

Export or Perish

Since the advent of internationalism states of the world have become members of the world community. As such others depend upon them and they depend upon others. It is not possible for any single state to produce everything which they need for consumption or to have the raw material for every goods because natural resources are limited to certain areas of the world. So, export is absolutely necessary in the modern civilized world. Before 1947 the pattern of the foreign trade of India was typically colonial. She used to supply raw materials to the industrialized nations. Consequently, there was no industrial development in India. With the dawn of independence, it has become necessary that we should change the pattern of our foreign trade if we are to exist as an independent country. This does not mean that we start producing things on a larger scale and start exporting them without taking the conditions of the market into consideration. In other words, it is necessary that those finished goods should be exported which are in great demand in the world market. Moreover, we will have to compete with so many other highly industrialized countries for selling our goods. In other words in the beginning we have to import heavy machinery which cannot be produced at the initial stages of the developing economy. At the same time the aim of the government should be to become self-sufficient in producing as many goods as it is possible. Another problem for the developing countries is to find new commodities and new markets for selling their finished products. India's exports before independence have proved harmful to the economy of India. We have been exporting only raw materials and have been buying the finished goods of the same raw materials at higher prices. The colonial rulers had restricted our exports only to a few countries and the balance of trade was not favourable to India rather it was beneficial to Britain herself. After the Second World War India started exporting some of the goods to other countries also and developed the export potentials to some extent.

It will become quite clear if the pattern of exports is studied before we take up the case for increase of exports. India's exports are broadly classified into four categories:

Tea, coffee, pepper, tobacco, oil cakes, etc.

Hides, skins, wool, cotton, mica, iron, etc.

Manufactured goods like jute manufacture, cloth, leather, cement, chemicals, vegetable oils, silk, etc.

Capital goods like machinery, transport, iron, steel, etc.

From this pattern of exports one can easily conclude that is all a typically undeveloped economy. Consumer goods claim the major share of exports. Despite the increase in exports India's foreign trade is not very much favourable to India. Our trade with the Dollar Area on the export front has remained almost unchanged and in the Sterling Area it has been declining during the different plan periods. Through the organisation of European Economic Cooperation India has been exporting between 9% and 10%. Among the non-Sterling areas trade with the socialist countries has developed further. This survey of the exports clearly shows that we will have to diversify export commodities and there will be greater control upon the quality of the goods which are exported.

The export policy of the Indian Government immediately after independence was guided by two considerations, i.e., to maximize the earnings and to ensure that exports are not done if the home demand for a commodity is not met properly. Immediately after the War there was a shortage of many commodities and so domestic production was to be increased for restricting the prices. That is why the export policy was not very liberal. It was devaluation and Korean War which provided stimulus to our exports. In fact during the First Plan period the accumulative Sterling balances provided a sort of cushion and we did not think of promoting export but soon it was discovered that our sterling resources were dwindling and export promotion has become a necessity. So there was no export consciousness in India till this situation arose. It is pointed out by some of the famous economists that India missed even the available opportunities. During the Second Plan period it was realized that export promotion should be preceded by industrialization and the planners realized it while drafting the Second Plan. Still the average export earnings during the Second Plan period were even lower than the First Plan period. So further emphasis was laid during the Third Plan period on the need for export promotion. It was decided that the domestic consumption should be restricted and the cost structure of the export industries must become competitive and industrial licensing policy should encourage export. In 1962 import and export policy committee known as Mudaliar Committee was set up to examine the export policy. They pointed out that the factors which are hindering the exports are external as well as internal. They told that tea, cotton, textile and jute manufacture are the only staple items for exports. Moreover there is greater rivalry in the international market and so even our mineral ores will have to be of a higher quality. The Committee recommended the increasing of allocation of raw materials, income-tax relief to the export industries and the promotion of export through import entitlements. The government took many steps according to the recommendations of the Committee and Export Promotion Advisory Council

consisting of the business and the industry was set up by the Central Government. Even Devaluation of the Rupee was mainly meant to increase exports.

Still it is not possible for us to survive as an independent nation if our exports do not exceed our imports. It is with the help of foreign exchange that we can undertake more schemes for the development of our economy. If we remain hard up with regard to the foreign exchange we will have to be selective in importing goods. Otherwise also many other programmes for development may have to be shelved. Increasing exports need a complete reorientation of our policy towards the different sectors that means private and public sectors as well as towards the consumption at home. The main difficulty with the exports, in the past has been the deteriorating standard of the quality goods. But this has been controlled by the State Trading Corporation to a great extent.