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D. NAYYAR, India's Exports and Export Policies in the 1960s. London, 1977; Cambridge University Press. 392 pp., ISBN 0 521 21135 2, £12.50.

This book reveals a number of intriguing paradoxes : India is one of the world's largest countries in terms of population, land area and G.N.P. yet is of little importance in world trade. India's exports grew by about 50 per cent in both value and volume during the 1960s yet her share of world trade declined from 1.04 per cent to 0.65 per cent meanwhile. Also in spite of this absolute aggregate increase, exports of traditional commodities (tea and jute) declined, as did

exports to her traditional trading partners U.K. and to a lesser extent U.S.A.). The domestic income elasticity of demand for exportable goods being higher than those of India's foreign markets, internal population growth and rising (though not evenly distributed) incomes were apparently more important in restraining the expansion of exports than was the external market in encouraging it. Lastly Government interventionist policy designed, for the first time since Independence, deliberately to promote increases in exports often actually hindered it.

In his explanation of these apparent paradoxes Deepak Nayyar not only provides a systematic analysis of the 11 commodities that make up 60 per cent of India's exports but also gives us an authoritative economic evaluation of her export policies.

Nayyar begins in Part I by outlining his analytical approach to exports which he applies to the 11 case studies in Part II. The secular trend of India's exports is compared with that of world trade during the sixties and changes in India's share is explained with reference to the growth of demand, commodity composition, the geographical direction of trade (called here 'market distribution') competitiveness as judged by cost-effectiveness, the influence of domestic demand, bottlenecks in supply, Government export policies and other non-price factors. The commodities he analyses are jute and cotton textiles representing traditional manufactures; tea, cashew kernels and tobacco representing processed products; iron and manganese ores and mica for minerals; leather manufactures and chemical and engineering goods for non-traditional exports. The detail of his analysis is impressive. Some themes emerge however that are common to all of Nayyar's categories.

World demand for 'traditional goods' declined because of substitution from synthetics. At the same time India's exports were constrained by rising domestic demand and by the difficulty of modernising highly labour intensive industries, a modernisation necessary both for price and for non-price international competition, without exacerbating notoriously difficult labour relations. With 'processed products', India lost her monopolistic position because of high prices, partly the result of increased domestic demand and partly because of constraints in the supply of agricultural raw materials. The case of minerals is rather different: India suffered from various types of exclusionary tactics on the world market, with the exception of iron ore. In the latter case world demand drew an absolute response from India even though inefficient production and internal distribution reduced her relative share. Lastly in the case of industrial goods where exports have risen most strikingly in absolute terms, India's inability to increase her relative share derived from price rises resulting in turn from supply constraints and from increased domestic demand as well as from inefficient production technology. The most important conclusion is probably that since exports are a small proportion of total production, and given the combination of generally low levels of growth in output and relatively high income elasticities of demand, exports have been subject to severe domestic pressure.

In the third part of this book, Nayyar examines export policy and also a number of thematic issues arising from his case study. According to him, export incentives such as fiscal concessions, subsidised inputs, freight, insurance and credit, import concessions linked to export performance and Government financed training, advertising and promotion might have had better success if applied to those industries using domestic raw materials rather than imported ones. The incentive effect of the rupee devaluation of 1966 was masked by the retention of export duties and by the rising prices trends discussed earlier. Lastly it is shown that the important increase in trade with COMECON countries, at first consisting of raw materials, later replaced

by manufactured goods, has not constituted a diversion from traditional markets but has been met by expansion of output and that the terms of trade on which the expansion was conducted were more favourable to India than have been those with non-communist countries.

This is a very good book in terms of its orientation which is by commodity and by policy, and one can criticise it only with the greatest respect and for sins of omission rather than commission. Thus it is not problem oriented (apart from addressing itself to explaining the problem of poor export performance) and, perhaps more important to geographers, it is not regionally oriented. It is a work for economists and those who seek answers to regional questions will find them only by ransacking this book. Though Nayyar considers the topical issue of trading terms and relations with communist and non-communist countries he is not concerned with exports and imports in relation to 'dependency theory' and the issues raised by that theory. On the decline of trade with the U.K., India's major traditional trading partner, Nayyar offers little explanation as to why this has fallen below mutually beneficial levels and one has to turn to Lipton and Firn's work for this. On spatial realignments, 'market distribution' is not analysed systematically for every commodity. Nayyar does however describe the emergence of Eastern Europe and the USSR as markets for textiles, cashew, leather, chemicals and engineering goods; Japan for iron ore; Africa and West Asia for engineering goods and chemicals. But in his postscripts (which does justice to the oil crisis and the boom in primary commodities) he also describes reductions in trade with Eastern Europe in the 1970s together with the recent emergence of the EEC and OPEC as trading partners. This inevitably highlights the difficulty of differentiating long term general trends from short term trading alliances.

We are treated less adequately to explanations for the causes and social distribution of the rise in domestic demand, identifiable as a key constraint on the expansion of exports, or discussion of the implications of this rise for future development of exports. Also we do not see much discussion of the role of multinationals in exports, or of the mechanism of apparently necessary but thwarted technological transfer, or of the relationship between India and its smaller and sometimes highly dependent neighbours: Sri Lanka, Nepal, Pakistan, though the postscript discusses the emergence of Bangladesh as a trade as well as aid recipient.

Though we can no longer either typesetting or binding to be impeccable at the elevated price of \$12.50, Nayyar has made his subject interesting reading and worth its price for geographers and India hands alike as a compendium of information and analysis that plugs a hole. For economic geographers interested in international trade patterns and policies it must be, as the cover advocates, a standard work in its field.

*Reference:*

LIPTON M. & J. FIRN, 1975. 'The erosion of a Relationship: India and Britain since 1960'. Royal Institute of International Affairs, Oxford University Press.

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