
Leather	2.48	3.21	3.68	4.30	4.16	1.27	-	5.49	14.62	
Pearls, precious and semi-precious stones	1.05	1.03	1.67	2.86	4.36	8.88	10.94	10.33	14.90	
Iron and steel	19.46	23.29	24.30	24.73	5.34	8.94	5.08	2.56	9.85	
Machinery (non-electric)	negl. →	-	-	-	-	-	← negl.	2.69	1.27	
Tobacco unmanufactured	2.47	2.88	2.61	2.39	3.86	4.48	6.38	6.48	9.53	
Ores and minerals, n.e.s.	2.45	4.28	4.74	4.29	3.39	negl.	negl.	2.35	36.76	
Solvent extracted oil cake and meal of groundnut	0.59	3.80	2.56	7.61	6.44	n.a	n.a	10.50	0.54	
Jute manufactures (carpet back cloth)	0.27	2.03	3.70	1.45	-	8.09	11.01	18.61	8.19	
Cashew kernel	n.a →	-	-	-	-	← n.a	1.77	3.31	7.45	
Total exports	135.69	158.38	179.32	202.14	181.71	216.75	354.89	296.31	426.33	

Source: (1) 1967-68 to 1971-72 - Supplement to Monthly Statistics of Foreign Trade of India, Quarterly Issues, Vol. I (D.G.C.I.S.),
(2) 1972-73 and 1973-74, Commodity Trade Statistics, U.N., Conversion factor, Re.1 = \$0.1306 for 1972-73, Re.1 = \$0.1245 for 1973-74,
(3) 1974-75 and 1975-76, Statistics of the Foreign Trade of India, Fourth Quarterly Issue, (D.G.C.I.S.).

Table 4.2: India's Imports from Japan

	(Rs. in crores)									
	1967-68	1968-69	1969-70	1970-71	1971-72	1972-73	1973-74	1974-75	1975-76	
Synthetic fibre	0.93	0.84	0.41	1.56	1.60	n.a	n.a	2.02	5.61	
Chemical elements and compounds	-	-	-	-	-	29.31	34.4	51.34	46.06	
Organic chemicals	9.18	18.22	3.48	5.72	6.04	-	-	-	-	
Inorganic chemicals	3.09	3.41	1.18	1.33	2.63	-	-	-	-	
Medical and pharmaceutical products	0.48	0.64	0.86	1.13	1.72	n.a	n.e	2.80	1.91	
Fertilisers manufactured	10.32	8.15	6.78	3.41	1.98	-	33.07	62.60	66.73	
Paper, paper board manufactures	0.81	0.80	0.92	1.23	1.04	1.36	n.a	1.51	7.64	
Iron and steel metal	negl.	negl.	0.30	1.41	5.55	negl.	negl.	negl.	negl.	
Iron and steel manufactures	19.11	15.70	14.88	26.26	58.16	83.88	101.47	205.21	105.98	
Copper manufactures	0.55	n.a	n.a	3.24	1.93	2.16	n.a	24.69	2.45	
Zinc and zinc alloys	n.a	1.61	0.10	0.05	5.14	1.96	3.17	4.75	1.70	
Machinery other than electric	19.86	27.43	12.19	13.66	22.80	35.62	43.37	38.79	52.27	
of which										
(a) Agricultural machinery	9.37	0.97	0.79	0.83	1.20	-	-	-	-	
(b) Metal working machinery	2.36	1.83	1.53	0.99	1.72	-	-	-	-	
(c) Textile machinery	7.44	1.94	1.03	1.42	1.08	-	-	-	-	
(d) Heating, cooling equipment	-	15.35	3.48	0.11	-	-	-	-	-	
Non-electric machinery, n.e.s.	1.07	9.72	3.41	8.68	4.29	-	-	-	-	
Electrical machinery	7.67	4.56	2.76	3.65	9.10	11.91	12.89	13.22	15.59	
Transport equipment	3.35	3.69	2.94	5.09	14.22	7.63	8.76	6.29	10.47	
of which										
(a) Railway vehicles	1.68	1.93	1.17	3.66	7.50	-	-	5.30	8.03	
(b) Road motor vehicles	1.09	1.13	1.74	0.75	5.14	-	-	0.99	2.44	
(c) Ships and boats	0.50	0.42	-	0.40	1.49	-	-	-	-	
Scientific and optical instruments	2.82	1.11	0.59	0.57	0.91	n.a	n.a	1.20	1.74	
Plastic materials, regenerated cellulose	negl.	4.86	2.13	2.13	3.18	n.a	n.a	n.a	n.a	
Rubber crude	-	-	1.03	-	-	0.49	1.01	1.43	1.13	
Rubber manufactures, n.e.s.	n.a	-	-	-	-	-	n.a	2.57	1.11	
Total imports	108.43	158.16	66.82	83.43	161.60	178.54	255.60	454.84	354.81	

Source: (1) 1967-68 to 1971-72 - Supplement to Monthly Statistics of Foreign Trade of India, Quarterly Issues, Vol. I (D.G.C.I.S.), (2) 1972-73 and 1973-74 - Commodity Trade Statistics, U.N., Conversion factor Re.1 = 80.1303 for 1972-73, Re.1 = 80.1245 for 1973-74, (3) 1974-75 and 1975-76, Statistics of the Foreign Trade of India, Fourth Quarterly Issue (D.G.C.I.S.).

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India's exports to Japan which constituted 50.2 per cent of her total exports to ESCAP in 1967-68 declined to 38.2 per cent in 1972-73, but showed a steep increase in the following year accounting for 48.3 per cent, followed by a substantial decrease in 1974-75 and a rise again in 1975-76 (36.2 per cent). Major items of India's exports to Japan include iron ore, fish fresh or simply preserved, raw cotton, pearls, precious and semi-precious stones, leather goods and cashew kernel.

The commodities responsible for increase in exports include among other items - fish and fish preparations which increased from Rs.5.11 crores to as high as Rs.46.4 crores in 1972-73 and 85.3 crores in 1975-76. India's exports of iron ore concentrates to Japan are extremely significant constituting about 80 per cent of India's total world exports of this commodity, although the percentage fell from 82.6 per cent in 1972-73 to 73.6 per cent in 1975-76. Exports of cashew kernel increased from a negligible figure in 1967-68 to 7.4 crores in 1975-76. Pearls and precious stones exports too increased from Rs.1.05 crores to Rs.14.9 crores in the period 1967-68 to 1975-76.

Imports from Japan too increased substantially. Imports of machinery (non-electric) increased from 19.8 crores in 1967-68 to Rs.52.3 crores in 1975-76; imports of electrical machinery too went up from Rs.7.67 crores in 1967-68 to more

than double (Rs.15.58 crores) in 1975-76. The biggest increase was however for iron and steel manufactures which went up by more than 5 times from 19.11 crores in 1967-68 to Rs.105.9 crores in 1975-76.

As Japan and India have different degrees of trade participation, Indo-Japanese trade looks one sided, when we compare it with the respective national totals. As said earlier, India's exports to and imports from Japan form a sizeable proportion of India's total world imports and exports, and her exports to and imports from the ESCAP region. But, the same proportions look very small (almost insignificant) when compared with Japan's world exports and imports. Thus Japanese imports from India in fact fell from 2.2 per cent in 1967 to 1.2 per cent in 1976, being 1.49 per cent in 1971. Similarly exports to India form a still smaller percentage of total Japanese exports (1.3 per cent in 1967 and 0.56 per cent in 1976).

There is great scope for increasing trade and collaboration with Japan in coming years and India would do well to avail of the emerging opportunities. The generalised scheme of preferences has been extended by Japan and ceilings have been fixed on a first come first served basis. There is a great need for diversifying our exports to Japan particularly of labour intensive technology and intermediate products. So far the exchanges are mainly of raw materials like iron ore, manganese ore, salt, prawns, shrimp etc.

There is no reason why a concerted effort to break into other areas should not be rewarding. India can successfully compete with ASEAN countries (as labour costs there have been increasing faster than India) when Japan has large trade.

The commodity composition of India's exports to Japa^a has still to come out of the traditional fold. The basic character of trade between the two countries remains the same, i.e. India exporting raw materials and primary products and importing capital equipment, machinery and processed goods. India's exports to Japan are confined to a few commodities. Iron ore, raw cotton, fish and marine products and manganese ore constitute nearly 70 per cent of India's exports to Japan. There have been hardly any export of industrial, semi-finished or finished products, excepting some quantities of pig iron and iron and steel scrap. Similarly, our exports of consumer goods, machinery and spare parts, chemical items have been insignificant. However, it must be remembered that India's exports to Japan had been suffering not only due to inadequate production within the country, but also because of heavy duties imposed by Japan on most finished and semi-finished goods. Even after the recent years reduction of duties, there were a number of commodities of export interest to India which were subject to heavy duties.

The complementary nature of the two economies can be of great benefit to both countries. Japan's experience of industrial development can be made use of by India, and her requirements of raw materials and primary products as well as labour-intensive items will go up as its economy advances further.

The competitive advantage in relation to other developed countries that India has in the export of manufactures and semi-manufactures with the introduction of CSP should be fully exploited and trade boosted up.

Indo-Australian Trade

We next turn to Australia, which is also an important trading partner of India. However Australian imports from India have been declining from 10.3 per cent in 1967-68, they came down to 4.1 per cent in 1975-76. Similarly, Australian exports to India have also fallen from 22.5 per cent in 1967-68 to 9.6 per cent in 1975-76. (Figures relate to export and import share in the total ESCAP region). In absolute figures, nevertheless, trade with Australia has been going up steadily. Australia though an advanced country, exports mainly primary commodities. It would thus be informative to see what India (a labour-intensive country) exports to and imports from Australia (a land-intensive country). India's trade pattern (including balance of trade) with Australia from 1967-68 to 1975-76 is shown in Table 4.(b).

Table 4.(b): India's Trade Balance with Australia

(Rs. in crores)			
Year	Exports	Imports	Trade Balance
1967-68	27.98	64.96	-36.98
1968-69	25.50	25.73	-0.23
1969-70	24.44	31.28	-6.84
1970-71	24.39	36.58	-12.19
1971-72	27.93	29.40	-1.47
1972-73	25.89	33.55	-7.66
1973-74	50.36	43.66	+6.7
1974-75	61.39	118.40	-57.01
1975-76	47.60	101.48	-53.88

Source: Tables 4.3 and 4.4

The balance of Indo-Australian trade has fluctuated over the years, but has been in favour of Australia in all the years under review i.e. from 1967-68 to 1975-76, except in 1973-74 when it was in India's favour to the tune of Rs.6.7 crores. The trade balance has not been systematically increasing or decreasing over the years. It was in Australia's favour amounting to Rs.36.98 crores in 1967-68, came down to Rs.0.23 crores in the very next year. Again it was in India's favour to the tune of Rs.6.7 crores in 1973-74, but in the next year (viz. 1974-75) it was in

Australia's favour to about Rs.57.01 crores. These violent fluctuations can be better understood if we study the commodity composition of trade. India's most important import from Australia is wheat, and it is this commodity which is chiefly responsible for shifts and changes in the balance of trade. In 1967-68 wheat imports amounted to Rs.34.9 crores, but fell by about 1/10th to Rs.3.39 crores in 1968-69. It was between Rs.3.5 to Rs.6 crores in the next 3 years. In 1973-74 it was Rs.27 crores, while in the next year it was Rs.48 crores. The other important commodity imported by India from Australia is raw wool of sheep and lamb. This commodity has varied in value from Rs.10 crores in 1968-69 to Rs.26 crores in 1974-75; being in between these two values in the other years under study. Other goods imported are certain alloys of metals like nickel, lead and zinc. Electrical machinery, non-electric machinery and transport equipment are also imported, although the value of each of these items amounts to near about Rs.1 lakh or less.

The most important item of Indian export to Australia is jute manufacture - sacks, hessian and carpet backing. Over the years there has been a steady erosion in the exports of sacks from India. The other items namely carpet backing and hessian of jute manufactures exported to Australia are growing in importance and India has a fairly stable ground in these. Exports of jute manufactures amounted to Rs.9.9

crores in 1975-76, although they were higher in earlier years. Among other commodities, are the traditional exports tea, cotton fabrics, and woollen carpets.

The growth of exports of cashew kernel and fish and fish preparations have been slow, the value in 1975-76 being respectively Rs.4.14 crores and Rs.2.57 crores from Rs.1.5 crores and Rs.59.9 lakhs in 1967-68. The exports of iron and steel which touched Rs.93 lakhs in 1973-74, fell to Rs.40 lakhs in 1975-76 from Rs.76 lakhs in 1967-68. All this is evident from Tables 4.3 and 4.4. India's exports to Australia formed about 1.2 per cent of total Australian imports during 1967, and reached a low level of 0.62 per cent in 1976. Similarly, India's imports from Australia formed only 2.69 per cent of Australian exports to the world, and although this was 1.6 per cent in 1976, it had fallen to 0.86 per cent in 1971.

Until recent years, India's exports to Australia followed a fairly constant pattern - jute manufactures, cotton textiles, and tea accounted for more than 70 per cent. Even now the above share of these three commodities has remained more than 50 per cent. In recent years the exports of cashew kernel, fish and fish preparations and engineering goods including iron and steel have shown a good spurt. The rise in the export of non-traditional items, however, could not compensate for the decline in the traditional items.

Table 4.3: India's Exports to Australia

	(Rs. in crores)								
	1967-68	1968-69	1969-70	1970-71	1971-72	1972-73	1973-74	1974-75	1975-76
Fish fresh or simply preserved	0.59	0.55	1.26	0.85	1.06	1.59	3.09	2.79	2.57
Cashew kernel	1.51	2.06	1.55	1.22	1.35	2.20	-	4.08	4.14
Tea	4.22	3.62	2.57	2.06	2.05	2.17	3.30	3.49	3.32
Woollen carpets	0.68	0.72	0.72	0.81	0.72	N.A	N.A	0.98	0.80
Jute manufactures	-	-	-	-	-	11.05	N.A	9.39	9.94
(a) Carpet backing cloth	1.45	1.92	2.71	2.58	4.04	-	-	-	-
(b) Other hessian cloth	7.09	5.23	5.42	5.96	5.83	-	-	-	-
(c) Jute sacks	3.48	1.27	0.27	0.17	-	-	-	-	-
(d) Other	0.17	0.12	0.65	0.27	1.03	N.A	-	-	-
Cotton fabrics	-	-	-	-	-	N.A	N.A	5.45	3.16
(a) Grey	0.63	0.63	0.59	0.64	0.51	-	-	-	-
(b) White	0.48	0.57	0.58	0.79	0.84	-	-	-	-
(c) Printed and dyed	1.29	1.43	1.03	1.39	1.33	-	-	-	-
Iron and steel	0.76	0.64	-	0.71	0.42	0.58	0.93	0.60	0.40
Metal manufactures	negl.	negl.	0.80	negl.	negl.	negl.	negl.	0.89	0.75
Footwear	negl.	negl.	negl.	negl.	negl.	negl.	negl.	1.82	1.36
Transport equipment	0.45	0.13	0.36	0.30	N.A	N.A	N.A	0.29	0.29
Machinery non-electric	negl.	negl.	negl.	negl.	negl.	negl.	negl.	3.30	1.57
Machinery electric	negl.	negl.	negl.	negl.	negl.	negl.	1.36	1.70	0.65
Total exports	27.91	25.46	24.40	24.40	27.93	25.90	50.36	61.39	47.65

Source: (1) 1967-68 to 1971-72 - Supplement to Monthly Statistics of Foreign Trade of India, Quarterly Issues, Vol.2, (D.G.C.I.S.),
(2) 1972-73 and 1973-74 - Commodity Trade Statistics, U.N., Conversion factor 1 Re. = \$0.1306 for 1972-73, Re.1 = \$0.1245 for 1973-74,
(3) 1974-75 and 1975-76 - Statistics of the Foreign Trade of India, Fourth Quarterly Issue, (D.G.C.I.S.)

Table 4.4: India's Imports from Australia

	(Rs. in crores)									
	1967-68	1968-69	1969-70	1970-71	1971-72	1972-73	1973-74	1974-75	1975-76	
Wheat	34.88	3.39	3.45	5.84	5.82	N.A.	27.38	47.89	52.28	
Wool raw of sheep and lamb	11.08	10.11	15.98	14.69	11.44	12.77	24.77	25.75	24.23	
Iron and steel manufactures	0.66	0.13	0.63	0.68	0.89	0.96	0.17	1.59	1.95	
Nickel and alloys	negl.	negl.	negl.	0.66	0.73	0.51	3.14	3.50	1.93	
Lead and lead alloys	3.28	2.85	3.80	3.55	2.38	6.37	14.39	15.96	7.70	
Zinc and zinc alloys	4.69	3.17	0.95	6.95	2.30	n.a	15.13	17.81	4.71	
Non-electrical machinery	1.04	0.37	0.65	0.31	0.32	1.78	1.10	1.51	1.15	
of which										
(a) Agricultural machinery	0.19	0.11	0.20	0.03	0.03	-	-	-	-	
(b) Metal working machinery	0.02	0.09	0.13	0.09	0.02	-	-	-	-	
(c) Machines for special industry	0.40	0.50	0.14	0.01	0.02	-	-	-	-	
(d) Machinery, n.e.s.	0.45	0.13	0.19	0.17	0.24	-	-	-	-	
Electrical machinery	0.11	0.09	0.07	0.09	0.08	0.11	0.09	0.22	0.73	
of which										
(a) Power mach and switch gear	0.03	0.02	0.02	0.02	0.01	-	-	-	-	
(b) Telecommunication equipment	0.02	0.01	0.009	0.02	0.03	-	-	-	-	
(c) Other electric machinery	0.06	0.07	0.05	0.05	0.04	-	-	-	-	
Transport equipment	0.46	0.19	0.49	0.19	0.20	0.22	0.23	0.12	0.28	
Ores and concentrates of base metals	negl.	0.93	negl.	negl.	negl.	negl.	negl.	0.87	0.17	
Animal oils and fats	2.29	1.45	0.20	n.a	n.a	n.a	n.a	n.a	n.a	
Inorganic chemicals	0.82	0.35	0.29	0.08	n.a	n.a	n.a	0.25	0.20	
Aluminium alloys	1.31	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	
Total imports	64.96	25.73	31.28	36.58	29.40	33.55	43.66	118.48	101.48	

Source: (1) 1967-68 to 1971-72 - Supplement to Monthly Statistics of the Foreign Trade of India, Quarterly Issues, Vol. I (D.G.C.I.S.), (2) 1972-73 and 1973-74 - Commodity Trade Statistics, U.N., Conversion factor 1972-73 Re.1 = \$0.1303; 1973-74 Re.1 = \$0.1245, (3) 1974-75 and 1975-76 - Statistics of the Foreign Trade of India, Fourth Quarterly Issue (D.G.C.I.S.).

Our export has not picked up even after the introduction of Australian preferential tariff scheme for developing countries, which encourages imports, mainly of industrial products from the developing countries. India's products find it difficult to compete with the products from the developed countries like the U.K., Japan and U.S.A. and also sometimes from developing countries of South East Asia like Singapore and Hong Kong.

Apart from India's competitive handicap, and non-availability of adequate exportable surplus, many of India's products are in competition with Australian production and export. The economic structure of both countries is to a great extent similar: like India, Australia is still predominantly a "primary producer". More than 80 per cent of Australia's export earnings came from primary products like wool, wheat, meat etc. In the production of iron ore, manganese ore, bauxite and salt, India and Australia are major competitors for third markets.

In recent years, however, efforts have been made to enlarge and diversify India's exports in the fields of leather, handicrafts, light engineering goods and a few chemicals. Australia is also a good market for our cashew-nuts, castor-oil and marine products and other consumer goods, where our labour costs give us an edge over other competitors.

Indo-Iranian Trade

We now turn to India's trade with Iran - a developing country, which has huge oil reserves, and has thus gained importance as one of India's important trading partners. Exports to Iran which were a mere 5.2 per cent of India's total exports to ESCAP in 1967-68 rose to 23 per cent in 1975-76. Imports from Iran have also gone up, from a mere 11.4 per cent in 1967-68 to a staggering figure of 43.6 per cent in 1975-76. (Figures relate to total ESCAP imports). The Iranian economy is no doubt lop-sided, and India can help with her experience of industrialisation. Similarly worst oil-affected countries like India can hope for long term credits from Iran. India's trade pattern (including balance of trade) with Iran from 1967-68 to 1975-76 is shown in Table 4.(c).

India has always had an unfavourable balance of trade with Iran. Even though, India is steadily improving her exports to Iran. India will probably never be in a position to balance the trade between the two countries because of the increasing oil imports from Iran. However, the trade deficit could be reduced to a large extent by expanding Indian exports. The balance of trade is becoming more and more unfavourable over the years. From a figure of Rs.18.7 crores in the red in 1967-68, it increased to Rs.257.8 crores in 1974-75, although it fell to Rs.188

Table 4.(c): India's Trade Balance with Iran

(Rs. in crores)			
Year	Exports	Imports	Trade Balance
1967-68	14.2	32.9	-18.7
1968-69	21.46	86.37	-64.9
1969-70	24.02	83.43	-59.41
1970-71	26.64	91.64	-65.00
1971-72	19.75	126.35	-106.6
1972-73	24.65	121.98	-97.33
1973-74	42.68	267.58	-224.9
1974-75	214.83	472.66	-257.83
1975-76	270.77	459.29	-188.52

Source: Tables 4.5 and 4.6.

crores in 1975-76. However, India's export thrust to the Iranian market, should not be brushed aside lightly. From a mere Rs.14 crores in 1967-68, it increased to the formidable figure of Rs.271 crores in 1975-76. Details of exports and imports are given in Tables 4.5 and 4.6. Among the notable items of exports are iron and steel which increased from Rs.7.1 crores in 1967-68 to Rs.18.3 crores in 1975-76. Exports of machinery other than electric rose from Rs.37 lakhs in 1967-68 to 4 crores in 1975-76, although it even touched Rs.6.5 crores in 1972-73. Electrical

Table 4.5: India's Exports to Iran

	(Rs. in crores)								
	1967-68	1968-69	1969-70	1970-71	1971-72	1972-73	1973-74	1974-75	1975-76
Tea	2.91	3.71	2.88	3.48	4.16	4.26	10.33	13.82	9.60
Spices	<i>negl.</i>	<i>negl.</i>	0.66	0.88	1.02	0.55	0.73	0.96	0.85
Jute manufactures	1.64	2.35	1.94	1.55	1.71	5.24	9.59	12.49	5.38
Iron and steel	7.12	8.20	9.42	8.51	2.33	1.84	6.13	7.90	18.22
Metal manufactures (Finished structural parts)	<i>n.a.</i>	0.22	1.70	2.98	1.69	1.42	<i>n.a.</i>	2.52	5.26
Machinery other than electric	0.37	0.69	0.39	0.30	1.08	6.51	2.93	4.30	3.91
Electrical machinery	0.21	0.43	0.33	0.49	0.87	0.85	0.69	0.72	2.03
Transport equipment	0.44	1.06	0.94	1.40	1.03	3.24	4.64	5.05	6.31
Paper, paper board and manufactures	<i>n.a.</i>	0.93	1.16	1.30	<i>n.a.</i>	0.44	0.75	0.37	0.26
Sugarcane refined	<i>negl.</i> →	-	-	-	-	← <i>negl.</i>	7.10	141.76	192.26
Cotton piece goods (mill-made)	<i>negl.</i> →	-	-	-	-	-	← <i>negl.</i>	10.68	3.72
Total exports	14.20	21.42	23.98	26.64	19.75	24.65	42.68	214.83	270.77

Source: (1) 1967-68 to 1971-72, Supplement to Monthly Statistics of Foreign Trade of India, Quarterly Issues, Vol. I (D.G.C.I.S.),
 (2) 1972-73 and 1973-74, Commodity Trade Statistics, U.N., Conversion factor Re.1 = \$0.1306 for 1972-73, Re.1 = \$0.1245 for 1973-74,
 (3) 1974-75 and 1975-76, Statistics of the Foreign Trade of India, Fourth Quarterly Issue, D.G.C.I.S.

Table 4.6: India's Imports from Iran

	(Rs. in crores)								
	1967-68	1968-69	1969-70	1970-71	1971-72	1972-73	1973-74	1974-75	1975-76
Almonds	0.86	0.95	0.58	0.51	0.55	n.a	n.a	n.a	n.a
Dates	0.23	0.29	0.22	0.20	0.23	-	-	-	-
Cotton raw	0.03	0.06	0.14	0.13	0.78	-	-	-	-
Sulphur crude	n.a	n.a	0.58	1.44	4.06	-	-	18.26	9.18
Fertilisers manufactured	n.a	-	n.a	0.11	0.17	-	-	-	-
Petroleum	-	-	-	-	119.87	173.6	262.34	451.88	447.80
of which									
(a) Crude and partly refined	29.92	83.4	80.31	86.28	n.a	n.a	n.a	n.a	n.a
(b) Petroleum products	1.22	0.82	1.06	2.41	-	-	-	-	-
Grapes dried (raisins)	0.07	0.47	0.28	n.a	-	-	-	-	-
Fruits, fresh and nuts	-	-	-	-	-	-	-	1.05	1.16
Dried fruits	-	-	-	-	-	0.72	-	1.18	0.71
Crude vegetables, n.e.s.	-	-	-	-	-	0.99	1.65	0.15	0.20
Total imports	32.89	86.37	83.43	91.64	126.36	121.98	267.58	472.66	459.29

Source: (1) 1967-68 to 1971-72 - "Supplement to Monthly Statistics of the Foreign Trade of India, Quarterly Issues, Vol. I (D.G.C.I.S.), (2) 1972-73 and 1973-74 - "Commodity Trade Statistics, U.N., Conversion factor, Re.1 = \$0.1303 for 1972-73, Re.1 = \$0.1245 for 1973-74 (3) 1974-75 and 1975-76 - "Statistics of the Foreign Trade of India", Fourth Quarterly Issue (D.G.C.I.S.).

machinery exports have gone up nearly 10 times from a mere Rs.21 lakhs in 1967-68 to Rs.2 crores in 1975-76. Tea, spices, jute manufactures and paper and paper board exports to Iran have also been growing steadily over the years. Sugarcane refined has been the single largest commodity exported in 1974-75 and 1975-76; accounting for respectively Rs.142 crores out of total exports to Iran of Rs.215 crores and Rs.192 crores out of a total of Rs.271 crores. This was the chief reason for the phenomenal increase in exports from Rs.43 crores in 1973-74 to Rs.215 crores in 1974-75. Among engineering products major exports to Iran are diesel engines, pumps, wire cables, automobile spares etc.

Imports from Iran have not diversified much over the decade under review. Petroleum products and crude and partly refined petroleum accounted for 80 per cent - 90 per cent of India's total imports from Iran during 1967-68 to 1975-76. It has increased rapidly from Rs.32 crores in 1967-68 to a precipitous rise after 1973-74, accounting for Rs.451 crores in 1974-75 and Rs.448 crores in 1975-76 out of total imports from Iran of Rs.473 crores and Rs.459 crores respectively. Other items of import include fruits, fresh and nuts and dried fruits like almonds and dates, crude, sulphur too is imported from Iran - this was negligible till 1969-70 (Rs.58 lakhs) but rose to Rs.18 crores in 1974-75 and came down to Rs.9.2 crores in 1975-76.

It should be noted however despite India's success in penetrating into the Iranian market, imports from India were less than 2 per cent of Iranian imports although they went upto 3 per cent in 1975-76. Iran's exports to India during 1967-68 were 4 per cent of total exports of Iran during the year. In fact, exports to India as a percentage of total exports from Iran were 0.24 per cent in 1971, and fell to as low as 0.05 per cent in 1976.

Iran is fast improving its capacities in the production of many engineering and industrial goods and the markets for its products are being explored by Iran. Iran is also entering into a large number of barter trade agreements with U.S.S.R. and Eastern European countries. Under these circumstances, an expansion of Indian exports to Iran can be facilitated by Indo-Iranian agreements for industrial co-operation and trade expansion.

Iran lays great emphasis on joint ventures as a means for rapid industrialisation. India can join hands with Iran in setting up industries in Iran, and India is in a position to supply machinery, equipment and technical know-how. Large increases in India's exports can definitely be anticipated if joint ventures are undertaken.

The demand for capital and intermediate goods is bound to expand at a high rate, as huge investments were made in infrastructure and heavy industry in the Iranian economy recently. India can take advantage, by stepping

up her exports of industrial goods to Iran. Thus Iran can support our industrialisation effort by being a market for our industrial goods.

Exports of services of technical and skilled personnel, can open up new vistas of economic cooperation between India and Iran. Managerial and consultancy services have already started making a break through in this direction. Thus, Indo-Iranian cooperation can go beyond the limits of mere exchange of goods.

Indo-Afghan Trade

India's trade with Afghanistan may not be very substantial, when looked at from India's point of view. However, about 14 per cent of Afghanistan's total exports went to India, while about 12 per cent of her imports were from India in 1975-76. Thus, for Afghanistan, India is her major trading partner. However, in the total ESCAP region even from India's point of view Afghanistan is not all that unimportant, accounting for about 3 per cent to 3.5 per cent of India's total ESCAP exports and imports. The two-way trade between India and Afghanistan has steadily increased over the years, although exports have increased more rapidly than imports. The trade balance has fluctuated in Afghanistan and India's favour over the years. In the period under review from 1967-68 to 1975-76 the balance of trade was in Afghanistan's favour from 1967-68 to 1969-70, though by a very small amount (See Table 4.(d)). In 1970-71 and 1971-72

Table 4.(d): India's Trade Balance with Afghanistan

(Rs. in crores)			
Year	Exports	Imports	Trade Balance
1967-68	6.95	9.45	-2.5
1968-69	9.71	9.85	-0.14
1969-70	11.30	11.59	-0.29
1970-71	14.09	9.58	+4.51
1971-72	9.81	4.80	+5.01
1972-73	12.23	16.03	-3.8
1973-74	14.91	15.09	-0.18
1974-75	14.79	17.89	-3.1
1975-76	33.93	12.50	+21.43

the trade balance was in India's favour. In the next 3 years it was in Afghanistan's favour, but in 1975-76 it was convincingly in India's favour. Exports were least in 1967-68 (Rs.6.95 crores) while they were maximum in 1975-76 (Rs.33.93 crores). Imports were minimum in 1971-72 (Rs.4.8 crores), while they were maximum in 1974-75 (Rs.17.89 crores). For a detailed commoditywise analysis Tables 4.7 and 4.8 have been prepared. From Table 4.7 it is clear the most important commodity India exports to Afghanistan is tea. The value of tea exported has been around 1/2 to 7/10ths

Table 4.7: India's Exports to Afghanistan

	(Rs. in crores)								
	1967-68	1968-69	1969-70	1970-71	1971-72	1972-73	1973-74	1974-75	1975-76
Tea	4.3	7.3	7.9	8.3	7.5	6.1	8.6	8.2	18.7
Paper, paper board and manufactures thereof.	0.05	0.05	0.16	0.25	0.18	N.A.	N.A.	0.15	0.07
Textile manufactures (miscellaneous)	0.13	0.16	0.28	1.34	0.31	N.A.	N.A.	0.98	0.65
Machinery (non-electric)	Negl.	Negl.	Negl.	Negl.	Negl.	Negl.	Negl.	Negl.	0.12
Machinery (electric)	0.42	0.53	1.70	3.81	1.81	N.A.	N.A.	0.91	0.54
Transport equipment	0.12	0.16	0.22	0.21	0.16	0.18	0.66	0.88	2.18
Cotton fabrics(mill-made)	-	-	-	-	-	0.30	N.A.	1.38	0.68
(a) Grey	0.04	0.05	0.08	0.10	0.02	-	N.A.	-	-
(b) White	0.48	0.37	0.19	0.21	0.58	-	-	-	-
(c) Printed and dyed	0.61	0.22	0.37	0.45	0.23	-	-	-	-
Spices	Negl.	Negl.	Negl.	0.15	0.09	N.A.	N.A.	0.08	1.4
Total exports	6.91	9.68	11.27	14.09	9.81	12.23	14.91	14.80	33.94

Source: (1) 1967-68 to 1971-72 - Supplement to Monthly Statistics of the Foreign Trade of India, Quarterly Issues, Vol. I, (D.G.C.I.S.),
(2) 1972-73 and 1973-74 - Commodity Trade Statistics of U.N., Conversion factor Re.1 = \$0.1306 for 1972-73 and Re.1 = \$0.1245 for 1973-74,
(3) 1974-75 and 1975-76 - Statistics of the Foreign Trade of India, Fourth Quarterly Issue (D.G.C.I.S.).

Table 4.8 : India's Imports from Afghanistan

	(Rs. in crores)									
	1967- 68	1968- 69	1969- 70	1970- 71	1971- 72	1972- 73	1973- 74	1974- 75	1975- 76	
Dried fruit	-	-	-	-	-	5.43	0.86	7.34	4.22	
Fruits, fresh and nuts	-	-	-	-	-	1.29	6.85	9.48	7.22	
Almonds	1.82	0.91	1.62	1.55	0.33	-	-	-	-	
Other fruits and nuts	0.98	1.59	0.89	1.14	3.92	-	-	-	-	
Spices	0.12	0.21	0.19	0.09	0.11	0.39	0.18	0.18	0.27	
Asafoetida	0.15	0.39	0.39	0.31	0.30	-	-	-	-	
Grapes fresh	2.79	2.47	2.92	2.65	-	-	-	-	-	
Raisins	3.12	3.50	4.49	2.75	-	-	-	-	-	
Total imports	9.45	9.85	11.59	9.58	4.80	16.03	15.09	17.89	12.54	

Source: (1) 1967-68 to 1971-72 - "Supplement to Monthly Statistics of the Foreign Trade of India", Quarterly Issues, Vol. I (D.G.C.I.S.) (2) 1972-73 and 1973-74 - "Commodity Trade Statistics, U.N.", Conversion factor Re.1 = \$0.1303 for 1972-73, Re.1 = \$0.1245 for 1973-74 (3) 1974-75 and 1975-76 - "Statistics of the Foreign Trade of India", Fourth Quarterly Issue (D.G.C.I.S.).

of total exports during that year. From Rs.4.3 crores in 1967-68, tea exports have been steadily increasing over the years, and touched Rs.18.7 crores in 1975-76. The next in order of value is transport equipment. This item has been steadily increasing over the years. It was a mere Rs.12 lakhs in 1967-68, but rose to Rs.2.18 crores by 1975-76. Cotton fabrics, mill made, paper and paper board, spices and viscose yarn are the other commodities export to Afghanistan.

India's imports from Afghanistan are very limited and restricted to only a few items, although the value of commodities imported is significant, resulting in Afghanistan having a favourable balance of trade in 6 out of the 9 years in the period under review (1967-68 to 1975-76). Commodities imported are dried fruits, fresh fruits and nuts and include almonds, asafoetida, raisins and pomegranates. Imports of spices are also important. In 1971-72 total imports of India from Afghanistan amounted to Rs.4.8 crores, but jumped to Rs.16.03 crores in the very next year. This is chiefly due to the increase of almonds imports.

Indo-Nepalese Trade

Nepal being much less developed than India, imports a variety of products from us and also India is an important outlet for her exports. This can be seen by studying the trade pattern between these two countries. India's exports

and imports to Nepal and the balance of trade from 1967-68 to 1975-76 are shown in Table 4.(e).

Table 4.(e): India's Trade Balance with Nepal

(Rs. in crores)			
Year	Exports	Imports	Trade Balance
1967-68	18.40	15.08	+3.32
1968-69	24.65	14.12	+10.53
1969-70	27.28	14.40	+12.88
1970-71	23.46	9.44	+14.02
1971-72	28.43	10.26	+18.17
1972-73	35.04	9.50	+24.54
1973-74	28.89	12.97	+15.92
1974-75	42.40	19.31	+23.09
1975-76	50.35	31.54	+18.81

Source: Tables 4.9 and 4.10.

India has always had a favourable trade balance with Nepal. In the period under review (1967-68 to 1975-76) the trade balance was minimum (Rs.3.32 crores) in 1967-68 and maximum in 1972-73 (Rs.25.5 crores). Exports from India to Nepal were Rs.50.35 crores in 1975-76 (highest), while in 1967-68 they were Rs.18.4 crores (lowest). Imports from Nepal to India were Rs.31.54 crores (maximum) in 1975-76, while they were Rs.9.44 crores (minimum) in 1970-71.

India exports both traditional and non-traditional commodities to Nepal. Among the traditional items exported are tea, spices, cotton fabrics and cotton yarn. Exports of tea have increased, over the years, though by a very small amount. In 1967-68 the value of exports of tea was Rs.48.6 lakhs. This increased to Rs.95.6 lakhs in 1975-76, and varied between Rs.45 to Rs.65 lakhs in the period 1968-69 - 1973-74. Exports of spices have shown a steady increase from Rs.24 lakhs in 1967-68 to Rs.86.8 lakhs in 1975-76, although they fell to Rs.14.1 lakhs in 1973-74.

Exports of cotton fabrics (mill-made) have been around Rs.6 crores during the period under review. While exports of grey fabrics have increased, those of white, printed and dyed and hand printed textile fabrics have decreased steadily between 1967-68 to 1975-76.

Exports of cement increased from Rs.47 lakhs in 1967-68, to Rs.3.6 crores in 1972-73; although this dropped to negligible amounts in later years. Nepal has become a major buyer of Indian medicinal and pharmaceutical products, and this touched a figure of Rs.2 crores in 1975-76. Exports of electrical machinery, machinery other than electric, and transport equipment have all increased to a considerable extent over the years.

The most important commodity Indian imports from Nepal is rice, which has accounted for between 15 per cent to 90 per cent of India's total imports from this country. Rice

Table 4.9: India's Exports to Nepal

	(Rs. in crores)								
	1967-68	1968-69	1969-70	1970-71	1971-72	1972-73	1973-74	1974-75	1975-76
Tea	0.49	0.59	0.63	0.49	0.44	0.49	0.64	0.91	0.96
Spices	0.24	0.34	0.36	0.36	0.80	0.39	0.14	0.71	0.87
Petroleum products	2.62	3.98	4.14	6.30	5.32	-	-	-	-
Paper, paper board and manufactures	0.34	0.45	0.59	0.53	0.68	0.46	0.34	0.56	0.53
Cotton fabrics, mill made	-	-	-	-	-	6.86	n.a	n.a	n.a
(a) Grey	1.99	4.76	4.84	3.29	5.90	-	"	"	"
(b) White	1.91	1.82	2.67	1.11	0.73	-	"	"	"
(c) Printed and dyed	1.24	1.18	0.59	0.17	0.14	-	"	"	"
(d) Textiles, hand printed	0.42	0.34	0.15	0.14	0.24	-	"	"	"
Cement	0.47	0.73	1.02	0.83	1.11	3.59	0.59	"	"
Medical and pharmaceutical products	0.65	0.78	1.00	0.84	1.44	1.73	-	1.97	2.01
Manufactures of metals	0.10	-	0.37	-	0.47	-	-	0.31	1.23
Electrical machinery	0.41	0.79	0.55	0.65	0.76	0.87	1.30	1.84	1.36
Machinery other than electric	negl. →	-	-	-	-	0.83	1.47	1.98	2.87
Iron and steel	0.23	0.30	0.62	0.65	-	0.56	1.67	2.05	1.80
Transport equipment	negl. →	-	-	-	-	-	← negl.	2.65	3.27
Cotton goods (mill-made)	negl. →	-	-	-	-	-	← negl.	7.74	7.32
Cotton fabrics (handloom)	1.17	0.18	0.71	0.77	0.46	-	-	0.95	1.97
Cotton yarn	negl.	0.40	0.41	0.23	-	-	negl.	0.73	0.93
Footwear	n.a	0.52	0.42	n.a	n.a	n.a	negl.	0.27	0.36
Total exports	18.40	24.65	27.28	23.46	28.43	35.04	28.89	42.4	50.4

Source: (1) 1967-68 to 1971-72 - Supplement to Monthly Statistics of Foreign Trade of India, Quarterly Issues, Vol. I, (D.G.C.I.S.),
 (2) 1972-73 and 1973-74 - Commodity Trade Statistics, U.N., Conversion factor 1 Re. = \$0.1306 for 1972-73, Re.1 = \$0.1245 for 1973-74,
 (3) 1974-75 and 1975-76 - Statistics of the Foreign Trade of India, Fourth Quarterly Issue, (D.G.C.I.S.).

Table 4.10: India's Imports from Nepal

	(Rs. in crores)								
	1967-68	1968-69	1969-70	1970-71	1971-72	1972-73	1973-74	1974-75	1975-76
Butter and ghee	0.90	1.20	1.09	1.02	1.10	1.81	n.a	1.64	1.63
Rice	7.62	2.51	6.15	4.82	6.64	6.70	12.71	12.16	23.27
Pulses and flour thereof	n.a	n.a	0.21	0.29	0.25	-	-	0.56	0.54
Oil cakes	n.a	0.32	0.32	0.25	0.27	n.a	-	-	n.a
Spices	0.11	0.23	0.31	0.22	0.18	0.15	0.29	0.24	0.34
Oil seeds, oil nuts, oil kernels	0.70	0.74	0.51	0.30	0.58	0.68	-	0.21	0.63
Dyeing, tanning extract and materials	-	-	-	0.13	-	0.25	-	0.67	0.65
Wood, lumber, cork	0.50	0.39	0.28	0.12	0.18	n.a	0.84	0.88	0.61
Jute manufactures excluding yarn	n.a	n.a	1.98	0.97	-	-	-	0.61	0.12
Paper and paper board	negl. →	-	-	-	-	-	←negl.	0.10	0.12
Total imports	15.08	14.12	14.40	9.44	10.27	9.50	12.97	19.31	31.54

Source: (1) 1967-68 to 1971-72 - "Supplement to Monthly Statistics of the Foreign Trade of India, Quarterly Issues, Vol. I (D.G.C.I.S.),
 (2) 1972-73 and 1973-74 - "Commodity Trade Statistics, U.N., Conversion factor, Re.1 = ₹0.1303 for 1972-73, Re.1 = ₹0.1245 for 1973-74
 (3) 1974-75 and 1975-76 - "Statistics of the Foreign Trade of India", Fourth Quarterly Issue (D.G.C.I.S.).

imports were Rs.23.3 crores out of total imports of Rs.31.5 crores in 1975-76. The next major commodity imported is butter and ghee, while has remained at about Rs.1 to Rs.1.5 crores during 1967-68 to 1975-76. Pulses, spices, oil seeds and nuts, wood, lumber and cork and metal manufactures are also imported in moderate quantities. All this is obvious from Tables 4.9 and 4.10.

There is considerable scope for expansion of India's trade links with Nepal and Afghanistan. These countries being much less developed than India, should offer a ready market for India's non-traditional exports. Moreover, both of them being land-locked, India is their main export outlet. Thus, India should take advantage of their geographic proximity and underdeveloped economies, for making major export thrusts into these areas.

CHAPTER V

CONCLUSION

In the foregoing chapters, I have made a factual appraisal of India's trade pattern with the ESCAP region. This is brought clear by the detailed countrywise analysis. Japan is the most important trading partner of India in the region, exporting mainly finished goods and heavy machinery, electrical equipment etc., while importing semi-processed goods, pearls, precious stones, fish etc. from India, besides iron ore, which is the most important of her imports from us. Australian trade with India is mainly reciprocal in primary commodities. India exports tea, jute manufactures and cashew kernel to Australia and imports mainly wheat, raw wool, and metallic alloys from her. India's trade with Iran, has assumed a new dimension in recent years mainly because of the huge oil imports from that country. Apart from traditional exports, like tea and spices, our exports of machinery and transport equipment have also increased in recent years. Nepal and Afghanistan may be only minor trading partners of India in ESCAP region, but they import some of their machinery and medical and pharmaceutical products from us. Moreover, when looked at from India's share in their exports and import requirements, their dependence on this country is substantial.

Although it was our intention to present a detailed commoditywise analysis, this was not possible because of the scarcity of time, but all the relevant information is provided in the tables.

Our study of India's trade pattern with the ESCAP countries also throws up possibilities of intensive empirical research. Since this study was prepared in 2 months, no empirical exercises beyond the collection of factual information on the composition and direction of trade could be undertaken. But, we are aware that there are a number of methods which could be used to know more about the trade problems of this area. First, one could study concentration ratios (Gini-coefficients), including market and commodity concentration in India's trade with ESCAP. Second, by calculating appropriate rates of growth of exports and imports separately for each important category and the rates of growth for industrial output and national income, we can calculate trade elasticities, and know the nature of trade dependence. Last, but not the least the data collected in this study can be subjected to constant market share analysis. The method of constant market shares, enables us to decompose export growth in terms of four effects:

- 1) Effect due to rate of growth of regional exports,
- 2) Effect due to market distribution,
- 3) Effect due to commodity composition, and
- 4) Effect due to competitiveness.

Finally, great deal of attention has been paid to the question of economic cooperation in South and South East Asian countries. It has been pointed out that given the narrow exports structure of the different economies, not much scope exists for trade creation in this area. But, it has also been recognised that the strategy of import substitution can become viable for many small countries in this region if they come together, because in that case they would be able to reap dynamic economics of scale like the unification of market, and the adoption of modern technology. India, with her experience in this field over the past 20 years, certainly has the capacity to take a lead in this direction.

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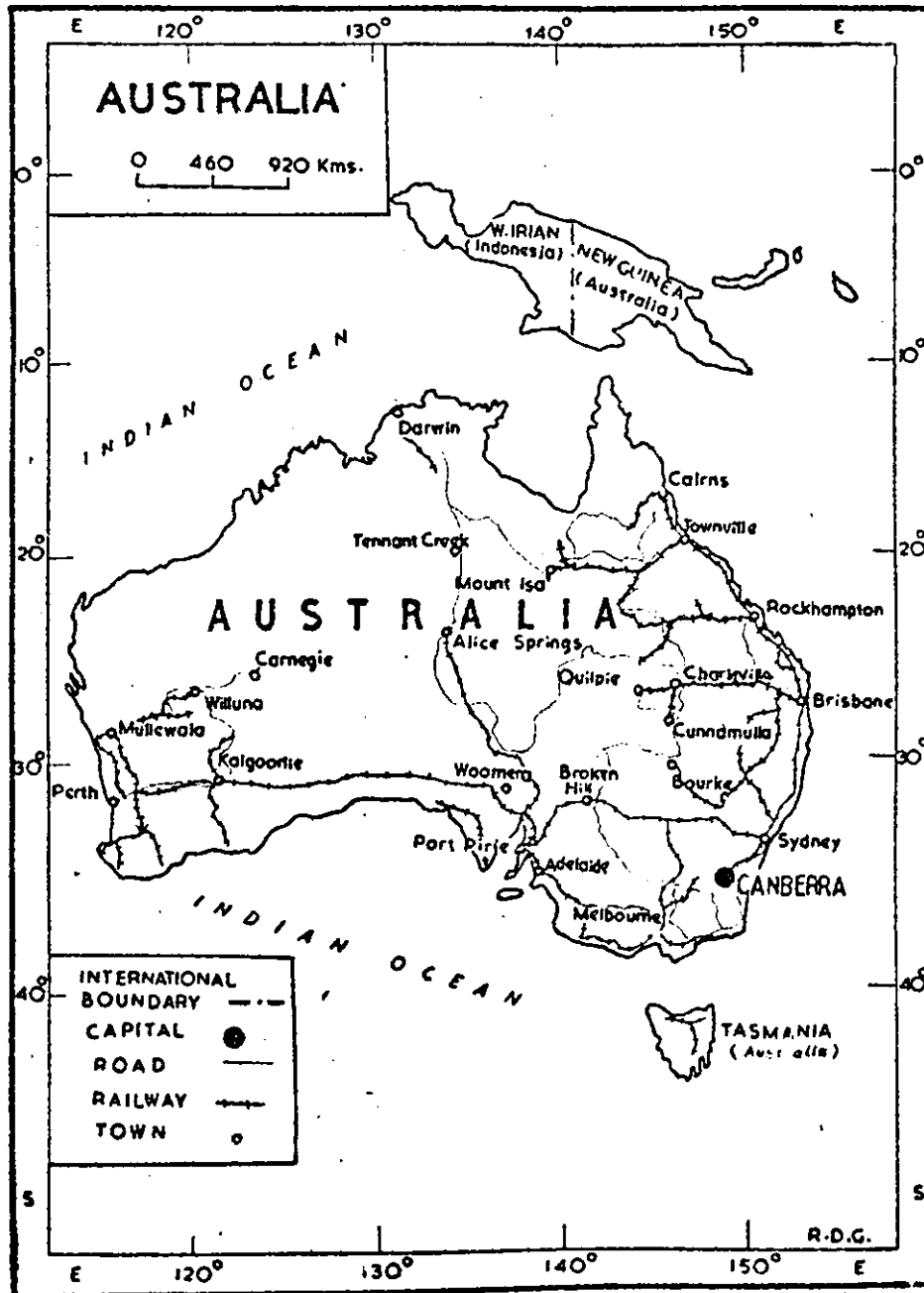
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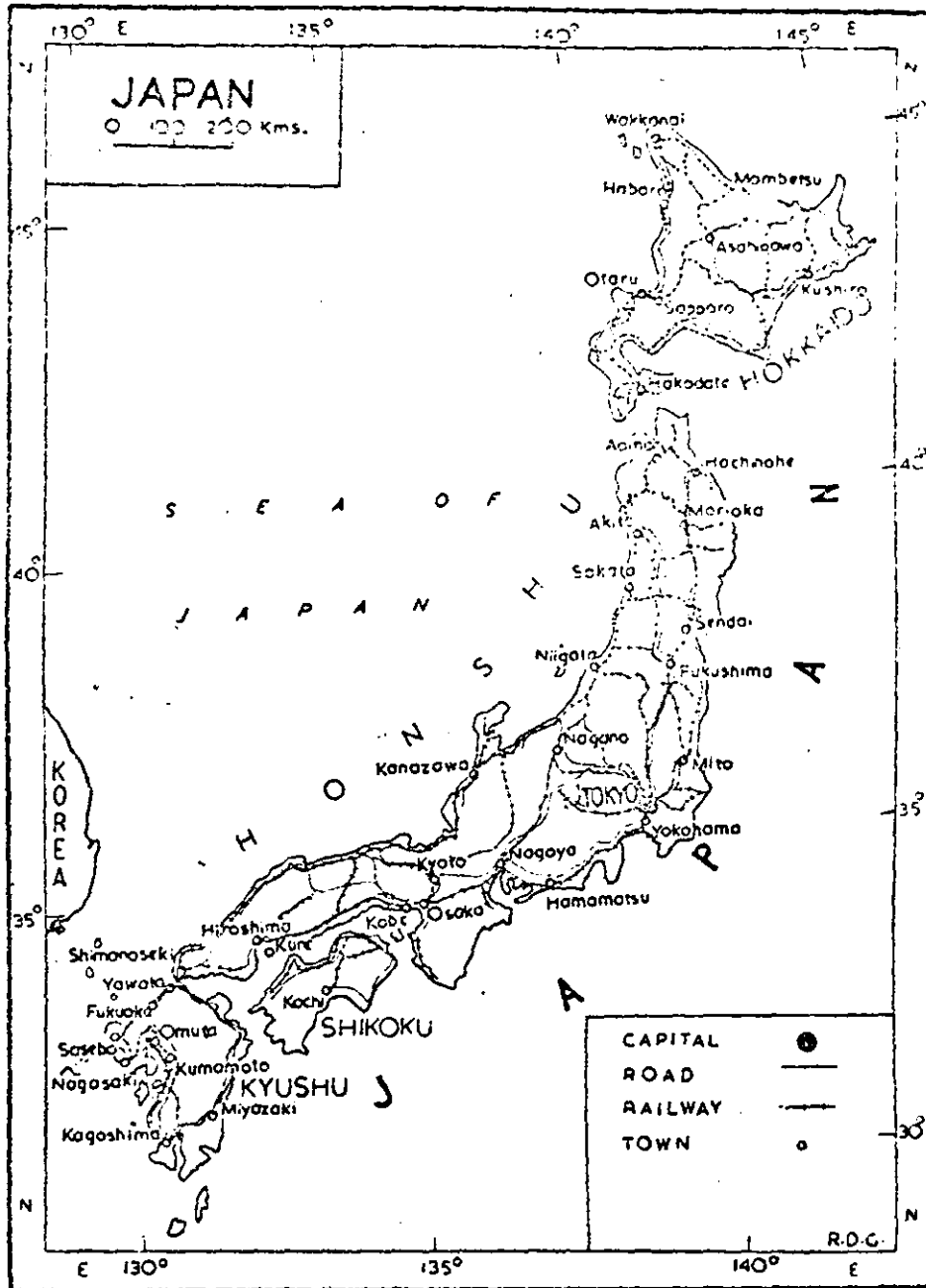


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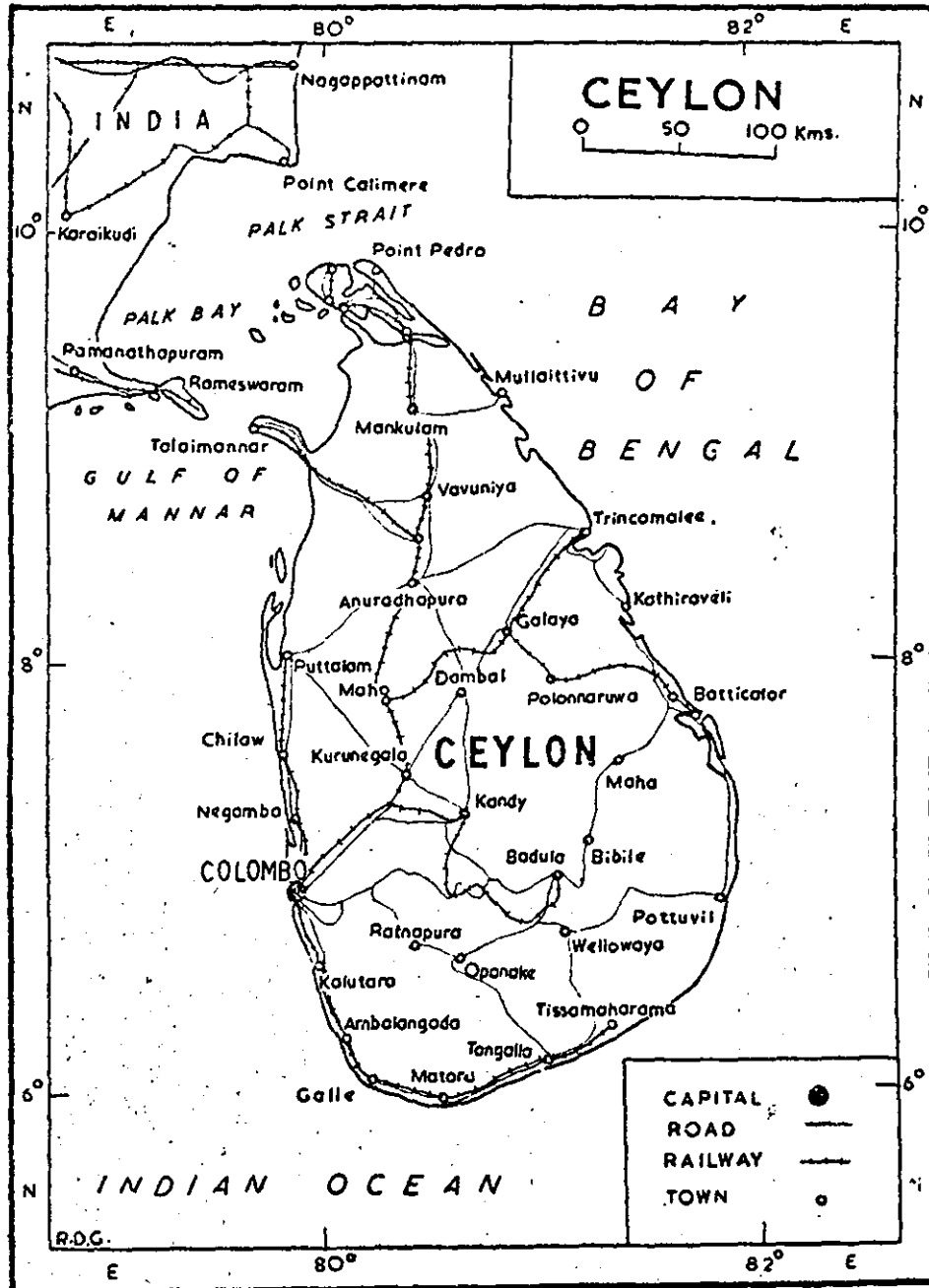


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