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explain the variations of tea export. There are other factors on the demand side which cause such fluctuations. Factors like the income of the buyers, the import of tea from other countries, the availability of substitutes like coffee, tariff restrictions in the buyers' country, their preferences, etc., matter a lot as far as the bulk of our sales in the foreign market are concerned.

These results bear upon the real Indian tea export situation. Our tea sales abroad have stagnated not because of its high prices, but because of the high competition we face from other countries. Quality has been an important factor which often worked against us; neither was our salesmanship and publicity abroad satisfactory.

Pepper and cashew give slightly different results. But the case is not totally different from tea. The relative difference in the degree of relationship of these variables cannot be neglected. In their case, prices and exports behave in a manner that there appears an inter-relationship in their movements. It is true that these commodities being what they are in the non-essential list of consumers abroad, price variations can have significant bearing on their purchases. For instance, cashew kernels are considered as luxury items in countries like Canada, and in the case of pepper the global supply outruns the total demand. Also, it is said that people in the U.S.A. are highly price-conscious, and with their hand-to-mouth buying policy, Indian sales are affected by the price factor. The negative correlation in these two cases indicate the inverse relationship between prices and exports. However the results are not statistically significant to disprove the hypothesis.

Therefore, what emerges by way of conclusion is that our competitiveness in the international market for these commodities lies not exclusively in the price factor, however important price is in commodity transactions, but in several other factors which need investigation. However, in this particular context of our economic development, we need a re-orientation of our trade policies ; we need a suitable 'marketing plan' to study the changing structure of foreign markets ; and above all, we need to re-convince our consumers of the quality of our goods they pay for. The deterioration in the quality of a product is a handicap to its 'come-back'.

AGRICULTURAL EXPORTS AND ECONOMIC DEVELOPMENT

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We in India are now engaged in the gigantic task of economic development in order to provide our people with a richer and fuller life. We have been trying to raise ourselves by our own bootstraps, as it were. But in our country suffering from chronic shortages, particularly the shortage of capital and technical know-how, it is not always possible to fulfil the mighty tasks of national economic reconstruction without a measure of outside help.

In the building up of our industrial structure, we have been in need of machinery and other capital equipment that we do not ourselves produce. Thus our import bill has been rather high. Export earnings have not been able to keep pace with it, resulting in serious difficulties with regard to our balance of payments. The foreign exchange reserves dwindled to a low level of Rs. 105 crores (on February 1963). During the first one and a half years of the Third Plan, the total draft on the reserves were of the order of Rs. 57.9 crores.

As the rate of economic growth gets accelerated, our import needs of such equipment register a further increase. Though we have had an abundant measure of economic and technical assistance from many friendly countries which are techno-economically way ahead of us, the need for earning foreign exchange through exports is of paramount importance. The loans taken for implementation of our Five-Year Plans have not merely to be serviced but have to be paid back. This we can do only if we export the products of our developing industries and earn substantial quantities of foreign exchange.

Howsoever optimistic we may be of the possibilities of foreign aid, we have mainly to rely upon the earnings from exports for meeting the greater part of our import bill. The Planning Commission has estimated the export earnings at Rs. 3,700 crores over the Five-Year period of the Third Plan. Against this our exports during the first year have only reached the level of Rs. 668 crores. In the first six months of 1962-63 the export earnings were Rs. 309 crores, *i.e.*, about Rs. 11 crores less than the corresponding period of the last year. Considering that the total export earnings in 1962-63 are of the same order as they were in 1961-62, on an average Rs. 790 crores will have to be earned during the remaining three years to fill the gap only in the import bill. In case we fail to receive external assistance of the order of Rs. 2,600 crores as envisaged in the Plan, the export effort will have to be much larger than this. The rate of increase is rather difficult but it is not impossible. It has been achieved by a number of countries like Japan, Yugoslavia and many others in Western Europe.

Who knows, Indian exports might well have turned the corner ? The improvement that has occurred is not the result of larger earnings through increased prices of one or two commodities as was occasionally the case in the past. In 1962-63, there was an increase in the quantities exported by practically all the commodities, despite the general tendency of the prices to sag due to the existence of buyer's market, brought about by increasing competition. This indicates a qualitative change in the trade horizon.

The highest increase has been registered in the case of oilcake exports which went up from Rs. 17.32 crores in 1961-62 to as much as Rs. 31.79 crores in 1962-63. Jute manufactures rose by Rs. 11 crores, tea by Rs. 7 crores, groundnut oil by Rs. 6.7 crores, tobacco by Rs. 4 crores and undressed hides and skins by Rs. 2.6 crores.

All this is encouraging and shows that dynamic impulses have been injected into our exports. This should not, however, generate in us a sense of complacency. Rather, it should spur us to greater activity. For, we have a long, long way to go and can hardly be satisfied with one or two leaps forward. If we have

to double our exports by the end of the Fourth Plan period, it is clear that every year we have to improve upon the record already established. Thus it is only a series of leaps that can keep us giving in the race for economic development.

From the data relating to India's major exports, it will be observed that jute manufactures, tea and cotton piecegoods have maintained their traditional three top positions. The first rank in respect of export earnings has changed places in different years between jute and tea, but cotton piecegoods have always come third. An important fact about these three major exports is the wide degree of fluctuation in their earnings over the decade 1951-52 to 1962-63.

Leather and leather manufactures are looking up and they typify an example of traditional exports expanding somewhat fast. The same position holds good about unmanufactured tobacco but spices in which India had built a dynamic export market since the war are unable to keep their high level possibly because of the resumption of Indonesian exports. Cashew kernels typify an example where the market is being very carefully and progressively built up.

Tea

The U.K., the Irish Republic, the U.S.S.R. and Canada account for 80 per cent of the total exports of tea from India. In the world export of tea, India's contribution is considerable, though it has declined during last ten years. For instance Indian exports amounted to only 36 per cent in 1960 and 41 per cent in 1957. This trend in the sharp fluctuations in tea exports is primarily due to competition from other producing countries like Ceylon, East Africa, China and Argentina and high costs of our tea.

While the consumption of tea in the world is on the increase, India's share in international market is on the decline. Except for Egypt and other countries, the share of our export has generally declined. Taking the particular case of the U.K., India's share has declined from 67 per cent in 1949 to 59 per cent in 1957 and 55 per cent in 1960.

New markets:—Against this tough competition which we are meeting in our traditional markets like that of the U.K., a redeeming feature of tea exports is that new countries especially Egypt, the Sudan, Turkey and U.S.S.R. have started taking large quantities of Indian tea. These four countries took an increasing amount of tea from India, about 90 million lbs. in 1959 against practically nil in 1954.

Propaganda for expanding the sale of tea can also be directed successfully in North America, continental Europe, Australia and the Middle East. Eastern Europe, another potential consumer, for instance, with a population of 115 millions, consumes 17 million lbs. of tea a year. Efforts will have to be made to increase our exports of tea to these countries. If we are successful in tapping these markets, we may be able to compensate the loss which we may suffer because of the U.K.'s entry into the E.C.M. and competition from Ceylon and Africa.

The Indian tea industry seems to be in a fit of complacency born of a vast assured home market. This must give place to a more determined approach to the

problem of exports. In London the younger generation is changing from tea to soft drinks like cococola, milk and even coffee and the big blenders of London are exercised over this development. They are shortly to start an intensive campaign designed to wean the citizens away from these drinks. The Indian tea industry should participate in this in a big way for unless there is the basic tea habit there can be no question of Indian tea gaining entry into the U. K.

Coffee

A notable feature of India's coffee exports is the appreciable rise in the imports of Indian coffee by some East European non-quota countries. Poland is one of them. In the last six years, 1955-56 to 1960-61, the export of coffee from India has registered a four-fold expansion.

Coffee would seem to have very bright prospects in so far as its consumption in the near future is concerned. World consumption or effective demand for coffee has been rising at approximately 2 per cent per annum for sometime past. The rate of population increase as against this has been of the order of 1.6 per cent per annum. Besides the usual annual increase of 2 per cent, witnessed in the past, there are a number of new potential markets. Japan for example, has been recently becoming a big coffee consuming country. Both New Zealand and Australia from among the well off nations, are at present consuming very little of coffee or tea. They also need to be tapped by effective market promotion measures. On the basis of 2 per cent increase in the consumption of coffee, world consumption of the commodity may well cross 3 million tons. It would, however, be no surprise if, with the new markets coming on, the total world consumption comes to near about 3.5 million tons.

India's share in world market :—Our present share in the world market is hardly 0.5 to 0.7 per cent. Prior to 1947-48, the U. K. has been our only steady buyer and this was perhaps due to conditions brought about by the war, which persisted even after the war was over. From 1949-50, our exports to the U. K. have not shown any steady trend, but on the whole, Indian coffee has already found its way to practically every country, though in only driblets to most of them. Roughly 80 per cent of our total coffee exports are absorbed by the countries like U. K., Italy, Germany, Belgium and others. But in terms of their individual share, each one of them imports but a small fraction of their total demand from India. All the European countries, taken together, for instance imported only 1.1 per cent of their total demand from India. The share, however, varies from 2.1 per cent in the case of West Germany to 0.6 per cent for Netherlands. Most of these countries make their bulk purchases from other countries.

In such a situation, with its superior quality and having already made its appearance in most of the coffee consuming countries, there should be no difficulty for Indian coffee to gain a little more ground in most of the existing markets. In addition to this, it is possible that in view of our friendly relations with all the countries, particularly the Arab Nations and the U.S.S.R., India may be able to capture a few of the new markets as well.

Besides this a fact of great import is the proposed cut by half of the Common Market's external tariff from 16 per cent to 8 per cent and a similar reduction of

internal taxation leading to eventual elimination by 1965. These measures will doubtless act as stimulants, for consumption in the Common Market countries to a great extent. To this may be added the effect of a rise in per capita consumption. Indian coffee may thus reasonably look forward to a fair share of the highest import potential. Another fact which augurs well for Indian coffee is the preference of the Common Market countries for high quality coffee, particularly arabic coffee, the requirements of which the associated countries are not able to satisfy completely. To achieve this we should be well organised and willing to fight for an increasing share of the E. C. M. trade. These changes would permit a more vigorous and well-planned drive for selling Indian coffee in these markets. There is also a great need to cultivate markets nearer India in the Far East, say Japan and the Middle East, while not abandoning our traditional markets in Europe.

In the context of rising production which is expected to leave huge surpluses for exports in the next few years, the outlook for tea and coffee industries seems promising, since the possibility of dwindling demand does not seem to arise in the case of world necessities like tea and coffee. The importance of tea and coffee is likely to grow with changes in the world income level. However, an appropriate policy for principal producing countries would be to establish a common market organisation to overcome effectively the obstacles being created by the buying countries which want to exert pressure by forming economic groupings.

Cardamom

In the case of cardamom, the growth of our exports has been spectacular and in the last ten years, exports have risen to about 230 per cent. But the earnings have not proportionately gone up with the increased quantity exported. Even though satisfactory prices were realised in a few of the 56 countries to which our cardamom goes, we cannot lose sight of the fact that in a major importing country such as Sweden our earnings rose by only 51 per cent, despite the 100 per cent increase in the quantity. This is not because consumption was stagnant but because competing countries like Guatemala and Ceylon could offer this commodity at much more favourable prices. The same was the case with Saudi Arabia where our earnings in 1961 were not satisfactory.

Ever since World War II the cardamom market had been unusually strong till 1957. But during the last four years there has been a continuous fall in prices. The export price came down from Rs. 22.32 a kilogram in 1957 to Rs. 15.21 a kilogram in 1961. Because of the lower market price planters are finding it difficult to save sufficient money to expand their plantations. It is necessary that funds are made available to them.

Cotton Textiles

One of our important exports to neighbouring countries is cotton textiles. There are serious complaints from countries in Asia and Africa regarding the quality of the finished product exported. In promoting textile exports to these regions, not only the price, design and quality of cotton but the possibility of selling more synthetic fibres like rayon and nylon manufactured in India will have to be examined.

Jute Manufactures

In regard to jute manufactures, the problem is one of maintaining a steady price, meeting market specifications with regard to size and texture of bags and ensuring regular delivery. The various State marketing boards for commodities like maize in Rhodesia, cocoa, groundnuts and palm kernels in Ghana and Nigeria and cotton in the Sudan are worth tapping for possibilities of long term bulk purchase contracts for Indian jute bags made to their specification.

Sugar

Prior to 1961, the outlook for exports was quite obscure—the International Sugar Agreement was in operation and any increase in the export quota beyond 50,000 tons was almost impossible. In September 1961, the International Sugar Agreement broke down and restrictions on exports ceased. Owing to the fall in production of sugar in Cuba, the international prices of sugar have risen, giving a new spurt to the demand for Indian sugar. Thus our exports have increased appreciably to 2.7 lakh tons in 1961 and 3.7 lakh tons in 1962. For the current year, India has developed a ready market for at least 7.5 lakh tons of sugar—5 lakh tons in the U.S.A. and 2.5 lakh tons in Japan. The foreign exchange earnings amounted to Rs. 13.3 crores in 1961 and Rs. 14.8 crores in 1962. The earnings during 1963 are expected to be around Rs. 30 crores. As the imports on account of the sugar industry are negligible, sugar has emerged as the third largest net foreign exchange earner next to jute and tea.

An important development in the field of sugar exports is the production of raw sugar for the first time in the current year. Most of the countries prefer to import sugar in the raw form and refine it in their own refineries. Japan, Canada, the U. K. and the U.S. are the world's leading countries which prefer to import raw sugar.

Conclusion

A vigorous drive for export promotion is the only way to cross the foreign exchange hurdle and is ultimately the way to the fulfilment of the mighty tasks of national economic reconstruction. There is great need for stepping up publicity and propaganda abroad through different commercial media to boost up exports of Indian manufactures and agricultural products. Export promotion is the task not of one individual or one institution, but it is the whole nation's task. The consumers have also to co-operate in it by keeping their consumption of exportable commodities to the barest minimum so that larger surpluses could be thrown up for export. The producers have to increase production and productivity. In fact the whole nation has to mobilise itself for realising the national goal of export promotion which is the means to continued economic growth. Given the will, it is not an insurmountable task.