

Indian Export Basket

Synopsis: India exports over 7000 items to almost all the countries of the world. Indian export basket is quite large but sharp fall in Indian exports from 20% in 1995-96 to 4.1 percent in 1996-97 is a matter of great concern. This sharp fall also reflects the overall performance of our economy. It calls for a thorough review of the matter. There is an urgent need to diversity the export basket. A growth rate of 20 percent is targeted during 1997-98 but it does not seem achievable. Besides consolidating existing export markets, new markets should be discovered. SAARC and neighbouring countries can be good export markets besides those of the West European nations. Infrastructure facilities should be increased and export friendly measures taken on urgent basis. The export processing zones should be streamlined and export basket restructured. The recently announced 5-year export-import policy has come as a big relief to the exporters.

Indian has trade-links with almost all the countries of the world Exports cover over 7,500 items and commodities to about 190 countries whole imports from about 140 countries account for over 6,000 items or commodities. Exports cover a wide range of items or agricultural and industrial sectors as also various handicrafts, hence looms, cottage and craft articles. Project exports include consultancy civil construction and turnkey contracts.

The Government has taken various steps for export-promotion. The aim is to promote exports to the maximum while giving due consideration to domestic requirements. The various export proceedings zones are being constantly monitored to improve their performance. A network of Inland container Depots (ICDs) and Container Freights Stations (CFSs) have been set up in the country to facilitate door-to-door movements of cargo containers. The India Trade Promotion Organizations is engaged in exhibition of Indian products in indifferent part of the world and in conducting periodical surveys and reviews with the aim of exploring new markets for our products.

Indian basket of exports include a number of items, such as engineering, goods, chemicals, leather and leather manufactures marine products, sports good, carpets and processed foods etc., Emphasis is engaged in exhibition surveys and reviews with the aim of exploring new markets for our products.

Indian basket of exports include a number of items such engineering goods, chemicals and related products, gems and jewellery, textiles, handicrafts, leather and leather manufactures, marine products, sports goods, carpets and

processed foods etc., Emphasis has also been laid on exports of traditional items such as agriculture and allied products and ores and minerals.

But the sharp fall in Indian exports from 20 percent in 1995-96 to 4.1 percent in 1996-97 has been a cause of great concern and calls for a thorough review. A slowdown was expected, but the final result has been really disturbing as it was much lower than expected. Country's exports have further registered sharp decline and exports during April, 1997 indicate a 10.08 percent negative growth as compared to the corresponding month of the previous year. The sharp fall in exports also reflects the overall performance of the economy. Good export performance is regarded important for the success of the reforms process. There was negative growth in exports during 1993-94 as well but then the fall was not so steep. The following two years showed a buoyant growth of more than 20 percent. Since 1990, the only year of negative growth was 1991-92 when exports registered a negative growth of 105 percent. According to the reports, the extent of the fall was closer to the current level only in 1986-87 when a 9.9 percent negative growth was registered.

Some of the reasons said to be behind the current decline are the sluggish trend in the global market, steadiness of the rupee against the dollar, transporters strike which hit shipments during April 1997, poor performance of gems and jewellery as well as leather manufactures. Exporters have demanded depreciation of the rupee to promote exports but the experts feel this would have only a temporary impact and so should not be adopted. They feel that India should be more cautious in liberalizing imports because if the current decline in export continues an alarming situation may emerge and fears of a debt trap may be revived.

The experts feel that India should diversify its export basket considerably and should not depend only on traditional items like agroproducts, gems and jewellery, textiles, leather and leather manufactures etc. The overall performance on export front during the Eighth Plan period was satisfactory. After a modest beginning in the first year, an accelerated growth of 18-20 percent was achieved in the middle three years of the plan. The experts and trade watchers feel that it can be further increased during the Ninth Plan with the right incentives and sops and removal of infrastructural bottlenecks, specially related to power supply, transportation and shipping.

The Union commerce ministry plans to achieve an export growth rate of 20 percent in dollar terms at \$40 billion for the financial year 1997-98. But this target does not seem achievable in view of the dismal achievement of 4 percent in the last fiscal and many persistent teething problems with export promotion schemes announced recently. Thus, it seems a far-fetched target.

Exports sector should be treated as top priority sector and export friendly measures taken immediately. Besides consolidating of export markets, the search for new markets should also be taken. Emphasis should be on value added items and goods and trade with neighbours and SAARC countries should be encouraged more and more. The other important trading regions, experts feel, are the West European markets and the North American regions. The Indian infrastructure should also be improved to facilitate exports. It still takes weeks to load or unload a ship at our overburdened ports. More inland container freight depots should be set up on priority basis. Hurdles in customs clearance and other similar checks should be removed and finance provided to the exporters on reasonable rates. Export Processing Zones (EPZs) should be streamlined and their ambit suitably increased broader. The East Asian Tigers can be the best examples for India which show what exports can do for an economy. A restructuring and reshuffling of export basket may further help in boosting over exports. Thrust should be on items in which India has intrinsic strength. A little more stress and focus on the agricultural sector can yield much better results. India need to become an aggressive player in the world market to create new opportunities and exploit by the turn of the century will remain just a dream.

The new 5-year export-import policy for the period 1997-2002 announced by the Commerce Minister aims at achieving greater rate of export growth. It should be a big relief to the exporters and importers as many good initiatives have been taken in it to simplify procedures and make them transparent. The controversial VABAL (value-based advance licensing system) and the passbook system have been replaced by the Duty Entitlement Passbook which combines the best features of both the earlier systems. 542 items have been removed from the restrictive list which includes a number of consumer goods, however there are not enough safeguards against the problem of dumping of goods by foreign companies. The new policy gives a major boost to agricultural sector because now double weightage will be given for exports of agroproducts in determining the eligibility for export house, trading house status. The new world trade order is conducive to higher exports from the country and the exporters should exploit it to their much advantage. India cannot depend upon a narrow basket of commodities comprising low-end products which is vulnerable to price fluctuations resulting in lower export earnings in a particular year 1996-97.