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SUMMARIES

CONTRIBUTION OF FOODGRAINS AND AGRICULTURAL COMMODITIES IN INDIAN EXPORTS DURING PAST TWO DECADES

B. Prasad and Suresh Pal*

India is exporting agricultural and non-agricultural commodities and trying to improve its balance of payment's position. Among foodgrains, rice, wheat flour, jowar, bajra, milo, sorghum and pulses are being exported. Rice is a major foodgrain commodity which is exported. The quantity of rice exported has increased rapidly since 1969, reaching a peak level in 1974, on the other hand, the export of pulses has shrunk. More than 74 per cent of the total export of foodgrains during 1972-77 were cereals. The value of foodgrains exported during the period 1955 to 1968 was very low but it has increased since 1969; its value was the highest at Rs. 22.87 crores in 1974.

Agricultural commodities other than foodgrains accounted for a major share of the total value of exports of principal commodities. The contribution of agricultural commodities has ranged from 40.34 to 76.40 per cent to the total export value in the last two decades. Agricultural commodities which are exported may be divided into five groups, *viz.*, food and live animals, tobacco, crude materials, animal and vegetable oils and fats, and manufactured goods. The value of exports of food and live animals varied from 17 to 29 per cent of the total value of exports of agricultural commodities. The contribution of manufactured goods to the total value of exports of agricultural commodities was the highest, ranging from 15.68 to 43.48 per cent. Only in the years 1970-71, 1974-76 and 1977-79, the contribution of food and live animals to the total value of commodities exported was higher than that of manufactured goods. More incentives should be given to increase the export of agricultural commodities. This is possible when agricultural commodities are produced in surplus.

DOMESTIC PRODUCTION AND EXPORT PERFORMANCE OF SOME AGRICULTURAL COMMODITIES IN INDIA

Kusum Aggarwal, J. C. Karwasra and Virender Gautam†

An attempt has been made to study the production and pattern of exports of six important agricultural commodities, *viz.*, sugar centrifugal, tobacco unmanufactured, tea, coffee, groundnut and jute and to analyse the trends in production and exports of these commodities based on data collected from secondary sources. The relationship between production and exports of these

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commodities has also been analysed. Simple tabular analysis was done to draw most of the conclusions. Regression analysis using ordinary least squares techniques was also carried out to analyse the trends in production and export of all the six commodities from 1960 to 1978. Wide fluctuations in production and export of agricultural commodities have been found over time. This has adversely affected the country's credibility as a dependable exporter in international markets. The coefficients of variation in domestic production and export were found to be 17 and 41 in sugar, 17 and 21 in coffee, 12 and 92 in groundnut, 4 and 9 in tea, 10 and 18 in tobacco and 35 and 76 per cent in jute respectively. The percentage share of exports in total domestic production varied from 2.37 to 17.84 in sugar, 24.71 to 64.26 in coffee, 0 to 3.15 in groundnut, 29.60 to 64.86 in tea, 11.96 to 22.74 in tobacco and 0.04 to 31.33 in jute. There has been a positive and significant growth trend in the production of coffee, tea and tobacco, whereas in the case of the quantity exported only coffee and tobacco showed positive and significant growth trends. There exists significant and positive correlation in the quantities of domestic production and export of coffee and in the case of sugar, tea, groundnut, tobacco and jute there was no significant correlation. As a corrective measure to smoothen the fluctuating production and exports of agricultural commodities, adequate buffer stocks of these commodities should be created by purchasing and storing the excess output during years of good production and this may be used to supplement the available stock for export during years of bad harvests.

EXPORTS OF AGRICULTURAL COMMODITIES

R. Mukherji*

The paper begins with a survey of present commodity composition of Indian exports and shows that nearly 70 per cent of the country's exports are directly and indirectly related with the primary products originating from the agricultural sector of the Indian economy. Owing to the rigidities and obstacles in the international market, exports of the primary producing countries in general and of India, in particular, face numerous problems. Exports of agricultural commodities from India and their overseas competitive powers are already entrenched with anarchy right in the production base of India, with agrarian feudal structure and in tariffs and monopoly dominated world market. India's net terms of trade declined to 66 in 1979-80 (1968-69 = 100). With supporting facts and reasons, it is concluded that the exchange of agricultural commodities of the less developed countries including India with the finished industrial products of the developed capitalist and other industrial countries grows, supports and manifests colonialism at large over the years. India must break this stranglehold in the interest of her free development and sovereignty.

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ROLE OF AGRICULTURAL COMMODITIES IN INDIA'S FOREIGN TRADE

V. Prasad, S. M. Dingar, R. B. Singh and Krishan Kumar*

The paper attempts to study the role of agricultural commodities in India's foreign trade by examining the contribution of agricultural commodities to India's foreign trade, composition of exports and import and share of exports to total production. An examination of the trends in exports and imports of agricultural commodities from 1965-66 to 1978-79 showed that the share of agricultural exports in the total exports showed an increasing trend upto 1975-76, afterwards it declined. The share of imports of agricultural commodities in total imports showed a declining trend, except in 1975-76 which was mainly due to crop failures. Out of ten years considered, India had a net favourable balance on account of agricultural commodities in six years, and an unfavourable balance in other four years. The deficit on trade balance was during these years when India had to import a large quantity of foodgrains to meet the shortage at home.

Among different commodities, sugar, fish and fish preparations, textile fabrics, etc., have grown in importance as exportable commodities in recent years. Exports of jute goods, tobacco, tea, oilcakes, etc., did not show any improvement during 1977-78 to 1979-1980. On the import side, cereals, fertilizers and paper/paper board formed the main items. Exports of sugar-cane, tobacco and coffee as a percentage of total production showed an increasing trend in 1979-80 over 1960-61, while tea, jute and cotton showed a reverse trend. From the study it may be concluded that there is a large scope for exporting agricultural commodities to foreign countries. It needs several export promotion efforts which should encompass, *inter alia*, measures for (a) pinpointing areas of various agricultural commodities in raw, semi-finished, or finished form, the production of which can be developed indigenously; (b) producing these items at competitive prices and (c) developing the infrastructure for processing agricultural commodities into exportable forms and moving them to the ports of exit.

ROLE OF EXPORTS OF AGRICULTURAL COMMODITIES IN EXPORT-ORIENTED GROWTH

B. B. Barik†

India's net terms of trade and share in world imports are declining. The percentage share of agricultural exports to total imports fluctuated from 58.56 per cent to 51.94 per cent from 1970-71 to 1979-80. Due to inflation there is erosion of agricultural export earnings. The production and yield of rice, wheat, jute and mesta, sugar, tea and coffee have increased during

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this decade except tobacco. Export of cotton increased substantially while jute, mesta, tea and coffee increased marginally. There is a declining trend in imports of commodities. Leather, leather manufactures, tea (black), jute manufactures, fish and fish preparations, coffee and spices accounted for a major share of the total agricultural export bill. Crude materials and inedibles (except fuels), and animal and vegetable oils and fats indicated negative trade balance between exports and imports. For economic growth effort should be made for improving the balance of trade especially in the agricultural sector through export promotion and import substitution. Agricultural export earnings can be increased through output expansion, cost reduction and removing the infrastructural constraints horizontally and vertically. The Government should procure the key exportable commodities for export promotion.

ECONOMIC DETERMINANTS OF EXPORT SUPPLY PRICE OF INDIAN TEA

J. S. Sharma*

An attempt is made to empirically estimate the effect of various factors on export supply, demand and price for Indian tea in the world market, using ordinary least squares and two-stage least squares methods. The empirical findings of the study indicate a declining trend in the export price of Indian tea. Contrary to the general belief, increases in the domestic output of tea have not been responsible for the decline in the export price. On the other hand, increase in exports of tea from countries other than India has adversely affected both the price and the quantum of exports of Indian tea in the international market. Export supply responds positively to the domestic output and export price, but increase in domestic incomes has a depressing effect on the export supply of tea. With increasing incomes as a result of general economic development in the country, the exportable surplus may decline. The disturbing feature is that world import demand for Indian tea has not shown consistent and significant response to the changes in the price, indicating (a) uncertainty of demand and (b) the role of non-price factors in determining the world demand for Indian tea. Therefore, the price may not be an effective policy instrument in manipulating the world's import demand for Indian tea. In order to arrest the persistent downward trend in prices and also to increase exports of Indian tea, our policy should be directed towards promoting the consumption of Indian tea in the various importing countries through improving the quality of tea, adopting intensive advertisement and other market promotional activities. Efforts should also be made to remove the obstacles imposed on the consumption of tea, levy of import duties and tariffs in the present importing countries and to explore new external markets for Indian tea.

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TEA EXPORTS FROM INDIA—TRENDS AND PROSPECTS

P. K. Chatterjee*

India's total foreign exchange earnings from tea exports are still substantial. But the export prospect is not very bright. While India's production of tea has been rising at a satisfactory rate, an increasing proportion of it has been retained for domestic consumption. It is possible that the total exportable surplus of Indian tea in 2000 A. D. may be lower than that now. The export prospect is affected for another reason. It has been found in the recent past that despite (a) an increase in the export price of Indian tea at a rate much higher than that of domestic tea price, (b) considerable increase in domestic tea production, and (c) significant increase in world tea exports, exports of Indian tea have declined. The limit to Indian tea exports may thus be not the sellers' ability or willingness but the buyers' willingness to buy Indian tea. The Indian tea industry is progressively turning to home market; the international customers of tea depend on India mainly for residual purchases. Stagnation of tea exports from India is almost inevitable under the circumstances. U.S.S.R. had replaced U.K. as the largest customer of Indian tea in 1980. U.S.S.R. pays less than the average price in non-convertible currency. Indian tea strangely fetched low prices in affluent quality-conscious countries like U.S.A., Canada and Australia.

Taxation of Indian tea is high and discriminatory. Yet profit after tax as a percentage of net worth in tea plantation is much higher than the average for all industry groups; so also profit as a percentage of sales is higher. A perspective tea production plan with balanced emphasis on both home consumption and export, stress on uninational rather than generic promotion, and progressive shift to value-added exports are suggested to improve the prospects for tea exports from India.

INDIAN TEA EXPORTS, ITS CONSTRAINTS AND THE NEED
FOR PROMOTIONAL EFFORTS

A. K. Bora†

From available statistics, it is noted that during 1951-1980, India's share in global export of tea has declined by 19.28 per cent. East African countries led by Kenya, China and other newly emergent minor tea producing countries

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of Africa, Latin America and South-East Asia have increased their share in world exports appreciably. A steady increase in production obtained through extension of planting particularly after the post-war period and subsequent maturity of the plantings has helped to increase production and simultaneous export by these countries. Such acceleration of production and export has affected both India and Sri Lanka significantly—the world's two major tea producers and exporters. A significant increase in the average yield achieved from 901 kg. per hectare in 1951 to 1,511 kg. in 1980 has helped India to increase production. Export of tea in value-added form has been increasing gradually. Export of packet tea increased from 6.1 million kg. valued at Rs. 8.3 crores in 1974-75 to 32.3 million kg. valued at Rs. 70 crores in 1980-81. So also export of tea bags increased from 0.1 million kg. valued at Rs. 0.3 crores to 0.3 million kg. valued at Rs. 3.3 crores and instant tea from 0.3 million kg. valued at Rs. 0.9 crores to 0.8 million kg. valued at Rs. 3.7 crores during the same period of time. Increase in exports of tea—both in loose and value-added form—is, therefore, highly essential, keeping in view the country's adverse balance of trade. Looking to the growing demand for value-added forms of tea in both developed and developing countries, their production needs to be accelerated. To increase the promotional activities, the present fund of Rs. 2.5 crores of the Tea Board is inadequate and needs to be increased to at least Rs. 5 crores. Between generic and un-national promotional activities, the latter is much suitable for our country. Allocation of expenditure on un-national promotion should be enhanced like Sri Lanka so that the consumers of the overseas markets are induced to purchase more tea from India. Various constraints such as dock disturbances, sea traffic disruptions, etc., should be removed forthwith. To protect the producers of tea in value-added form, the development of the internal market is a *sine qua non*. The Tea Board should make concerted efforts within the country so that an assured domestic market is made available to these producers.

GRADING ECONOMICS OF F.C.V. TOBACCO IN INDIA

T. Satyanarayana*

An attempt is made to discuss the two-tier grading system of agricultural commodities, *viz.*, conventional grading done by the farmers and export-oriented grading by exporters and its bearing on the exporter's marketing cost with special reference to flue-cured tobacco. The data are partly collected by the author and also taken from published literature. The paper identifies the possible items of savings in the exporter's cost structure. They include

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wasteful capital investments by the exporter which is found to be Rs. 138 per quintal. Savings on assembling cost of the exporter, proportionate to the unexportable tobacco, is calculated to be Rs. 3.80 per quintal. Interest loss on capital invested by the exporter in buying the ungraded produce and in grading and stripping tobacco is found to be Rs. 8.40 per quintal. The overall savings that the exporter can bring about in marketing one quintal of tobacco is found to be Rs. 154. When this amount is diverted to the producer's returns, he earns an additional gain of 12.15 per cent. Scientific grading at the producer's level in the case of tobacco is expected to increase his returns and also smoothen the export management activities. Other allied benefits such as easy implementation of price support operations by the government, improving the economic conditions of the village labour, etc., are also discussed. To reap the benefits of scientific grading of agricultural commodities and in particular tobacco, a mandatory implementation of the same is advocated.

ECONOMICS OF EXPORT-ORIENTED PLANTATION CROPS— A SAMPLE STUDY OF ARECANUT

R. K. Singh, Ramashray Singh and V. P. Tyagi*

The present study makes an attempt to (i) analyse the profitability of arecanut cultivation, (ii) determine the replacement time of arecanut trees, and (iii) determine the most profitable size of arecanut gardens. It is based on data collected from a stratified random sample of 190 arecanut growers—50 small (2 hectares and below), 67 medium (between 2 and 4 hectares) and 73 large (above 4 hectares)—selected from 37 panchayats of 7 blocks in Jalpaiguri district in West Bengal. The data were collected by survey method for a period of two years, 1978-79 and 1979-80. Since the selected arecanut growers' gardens were planted in different years between 1940 and 1980, the data on cost and returns for different gardens upto the age of 40 years (for each of the 40 years' period) could be easily compiled from the two years' data of the sample growers. The time element in the calculation of cost and returns has been taken care of by evaluating the profitability of arecanut gardens with the help of four major techniques, *viz.*, pay-back period, net present value, internal rate of return and benefit-cost ratio, using standard formula for each. These measures computed revealed that arecanut cultivation was profitable in the region and there was no need to replant any of the gardens from the sample. Among the three size-groups of arecanut gardens, the large size-group with an area of 0.69 hectare under arecanut was the most profitable size of arecanut garden in the region.

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DIRECTION AND PATTERNS OF AGRICULTURAL EXPORTS IN NEPAL

Prakash Chandra Arjyal*

This paper aims at measuring the foreign trade dependency of Nepalese economy, on the one hand, and tracing the direction and patterns of agricultural exports in Nepal, on the other, during the period 1974-75 to 1980-81. Given the predominance of Nepalese foreign trade with India, the present study dichotomizes foreign trade into trade with India and trade with third countries. To measure foreign trade dependency, foreign trade ratios (proportion of foreign trade to GDP) have been worked out for the reference period. It is observed that dependence on foreign trade was more or less stagnant upto 1977-78 after which it began to rise consistently. The foreign trade ratio (FTR) of 16.32 per cent in 1974-75 rose to 20.76 per cent in 1980-81. The implication of increasing or decreasing FTR for the economic development cannot be easily predicted, as different developed countries have shown both increasing and decreasing FTRs, as the development process gathered momentum.

However, export-import ratios are characterized by erratic fluctuations during the reference period. This can be attributed to highly erratic export receipts, as our exports are concentrated around a very few agricultural products and any change in the exportable quantities and prices of one or two major items will have marked effect on the export-import ratio. Added to this is the irregular and swelling growth of imports.

Despite the government's strategy of trade diversification, trade with India alone has been at least around 50 per cent. This percentage is likely to go up if unregistered trade across the border is taken into account. It is against this bulkiness of trade with India that export-import ratio is to be interpreted with caution, as the ratio in itself matters little to indicate the enormity of balance of trade. The government's strategy of trade diversification has mitigated, to some extent, the heavy reliance on foreign trade with India alone, specially during the Fifth Plan (1975-80). However, it is to be noted that the diversification of exports is not due to the increased supply of exportables but due to the diversion of exports from India to third countries. As such, little success has been achieved in the commoditywise diversification.

A NOTE ON THE LOME CONVENTION, EEC SUGAR SYSTEM AND INDIAN SUGAR EXPORTS

Brian Beharrell and Paul Smith†

The purpose of this paper is to explain the relationship between the EEC Sugar System and Indian exports of sugar controlled by an intricate trading

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agreement called the Lome Convention. Although India is not a member of the ACP Group, she has been allocated a quota of sugar, currently 25,000 tonnes which included in the total ACP protocol quota of approximately 1.3 million tonnes. The paper shows that the ACP guarantee price has usually been considerably higher than the world prices. The paper argues that India would stand to gain if it can increase its share of the EEC market on the same basis as ACP members. It is important for India to re-negotiate her right of access as this represents a considerable loss of value added accentuated by the alternative of its possibility of trading on cyclical and world markets.

AN ANALYSIS OF EXPORT OF A FEW AGRICULTURAL PRODUCTS ENTERING INTO MASS CONSUMPTION

Raj Kumar Sen*

This paper has shown that our export policy should be improved radically for enhancing the standard of living of the common man and also for a more equitable and balanced economic development. This is more important for the export of commodities both necessities to life and entering into mass consumption. We have concentrated on the analysis of three agricultural commodities, *viz.*, tea, sugar and cotton, each of which constitutes an important share of India's exports. From empirical information about their export during seventies, following conclusions can be made:

(a) Further emphasis on promotion of their exports should not be encouraged as (i) their per capita production has not increased appreciably; (ii) their exports are inelastic and the share of agricultural commodities in the total export has increased while India's net terms of trade has consistently gone down; and (iii) as the standard of living of the average man is both very low and almost not rising; such export promotion policies will work against the programmes for uplifting their lot.

(b) The rate of increase in their per capita production is lower than that of the population. Thus unless the population policy can be effective, a successful export promotion policy in this front will actually harm rather than benefit the average man, at least in the short run.

(c) The difference between their domestic and export prices is quite high. As lack of purchasing power limits the domestic market, there is a strong case for their public distribution at a subsidised rate.

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