

**PLANNING COMMISSION WORKING GROUP  
ON INDUSTRIAL PLANNING FOR EXPORTS  
IN THE EIGHTH FIVE YEAR PLAN**

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**REPORT OF THE PLANNING COMMISSION  
WORKING GROUP ON INDUSTRIAL PLANNING  
FOR EXPORTS DURING 8TH PLAN**

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## CHAIRMAN'S STATEMENT

The important role of international trade in the nation's economic development is being recognised by wider sections of our people. This is an outcome of the vigorous efforts made by the Government, financial institutions, industry / trade associations and corporations engaged in exports, trading houses and export houses. The compulsion to increase exports cannot be overstated. It is an integral part of our economic development and as the economy gathers speed, so will our international trade, not just in size but also in importance. One factor which has assumed overriding importance is the need for a formal and dedicated national plan for India's exports. Exports also deserve priority for another reason ; they have a very large potential to generate employment - direct as well as indirect. Although we have a large and growing domestic market, the consumption by other nations of our manufactured products and services gives us an excellent opportunity to generate a quantum increase in jobs and incomes.

Unlike any other activity in organised business in India, export by its very nature, is more heterogeneous and uncertain. The traditional role of industry in a resource-short economy, protected from competition, was not an ideal environment to nurture dynamic export. Under these circumstances, domestic products have virtually no export market, except under limited bilateral deals, and exports tend to be predominantly derived from natural products and commodities. In order to improve export performance, two routes are worth considering. One is to modernise selected domestic industry to reduce cost, improve quality and become globally competitive (overcoming tariff barriers). The second is to set up industries dedicated to generate exports with appropriate linkages to domestic industry. In India, modernising existing industries and making these more export competitive is going to be a long drawn out affair. Investment in export-dedicated industries has, on the other hand, shown more encouraging results. Traditional natural products and commodity exports, with low value addition, however, continue to be important contributors as well.

Productivity and employment represent two facets of a mosaic which influence people and economic policies. In India, we are faced with unusual problems as a nation of massive population. We have one of the largest collections of creative and intelligent people in the modern world. The large majority has the capacity for unusually hard work and the perseverance and the will to change its fortunes. A minority amongst us is fortunate to be employed in a formal sense - and is yet comparatively underproductive - while the vast majority engaged in the informal sector, both in urban and rural India, toil relentlessly and endless hours to improve their economic lot. Then there are those who cannot even join the ranks of the self-employed, thus being condemned to a lifetime of poverty.

It is another matter that though manhours worked in Indian industry are amongst the lowest of any nation, wages have risen faster than productivity and total factor productivity has progressively eroded since 1960. Some suggest that modern technology, improved productivity and international competitiveness are not relevant for India's development and growth and, therefore, foreign investment and technology must be viewed as being primarily exploitative and neo-colonial in character. This anti-deluvian and economically retrograde hypothesis has served certain political and sectoral ends so well that today we find very few takers who would initiate change in vast sections of India's moribund industries and services.

In the absence of competition, which can only be generated by market forces, innovation and change were irrelevant. Innovation cannot be willed in an environment that sustains production and trade in shoddy, high cost goods and services which today epitomises the 'Made in India' image. Thus, we find ourselves face to face with a possibly unintended but nevertheless unholy alliance of industry and labour in building an economy of poor performance and high cost for the benefit of a few at the cost of many. Feeding this phenomenon is a surfeit of labour and industrial legislations whose relevance has long ceased to have any meaning.

However, as India develops and its economy relentlessly gathers speed, the proportion of our international trade is also bound to grow larger. In other words, while our imports continue to rise, our exports will need to grow faster. This is only possible if we become internationally much more attractive as well as competitive. This role can no longer be fulfilled by traditional commodities or handicrafts alone, but will have to be rapidly supplemented by modern, value-adding industries in engineering, chemicals, consumer products and services. Thus, spurred by galloping domestic demand and competition on the one hand and the increasingly unrelenting pressures to export on the other, India's surviving and new industries can thrive only by modernising their plant and machinery, significantly improving labour skills and productivity, and investing in hitherto unheard of industrial R&D and modern marketing techniques.

In other words, we can no longer ignore the realities of high cost domestic industries which cannot export and the need to create exclusive export industries whose long term viability can only be assured by selective domestic linkages. Better value addition to traditional commodities would be an obvious and inherently attractive proposition. But, above all, global marketing, international linkages and importer confidence must be the primary focus in any long term plan.

Thus, planning exclusively for exports is now overdue. While we must forge natural linkages and derive synergies from domestic development plans, it has become necessary to undertake a separate and detailed exercise for exports with respect to policy initiatives needed, infrastructure development, technology upgradation and target products and markets. Just as the domestic planning process works out details upto the level of industry groups and agricultural sectors such as irrigation and fertiliser, the export plan must also deal with details, specially for activities like capacity/investments, technology and value addition, market segment, flexibility and so on. This will hopefully result in an export plan from which detailed annual plans for various industries and other sectors can be formulated. Such a plan should aim for more ambitious targets

compared to the past. More importantly, it must define ways and means of achieving these.

The Working Group constituted by the Planning Commission has attempted precisely such an exercise. Exports is a commercial activity with all the dimensions of business management. Business Strategy techniques and approaches can be gainfully applied to the Indian export activity. The Working Group has tried to present strategic directions for the Eighth Plan within a longer term context.

India's exports are in the process of achieving a critical mass. The 8th Plan provides a unique opportunity to significantly accelerate the growth of exports. To achieve this, major innovations and structural changes must be initiated during 1990-94 in order to sustain the quantum growth during the 9th Plan.

The key to success lies in implementing change at a pace we have not been accustomed to. Although there is hesitation in many quarters about our ability to implement major change in a short time frame, the imperatives of the economy demand it. Key elements from successful experiences in organisational renewal and management turnaround have been proposed in this document. We need to set about creating a whole, new national ambience for Exports - based on profitability, trust, performance and great excitement in nation building. Anything short of this will make the Eighth Plan export target impossible to achieve.

I believe that this is the first time that an exercise exclusively for export is being attempted as a part of a five year plan. In a sense a pioneering effort on such a complex issue cannot be considered to be complete. For this bold initiative, we owe a debt of gratitude to Shri Abid Hussain, Member, Planning Commission. The group has benefited immensely by his guidance and from his report prepared during his tenure as Secretary in the Ministry of Commerce as well as from the earlier report prepared by the Tandon Committee.

I regard this paper as the beginning of a wider debate on this crucial subject and I hope that will happen. I am deeply grateful to the members of the Working Group

who have made significant contributions to this paper. I have also benefited from the counsel and guidance of several professionals in Trade, Industry and Government. I must also place on record the unstinting support of Dr. Rakesh Mohan who has been a very proactive Member-Secretary for the Working Group. He must get the credit for putting together in a coherent form the many outstanding inputs we have had the privilege of receiving from so many well-wishers. My colleagues Messrs Gopalakrishnan, Sinha and Roy devoted endless hours to coordinate and collate the formal document. The help and support received from Mr Manish Gupta and Mrs Meera Mahajan of the Planning Commission is gratefully acknowledged.



A S Ganguly

New Delhi  
30th April, 1989

## EXECUTIVE SUMMARY

### Structure of the Report

The Report has two volumes : the Main Report in Volume I and the Sub-Group Reports in Volume II. Some key points from the Sub-Group Reports have been incorporated in the Main Report.

The Main Report has five chapters. The first two deal with the critical importance of exports to the economy. There is an analysis of the potential of India's exports. These two chapters conclude with :

- Categorisation of products by their growth potential
- Targets for each product
- Overall targets for Exports during the Plan

Chapter III dwells at some length on the Economic Policy Regime. The areas which need reform have been identified. For the Eighth Plan, it is recommended that a Five Year Package for Policy Reform be enunciated with the aim of enhancing exports.

In the last two chapters, actions to inculcate a business approach are listed out i.e. to move more in the direction of entrepreneurship, flexibility and innovation.

### Key Points

1. The task in the Eighth Plan is to break from the past and set the stage for a sustained expansion in India's Exports. The record of the past three years shows that with a focussed effort, this is possible. Given the requirements of economic growth and imports to support this growth during the Eighth Plan, it will be prudent to plan for a 12% Annual Volume Growth Rate for Indian Exports. Taking a base figure of Rs 24,000 crores in 1989-90, exports should reach about Rs 42,000 crores by 1994-95 in constant terms. At this level, exports will be 8.4% of GDP in the terminal year of the Plan.

2. Although the average growth is 12%, in the terminal year of the Eighth Plan, the growth rate must be nudged up to reach a rate of about 15%. Hence,

exports must be made a Core Plan Activity instead of just being treated as a residual sector.

3. Based on an analysis of past performance, comparative advantage and future potential, export products of the 90s have been classified into three categories :

- Export Sunrise Products
- Export Star Products
- Other Products

The criteria for classifying products into each of the above have been outlined in the report. In particular, the Working Group has assigned Sunrise status to branded and end consumer products. Export Sunrise and Star Products require a more enabling environment with a different regime of industrial planning, technology imports, manufacturing flexibility and so on. We need to create export oases in this field. For the category "Other Products", it is not easy to detach exports from domestic industry and growth will have to be necessarily lower.

4. The summary of the Plan Targets is as follows :

Rs. Crores at 1988-89 prices	Growth % p.a	Exports	
		89-90	94-95
SUNRISE PRODUCTS	30	850	3200
STAR PRODUCTS	15	13100	27100
OTHER PRODUCTS	3	10050	11700
<b>TOTAL</b>	<b>12</b>	<b>24000</b>	<b>42000</b>

### Economic Policy Reform

1. It is useful to enunciate a Five Year Package for Policy Reform aimed at enhancing exports. Such a programme would have to be subsumed in a wider programme of Economic Policy Reform to push the economy to a higher growth path.

2. Indian Economic Policy has relied excessively on the instruments of import tariffs and restrictions to provide high effective protection to domestic industry. It is recommended that a well qualified Secretariat be established to assist the existing Inter-Ministerial Committee of Secretaries to devise such a wide ranging Policy Reform. This Secretariat could be based in the Planning Commission and the progress of reform could be time bound and monitored by the Cabinet Secretariat.

The tariff reform must be designed to address the following problems in structure - higher levels of rates, high dispersion between rates and an escalating structure from raw materials to final goods in the same industry.

3. Any reform of the tariffs and import policy regime would be possible only if the exchange rate instrument is used more aggressively. In such a policy change, the premiums on imports which are currently made by those producers who obtain access to imports, would effectively shift to exporters. The benefit of such a policy reform would be manifold, the most important one being that exporters would progressively become more price competitive.

4. A renewed attempt must be made to formulate a medium to long term fiscal policy once again as a part of the Eighth Five Year Plan. Our concern is here for appropriate fiscal policies for exports. The exchange rate, the tariff and import policy reform would be made much easier to implement if these fiscal policies are carried out so that macro economic management becomes more export neutral.

5. Certain economic policy reforms are required in the short to medium term :

(a) Suggestions have been made on incentives to invest in export oriented production whereby an exporter gets duty exempted capital goods with predetermined export obligation.

(b) It is recommended that the flexibility of export related import licences should be increased so that the premium on imports shifts to the export sector. Exporters should be allowed to utilise a proportion of their foreign exchange earnings for importing any commodity (except those on the banned list) without any licensing formalities.

- (c) The Phased Manufacturing Programmes are very domestic oriented with no incentives in these programmes for export. Some suggestions have been made to induce manufacturers to set up competitive manufacturing facilities.
- (d) The Government is already considering ways and means of shifting the disbursement of CCS from CCI&E to the commercial banks. There is a strong case for merging disbursements of all incentives with one agency eg: commercial banks. For such a scheme to work efficiently, the Government may consider a mechanism to review technical co-efficients constantly and to expand the list to take into account all the new products. This task could be entrusted to the BICP.
- (e) While much progress has been made in providing access of imports to exporters at world prices, it is essential to extend these benefits to indirect exporters to improve backward linkages. A system of domestic letters of credit linked with the opening of foreign letters of credit has been suggested.
- (f) At present, pre-shipment export credit is typically given to cover 80% of purchased inputs. It is recommended that this be expanded to cover 100% of inputs and atleast 50% of value added.

7. The suggestions made above are essential if exports are to be given a bold new boost. Many of the changes in the incentives regime are aimed at making the administration of incentives simpler and more automatic. Leakage of some incentives could occur in a more automatic regime and these should be factored in as an unavoidable cost of export promotion.

## **Recommendations on Export Promotion**

### **1. EXPORTS AS A NATIONAL PRIORITY**

Exports must be perceived as a national priority, palpably and visibly. The success of very senior people, "body language" of administration and hoopla for extraordinary achievements in exports are key ingredients in a strategy for change. A high pitched national campaign on exports should be launched and some suggestions are made in the Report. Putting exports on a pedestal and as a

national priority also requires significant and noticeable measures to bring the country closer to the ideal "basics" from an international standpoint. These have been outlined.

## 2. ENTREPRENEURIAL RATHER THAN REGULATORY APPROACH

The ideal National Export Manager must :

- (i) externalise the nation's mind
- (ii) make foreign markets more conducive for the individual exporters
- (iii) harmonise trade liberalisation with industrial and financial liberalisation
- (iv) ensure that the export activity is intrinsically profitable relative to domestic market activity
- (v) operate as the nexus for policies relating to manufacturing, technology, finance and foreign trade.

The idea of a National Foreign Trade Board directly under the PM should be considered by Government to actualise this concept.

## 3. EXPORT PROCEDURES AND SIMPLIFICATION

This problem requires professional help and Government should consider appointing an established consulting company with proven skills in Organisation and Methods, Information Management Techniques etc. It may require a couple of years to gain the benefits of simplification.

## 4. BUILDING INTERNATIONAL SIZE EXPORTERS

It appears that about 4000 exporters account for 75% of our exports. The balance of approximately 1.5 lakh exporters account for 25% of our exports. To minimise inter-se competition amongst Indian exporters and to reduce the administrative burden of handling such a large number, it is recommended that Government should encourage some minimum turnover per exporter as a desirable standard through a system of reward.

## 5. LOWERING EXIT BARRIERS

Risks in exports are more than in domestic business and the rewards are less. One such major risk is attrition of production and markets. Self-renewal through exit from such a business is an essential option. However, our labour laws are complex and severely impede exercise of such an option. It must be recognised that one of the strong comparative advantages that India enjoys is inexpensive labour. The Working Group believes that without diluting the strong social purpose of our complex labour legislations, small modifications in labour legislations can be made for export production. This can make big differences to employers' attitudes employing labour for export production.

## 6. OPPORTUNITIES FROM WORLD TRADE SCENARIO

The transfer of Hong Kong back to China in 1997 provides an interesting opportunity for India to set up an Export Trade Island. This will be a nuisance free park with world class infrastructure and trade policies. Details of this recommendation appear in the Report.

## 7. EXPORT ORIENTED INDUSTRIAL AND FINANCIAL POLICIES

### (a) Dereservation

The reservation policy for Small Scale Sector needs to be reviewed and updated. In the context of India's export thrust and proposed categorisation of products into Sunrise and Star Products, it is impractical to expect a global scale of entry by a company based purely on exports.

### (b) Licensing

For units exporting more than 25% of production, we must consider whether we at all need licensing. The Working Group considers it an avoidable bureaucratic hurdle.

### (c) MRTP

For export oriented acquisitions, take-overs and leases, MRTP approvals must be eliminated. Each such bureaucratic station makes the export journey tedious and uncompetitive.

#### **(d) FERA**

An overhaul is due as this is quite anti-exports. Exports is a risky business where innovation and aggressiveness is essential and the current rules do not encourage these.

#### **(e) Multiple Legislation**

Export activity is thwarted by multiple and contradictory legislations. Government should consider an overriding legislation for export oriented production whereby it nullifies all or many other legislations. Something on these lines has been done for setting up of the BIFR under the Sick Industrial Companies (Special Provisions) Act, 1985.

### **8. INTERNATIONAL COMPANIES**

Foreign equity companies are members of a parent company network from which India can derive export advantage. Financially and psychologically, international companies have a very strong motivation to hold majority equity in their overseas subsidiaries. It is useful to consider the possibility to permit 51% shareholding in foreign equity companies which derive a certain percentage of their sales (15 to 20%) from exports.

### **9. PROJECTING INDIA**

While the above measures are expected to give a fillip to exports within the country, we need to initiate a few steps to project India more favourably. In this task, the role of Indian Embassies is crucial. Suggestions to make our export promotional framework more attractive to foreign partners appear in the Report.

## Chapter I

### **THE IMPORTANCE OF EXPORTS : THE NEED FOR BOLD STRATEGY**

Not very long ago we had witnessed some vigorous discussion heralding the stagnation of the Indian industrial economy. Nonetheless, the Seventh Plan growth target of 8 percent annual industrial growth is likely to be more than double that in 1980; in fact, it is not at all unrealistic to aspire for a double digit industrial growth rate in the 1990s. The challenge before Indian industry is to gear itself for the 1990s so that we approach the next century with a competitive industrial sector. Among the essential ingredients for inducing higher industrial growth is an accelerated growth in exports. This report emphasizes the need for integrating the planning for export growth with overall industrial planning.

But why are exports so essential ? Indian industry has now achieved considerable maturity after almost 40 years of planning. The country now has an enviable diversity of industries based on a solid foundation of basic, capital and intermediate goods industries. Acceleration in growth cannot be achieved through extensive growth alone. Added to this will have to be intensive growth: constantly increasing productivity which requires continuous technological modernisation. The imperatives of higher industrial growth and modernisation mean that imports will also increase further. This can only happen if exports increase adequately to finance the increasing import needs.

In addition to financing essential imports which enhance the supply capabilities of Indian industry, exports must also be seen now as adding to demand growth. Although it would be naive to plan for export led growth in an economy as large as the Indian economy, it is now time that we understood the very important marginal addition to demand that exports can make. Indeed, the integration of export planning with industrial planning would mean that manufacturers can be given the appropriate signals to plan economic size plant capacities etc. The government has already prescribed minimum economic size for a large number of industries. The successful implementation of this policy thrust implies that manufacturers should not be afraid of investing in plant capacity with an eye towards exports. But this requires a host of measures to engineer a policy environment in which exports are seen not merely a feasible alternative to the domestic market but an increasingly attractive one.

Exports at present constitute only about 60-70 percent of the country's imports. This situation has reversed the near balance that existed in the early/ mid 1970s. Further, remittances from the non-resident Indians during the late seventies and up to the early eighties made the Indian balance of payments situation somewhat comfortable. The situation has again reversed itself in recent years. The waning of the oil boom has meant stagnant remittances which may be expected to decline as a proportion. Balance of payments has again become an area of concern and is expected to remain so in the near future. This points to the increased necessity for the expansion of exports so that industrial growth does not suffer from a squeeze on imports. The current rise in international prices of major raw materials such as non-ferrous metals has only added to emphasise the need for planning a surge in exports.

It is generally recognised that a major factor underlying the inefficiency and high cost structure of Indian industry is the slow pace of technological progress. Continuous upgradation of technology which is crucial for developing and maintaining the competitive edge has not come about in many areas. While the role of restrictive imports of technology has been recognised as a factor inhibiting continuous technological progress in India, what is less appreciated is the role of exports in fostering market competition and in raising awareness of the technological changes that are taking place in the world. Expansion of exports, by improving exposure to changing contemporary technologies, also helps in improving the technology assessment capability of the country with respect to the technologies that are imported. There would then be a lower probability of importing inappropriate or obsolete technologies due to lack of adequate technology assessment.

The pace of technological change in the world has accelerated. In order to keep abreast of the various changes in different industries, it is vital now for every country to maintain a more open stance towards the rest of the world. In India exports on an average constitute about five percent of GNP. This is now the lowest proportion of exports to national income for any major country. Other large countries like the USA, Brazil and China also had similarly small proportions of their GNP devoted to exports (and imports) about 20 years ago. However, there was a major expansion in world trade during the 1960s and 1970s which had resulted in higher trade participation of even the larger countries. Now the USA, Brazil and China all export (or import) at least ten percent of GNP. The latest entrant aspiring to increase its share of world trade is

the Soviet Union. India must not be left far behind. Greater participation in world trade implies an increase in the division of labour, increasing specialisation and, hopefully, greater efficiency. Much of the expanded trade is intra-industry trade. For example, the US is both one of the largest exporters of industrial machinery as well as being among the largest importers. It is time that we also took part in the world economy in a more significant manner.

Hence what is needed is a bold new strategy for exports. If we are to expand exports such that they form ten percent of GNP by the end of the eighth plan, the annual volume growth of exports will have to be at least 15 percent. This is a tall order implying radical changes in industrial, trade and export promotion policies. While aiming for 15 percent volume growth is essential for entering the ninth plan, **at least a 12 percent growth on an average for the eighth plan must be achieved.** Exuberent industrial growth requires elbow room. It cannot be sustained if it is constrained on the supply side by inadequate imports and on the demand side by inadequate expansion of domestic and export markets.

Is this kind of a high rate of growth of exports feasible ? There are certainly some precedents. As closed a country as China has achieved volume growth in exports of 15 - 17 percent throughout the 1980s. Korea has followed up a growth rate in excess of 25 percent a year through the 1960s and 1970s with a 13 - 15 percent growth rate in the 1980s. Turkey has outshone itself in the 1980s with a near 20 percent growth rate. India itself has recovered with impressive export growth in the last three years of the seventh plan. This has not been accidental. Heightened governmental awareness led to a lot of policy measures which have finally evoked a positive response from industry. There are signs that the manufactured export basket is itself being diversified from the narrow traditional base of textiles, garments leather and gems and jewellery. Hence, the task for the 1990s is certainly feasible: **the growth rate has to be nudged up to reach an average growth of 12 percent and a rate of 15 percent in the terminal year of the eighth plan.**

Does higher exports conform with our societal priorities? Most certainly. In order to understand this it is very instructive to examine our main export products. In 1987-88, exports of each of the following classes of products reached or exceeded Rs. One thousand crores : readymade garments, textiles fabric and yarn, engineering goods, leather products and gems and jewellery. Just these categories of goods will comprise about half of India's merchandise

exports. What are the key characteristics of these goods ? They are labour intensive goods and which use very little power. These are all products involving the energies of hundreds of workers and entrepreneurs. (These are also areas poorly covered by our industrial statistical system). A major effort in promoting exports therefore implies the expansion of employment opportunities in a big way. As the export effort gathers steam, newer products are likely to appear but these are likely to exhibit our comparative advantage : cheap abundant labour and scarce, expensive power. Hence, a major export thrust would conform to our societal needs and declared eighth plan priorities. Hence, **exports must be made a core plan activity instead of just being treated as a residual sector.** The planning of infrastructure and industrial development must be done in such a way that it provides for the needs of export development, along with coordination of macro-economic and trade policy.

In the long run, production for exports must increasingly be integrated with domestic production. The strategy of import substitution must be altered to focus in those areas where import substitution also means export promotion. In brief, all of Indian industry must progressively be nudged to being increasingly competitive. This will happen only if the expansion of exports enables a progressive liberalisation of the trade regime. Expansion of industrial exports can also be expected to inject dynamism in to the domestic economy. If world class export products can be produced, the domestic economy will also reap the gains from productivity and quality enhancement. Domestically also, an enhancement of exports will make it possible to continue the structural change in the industrial and trade regulatory systems. The more complex and heterogenous the industrial economy becomes the more difficult it is to continue a regulatory regime which is based on case by case examination.

The need for planning a surge in exports during the Eighth Five Year Plan can now be summarised. Indian merchandise exports have been less than 6% of GNP and almost structural imbalance in India's trade structure has manifested itself over the years. The balance of payments situation has been tolerable largely on account of significant flows in the form of remittances. There are a number of reasons why the situation might not be expected to continue in the years to come. First, if industrial growth is expected to accelerate in the eighth plan as it is planned to, so would the demand for capital goods and other imports. Second, with the waning of the oil boom, no growth may be expected in remittances - if anything, they may decline. Third, as debt service payments increase along

with some hardening of external aid and finance, the draft on foreign resources will increase. Fourth, with the domestic fiscal situation being what it is, there may be a tendency to resort to a higher level of foreign borrowing to finance the needed heavy capital investments in both infrastructure and industry. Fifth, the modernisation of an expanding industrial base may be somewhat import intensive. And finally, the achievement of a higher rate of industrial growth would itself be aided by demand growth resulting from enhanced exports. Since the country has to retain its status of economic independence it is imperative that an urgent campaign be launched to enhance the current level of exports.

What is needed is a bold new strategy for export promotion.

## Chapter II

### INDIA'S EXPORT PERFORMANCE : THE RECORD

#### 2.1 India's Export Performance : The Record

Indian exports have increased from about Rs. 1,500 crores in 1970-71 to about Rs. 20,000 crores today (at current prices). As a proportion of national income, exports have increased from about 4% in the early 1970s to about 5% now. However, the Indian share in world trade has fallen from about 0.6% in 1970-71 to about 0.45% now. If one examines the record since the turn of independence (see Table 2.1), it is found that the decline in India's exports as a share of world exports has been almost continuous from about 2% in 1950-51 to 0.45% now. If India had just kept up its level of exports at a constant world share, today's exports would be in the range of Rs. 75,000 crores - higher than the most successful developing country exporters like Korea, Taiwan and China.

A comparison of India's export performance with that of Argentina, Brazil, China, Malaysia, Mexico and South Korea reveals a rather dismal picture for the 1970s and 1980s (see Table 2.2). While, in 1970, India clearly fared better than any of the current large exporters among developing countries, today India has lost ground relative to most of the Newly Industrialising Countries (NICs). India's growth in exports has been among the lowest in the 1970s and 1980s. India particularly suffered during the world trade recession in the early to mid 1980s, even experiencing negative growth during that time. The successful exporters however were able to keep up significantly positive rate of export growth even during that period. Export performance has recovered significantly during the last 3 years and we have begun to retrieve some of the lost ground during the earlier part of the decade.

In order to plan for export development such that it is a self sustaining continuing process, it is useful to look in to the record of export performance more closely - particularly to understand better those areas where some successes have been achieved.

The product composition of India's exports has been changing continuously since early 1970s. At that time, a lot of India's exports were primary articles - agricultural products like tea and spices and other raw materials. The importance

of primary products has decreased continuously. Even within the last two decades, the share of manufactured products has increased from about half in 1970-71 to about two-thirds now. Within manufacturing, these products fall mostly into the labour intensive light industry categories. This is roughly what one would expect given India's comparative advantage.

One summary way to measure existing comparative advantage of a country in a commodity is to measure its share in the country's total exports relative to the commodity's share in the total world exports. This may be interpreted as a "Revealed Comparative Advantage Index". An index greater than unity implies the existence of comparative advantage. The results for India may be seen in **Table 2.3**.

It is interesting to note that primary products and commodities do still show up in this analysis as groups of products where India has significant comparative advantage despite the predominance of the manufactured goods in Indian exports. Among the raw materials, we have ores, coal and gas; among tropical agricultural products we export fruits and vegetables, tea and coffee, spices and cocoa, rubber, sugar and honey; while animal products include live animals, meat, fish, hides and skins.

Among labour intensive manufactures, the key items showing impressive performance in recent years are leather and leather goods (footwear and components, travel goods), garments and gems and jewellery.

Among capital intensive manufactures, textiles (yarn and fabric) and engineering goods are the main Indian exports. In the category of machinery, India exports very little. In chemicals it is only recently that there has been a surge in exports. In principle, these are categories of manufactures where the country is not likely to have comparative advantage in the longer term.

Another fruitful way to analyse the country's product composition of exports is to look at the contribution of exports to the total production of a product category. This is important if we are to do successful planning of exports. In products where exports constitute only a small proportion of output, it is difficult to formulate policies for technology upgradation and capacity planning exclusively for export. This is facilitated in categories where exports constitute a dominant proportion of the product. Moreover, in products where exports form only a

small proportion of production the call of the domestic market acts as a strong disincentive for exports.

India's exports can be analysed in four categories :

- A. Products where an overwhelming proportion of the output is exported : gems and jewellery, marine products, iron ore, manganese ore, mica, cashew kernels and garments.
- B. Products where 20 - 60 percent of production is exported : jute manufactures, coir products, leather and leather manufactures, tea, coffee, tobacco, castor oil, pepper and cardamom.
- C. Products where under 10 percent of the output is exported : textiles, machinery, transport equipment, metal and steel manufactures, chemicals and allied products, sugar and oil cakes.
- D. Products where a marginal or very small proportion of total output is exported : sports goods, processed foods, meat, rice, fruits and vegetables.

The changing composition of India's exports according to these categories may be seen in **Table 2.4**. Products in categories A and B, i.e. without a strong domestic demand have increased their share from 58 percent in 70-71 to 67 percent in 86-87. Some are natural products like ores, but many are labour intensive light manufactures. Clearly, these have a key role to play in future export growth.

Certain products have progressively increased their contribution to India's exports during the seventh plan.

Items	1984-85 %	1987-88 %
Gems and jewellery	10.5	16.6
Readymade Garments	8.1	11.4
Leather and leather manufactures	6.2	7.3
Basic chemicals, Pharmaceuticals and Cosmetics	4.1	5.2

In terms of global market share, some products have done quite well.

Item	India's share in World exports	
	1980 %	1986 %
Articles of apparel and Clothing accessories	1.8	2.1
Leather manufactures	6.4	6.6
Pearls, Gem & Jewellery	3.1	10.0
Iron ore & concentrates	6.3	8.5
Marine products	2.0	2.4

(Source : Economic survey, 88-89)

These different ways of viewing India's exports provide strong indications to help in identifying the target products where intensive efforts must be made for export expansion during the Eighth Plan and beyond. Such products must be capable of achieving a rapid increase in world market share. They must be identified on the basis of comparative advantage, growth potential in production and growth of share in world markets.

## 2.2 Growth & Market Share: A Product Matrix

What does this examination of India's export tell us for the future? Where does India's comparative advantage lie now and where does it potentially exist? An equivalent effort must be made in

- a) ensuring continuing growth in areas where some measure of success has already been achieved and
- b) looking for new areas where India can successfully enter.

In the case of (a) the country must, at a minimum, retain its market share in the expanding volume of world trade, while aggressively striving for achieving an increased share. In the case of (b) the beginning has to be more modest but these should be areas where the country can potentially expect to garner a measurable share of world markets.

We can begin by reviewing the potential in the broad categories of exports identified earlier.

In principle, tropical agriculture and animal products, are areas where India should possess significant comparative advantage. On the other hand, the land/population ratio is adverse and therefore the pull of the domestic market is great. Growing incomes and population will certainly absorb increased outputs of such commodities. The domestic demand for these products at our low per capita income levels is relatively elastic. Tea is an example where India has continuously lost in world market shares as more and more production has been sucked in by burgeoning domestic demand. In fact, it is instructive to examine the characteristics of countries which are successful in exporting these products like Australia, U.S.A., Canada and Argentina:

- large availability of the relevant natural resource on a per capita basis (land, coast line, animal population, etc.)
- capability to increase productivity rapidly.
- low elasticity of demand in domestic markets.

In these categories of products, the areas where India possesses comparative advantage are as follows :

- . shrimp aquaculture
- . aquarium fish
- . mushrooms
- . asparagus
- . cut flowers

The next category of items are the labour intensive manufacturers. The various methods of examining export performance have revealed this category of goods to be the most buoyant in export performance. There is still considerable scope for expanding Indian exports in

- . footwear
- . travel goods
- . clothing
- . gems and jewellery
- . furniture

What is needed in these sectors is technological upgradation in production, skill intensification of the labour and a search for new markets which have been hitherto untapped.

Among the range of capital intensive goods are areas where the potential of increasing comparative advantage is the highest in the medium term. These are areas where production is characterised by relatively stable well proven technologies and where labour still forms a significant input in production. Moreover, these are areas where many of the traditional manufacturers are vacating production. Some examples of products are :

- . finished leather
- . rubber manufactures
- . textiles and yarns
- . iron and steel
- . engineering goods

The exports of India's engineering sector have been erratic and much below expectation during the last decade. The sector absorbs a significant portion, about one third, of the incentives budget of the government, but contributes less than 7 per cent of exports. However, the output of our engineering industry is large and diverse. Various studies reveal that in selected engineering goods, conversion costs in Indian industry are significantly below world costs. The industry is handicapped by high duties and taxes that are levied on the raw materials. Hence, the industry has developed mainly to cater to the domestic market on an import substitution basis. It has also suffered from inadequate technological development both domestically as well as in terms of timely access to foreign technology. What is required is to be highly selective about certain segments of this large industry which need intensive export promotion. The engineering sub groups has identified the following products as the thrust products for special export promotion :

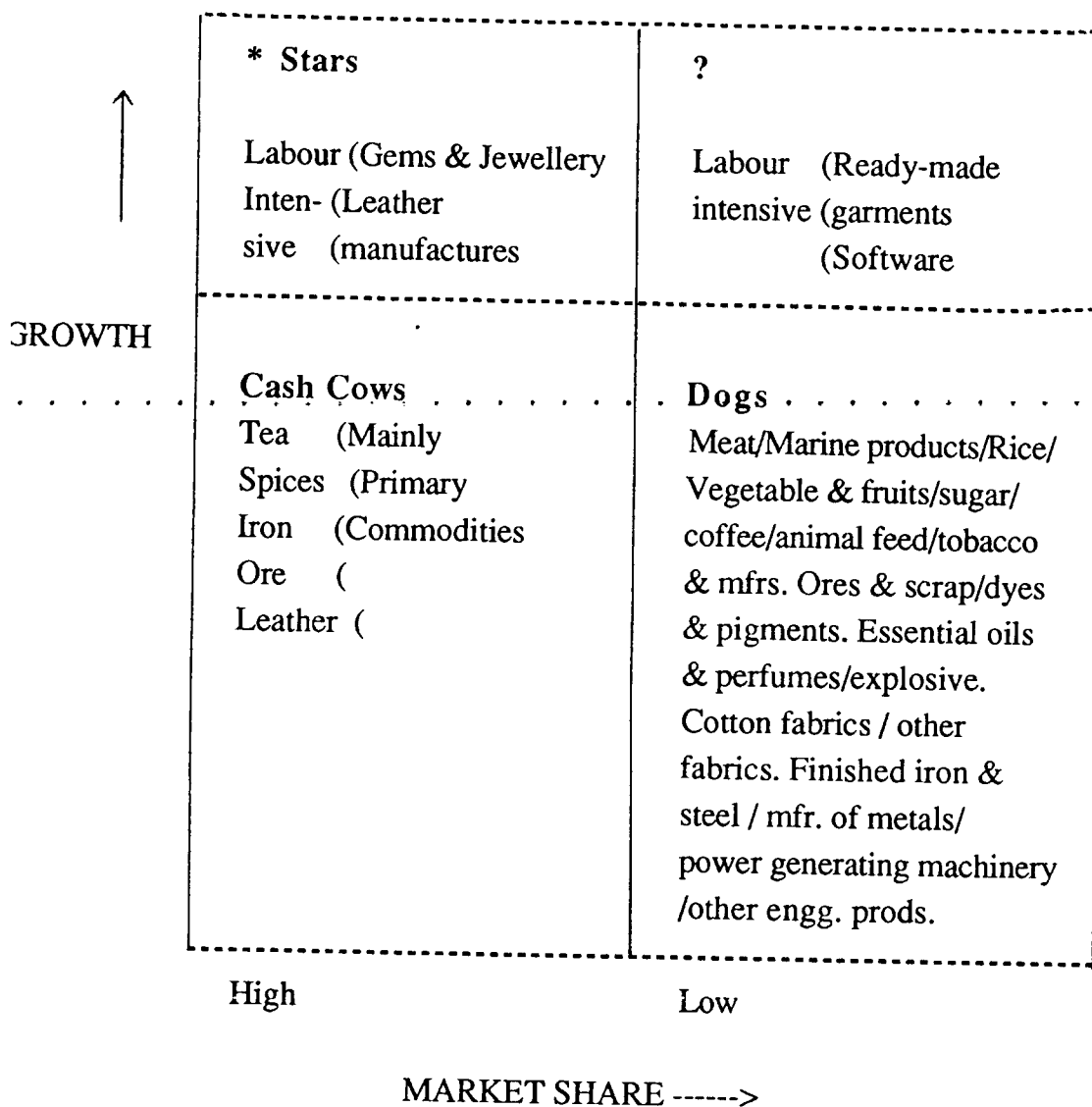
- . Vehicles (commercial)/jeeps/2-3 Wheelers
- . G.P. Machine Tools
- . Selective Auto Parts
- . Industrial Castings / Forgings / Valves
- . Bicycles and Parts
- . Power Equipment
- . Pipes and Tubes
- . Pumps
- . Railway Wagons

In machinery, there do not seem to be very bright prospects for Indian exports in the near term future. One reason is the transformation in the character of industrial machinery from being merely electro-mechanical devices to being equally electronics intensive. This is where India has clearly got left behind. However, there are segments of traditional machinery industries which still have some significant markets like simple machine tools and textile machinery.

Chemical exports have done relatively well in recent years and particularly in the recent past. Although, as a whole, India is not likely to achieve competitive levels of production in this industry, there are segments with great potential :

- . dyes and pigments
- . essential oils
- . drugs and intermediates

The review of export products can be summarised in the summary below :



There is little doubt that gems and jewellery and leather manufactures will continue to be star performers in our export basket. However, actions are necessary to convert some of the others like engineering, marine products and software into stars of tomorrow. In the case of ready-made garments, as we approach the limits of growth in quota countries, we have to look for new opportunities in non-quota countries. In the area of electronics and software, some innovative thrust would be required. This is discussed in detail in the Sub-Group report enclosed.

It is at this stage that arises the question, "What should be the strategy that India should follow in terms of its export basket?" Whether it is possible to pursue a cost leadership approach in labour intensive products like gems and jewellery, leather manufactures, readymade garments and even software, which are either stars of today or are likely to be stars of tomorrow. It must be remembered that our differentiation focus in these areas is rather low.

The question to be asked is, "Can price discount help India achieve acceptable market share, without offsetting cost leaders' above average returns?" In the area of cost leadership, it needs to be remembered that low cost by itself is not a sustainable advantage in the long term eg: in textiles, cost leadership has now shifted from South Korea to Malaysia and, similarly, as wage cost went up in Malaysia, it no longer had a sustainable advantage in semi-conductor assembly industry which it used to have two years back. So it may be a prudent strategy to combine cost leadership and differentiation at an early stage so that at a early date, even if we do not have a sustainable advantage in terms of cost leadership, India does not lose out in terms of market share.

**That is why this Working Group has assigned Sunrise status to branding and end consumer products.**

### **2.3 ADDING VALUE THROUGH MARKETING**

One of the key requirements of an enabling marketing environment is selectivity. Product areas and performing exporters have to be carefully identified, nurtured and backed preferentially.

As early as in 1963, the selectivity committee under the chairmanship of Sir A. Ramaswamy Mudaliar commented on the need to be highly selective in the scheme of recognition of export houses. It recommended that only reliable business houses specialising in modern methods of marketing and being in a position to contribute effectively to the fostering and development of India's export trade, specially in non-traditional products, should be granted recognition and that too on a selective basis.

Yet there are periodic changes in policy and criteria in regard to merchant exports as an activity. Even worse, the changes are neither in a progression nor are they synergistic. This leads to a marketing policy which is duffed and unpredictable.

We need a consistent and more focussed approach which could even appear discriminatory, i.e. to identify and back strongly winning products and exporters, based on specific criteria.

The phases of export marketing development are :

Phases	Characteristics
I. Logistics - driven	<ul style="list-style-type: none"> <li>- Great effort needed to provide correct quality and to meet delivery time</li> <li>- Technology emphasis is on providing the basic product</li> <li>- Investment to enter exports is small but barriers to market share increase are great</li> <li>- Relatively small size of exporters</li> </ul>
II. Service - driven	<ul style="list-style-type: none"> <li>- Products in the middle of change</li> <li>- Emphasis equally on cost competitiveness &amp; customer service competence</li> <li>- More suited for medium-size players</li> </ul>
III. Niche - driven	<ul style="list-style-type: none"> <li>- Specialised products Niche-marketed to focussed target groups</li> <li>- World class infrastructure and customer service competence</li> <li>- Globalisation of product and technology.</li> </ul>

In India, various parts of the export sector are in different stages of development with a contrast greater than seen in other countries. As in many other areas, India's uniqueness in exports is in its diversity. While this has the disadvantage that no ready-made models can be applied, it has the excitement that breakthroughs can be achieved not seen elsewhere.

The benefits of export marketing will accrue over a period of time. In the short run, to achieve success in the logistics - driven phase, we must concentrate on three factors :

- Quality
- Delivery
- Price

Analysis of India's export products shows that unlike many developing countries, about two-thirds of our exports are of manufactures. This is favourable from a marketing standpoint, however, it is important to see what proportion of our products reach the end consumer as exported. i.e. consumer products. All products which undergo some further processing in the importing country can be classified as intermediates / raw materials. Such an analysis shows that only 30 % of our exports are finished consumer products. These are ready-made garments, finished shoes, carpets and handicrafts, packaged commodities and household goods.

Successful exporters of such items with niche - driven marketing strategies and exploiting Indian brand names exist, though very few in number. Those who are successful in these fields derive their success from being highly service - driven. They find top class partners who possess succesful niche driven market presence in the overseas contry : and the successful India marketeer concentrates on top class service driven marketing to satisfy the needs of his partner.

The sub-group on marketing has submitted a detailed report on the marketing issues concerning India's export development.

## **2.4 THREATS AND OPPORTUNITIES**

Protectionism will be a significant threat to world trade during the next few years. Being politically non-aligned and a developing economy, India will be quiet vulnerable to this threat. The response will be to continue the policies of trade and industrial liberalisation already set in motion. Economic diplomacy must be further improved to cope with this threat.

World trade has developed uncertainties due to volatility of exchange rates and distortions in funds flow. In recent years, India has followed sensible and pro-active policies in regard to the external value of the rupee. However, our approach to private foreign investment requires to be reviewed.

There seems to be a positive correlation between outward looking policies (including private foreign investment) and export growth. Policies measures are necessary to cash in on this correlation so that Indians can convert this into an opportunity.

About 13% of our imports but as much as 40% of our exports are denominated in rupees. The benefit of an aggressive exchange rate policy will adversely affect imports more than the positive effect it might have on exports. This partly explains the current trend of faster increase in imports compared to exports.

The world market for off-shore sourcing is enormous and is estimated at about \$ 1000 billion. During the 50s and the 60s, the key beneficiaries of this phenomenon were the four Tigers. However, East Asian economies, notably Thailand, have started to ride this crest in recent times.

India has not derived any benefit from this opportunity. The formulation of the eighth plan is a good context to review our approach to this aspect. Is it not an effective way to rapidly change attitudes to quality, marketing and investment for export ?

Our policy makers rightly believe that we have made considerable progress in liberalising policy and becoming more export-friendly. The basis of comparison is the past policies. However, the world is moving on and changing fast. The remarkable changes in China and Thailand in recent years are both cases in point. Comparing our policies with our own past without adequate consideration of relative policy is a serious threat we must guard against. The approach "We have liberalised enough and not continue or will reverse it if results are not forthcoming" is an exercise in self-deception. Such a question is relevant only for mid-course correction and we must be irrevocably committed to more and more export friendly policies as an act of faith.

Two major drawbacks in the perception of India need to be addressed. First, the procedural hurdles and delayed decision-making. Second, the perception that labour is unproductive and inflexible. There is no case to dilute the social good from our complex labour legislation, but there is certainly some merit in re-examining the rigidities we have built into one of our export advantage factors.

## **2.5 Projecting India's exports in the Eighth Plan :**

What is a feasible growth rate ?

The task in the Eighth Plan is to make a break from the past and set the stage for a sustained expansion in India's exports in all dimensions. The aim must be to increase exports as a share of GNP to increase India's share in world trade, and to use exports to impart a growth impulse in the economy. The record of the past three years shows that with a sustained and focussed effort this can be done. What then is the desired and feasible growth path for Indian exports in the Eighth Plan ?

GDP at factor cost is projected to grow at about 6% per year from a level of about Rs. 370,000 crores in 1989-90 to about Rs. 500,000 crores in 1994-95 at 1989-90 prices. Imports in 1988-89 are likely to amount to some Rs. 28,000 crores. Imports in 1989-90 will therefore be in the range of Rs. 32,000 to Rs. 35,000 crores (15-25 % increase in current prices). For the GDP to grow at about 6% per annum, the industrial sector will have to grow about 9 - 10 percent per year. Similarly, the growth rate for agriculture will have to be planned to increase to about 3% per annum. The achievement of such growth will require an increasing compliment of imports in terms of capital goods, raw materials, intermediate goods and fuel. A sustained growth of 3% in agriculture itself will need acceleration in the supply of fertiliser and energy. With the acceleration in industrial growth will come accelerated demand for capital goods, raw materials such as ferrous and non-ferrous metals and for energy. All this considerations suggest that import demand is likely to grow near the the planned industrial growth rate of 9 -10 percent per annum. On this basis if imports increase at 10 percent per annum, the volume of imports in 1994 - 95 will be between Rs. 52,000 crores and Rs. 56,000 crores (Depending on the 1989 - 90 base of Rs. 32,000 to Rs, 35,000 crores). If the trade deficit is to be contained at 2.0 percent of GDP, exports will have to be in the range of Rs. 42,000 crores to Rs. 46,000 crores ; and between Rs. 37,000 crores and Rs. 41,000 crores, if the trade deficit could be tolerated about 2.5 percent of GDP. This is the range of "requirement" if exports are merely seen as being required for the financing of imports. If exports can be assumed to be about Rs. 24,000 crores in 1989-90 (at 1989-90 prices), the minimum growth rate would be just under 10 percent per annum to achieve Rs. 37,000 - 38,000 crores exports in 1994-95. To achieve the higher figure of Rs. 46,000 crores the growth rate will have to be about 14 percent.

Given this ranges of requirements and the uncertainties governing the rest of the balance of payments accounts it would be prudent to plan for a **12 % annual volume growth** rate for Indian exports in the Eighth plan. Taking the 1989-90 base of Rs. 24,000 crores this would mean that exports would reach about **Rs. 42,000 crores** in 1994-95, about **8.4 percent of GDP**. Anything less than this would place great pressure on the balance of payments and could well jeopardise industrial growth for domestic production as well. Unless export growth is planned to be of this magnitude it would be difficult to carry out various economic policy reforms which need a little elbow room in the balance of payments account. The converse is also true : if the economic policy reforms are not carried out, it would be difficult to achieve such volume growth in exports.

Planning for such growth would indeed be a departure from India's past experience. The export volume growth during the sixth plan was under 3 percent per annum, but during ther 1970s it was about 6 - 7.5 percent per annum. Their most recent experience of the past 3 years when exports have grown over 10 percent per year in volume terms, when the Government has given special attention to exports and carried out a whole host of promotion measures, gives greater cause for optimism and confidence in the country's ability to step up its exports. Moreover, the experience of countries like China, South Korea, Taiwan, Brazil and Thailand also suggests that such growth rates can be achieved, provided that the economic policy environment is conducive and that the related export promotion measures are carried out by the private sector as well.

How is this to be done ? Where are the exports to come from? Apart from all the economic policy changes outlined in the next chapter, promotion of exports will require a clear focus in terms if financial, technological and marketing support. Even short term policy changes require the setting of an appropriate medium term policy environment which signals the economy that the government attaches the highest priority to export growth.

## **2.6 PRODUCTWISE GROWTH TARGETS**

Based on the analysis of export products and comparative advantage, the export thrust products of the 90s are as follows :

**Export Sunrise Products :** These are products :

- (i) in which world markets are growing fast
- (ii) with inherent comparative advantage for India and where current exports are small / negligible
- (iii) where India should aim for high and rapid growth with an eye on becoming a global player in a decade
- (iv) with output significantly exportable and requiring very outward looking and flexible policies.
- (v) such as :

Agri-based	Shrimp aquaculture Aquarium fish Mushrooms Asparagus Cut flowers
Light manufactures	Leather Footwear Travel goods & handbags Clothing Furniture
Other Manufactures	Selected Engineering Items Electronics
Knowledge-based	Project Exports Software
Value-added	All branded end consumer products

**Export Star Products :** These are products :

- (i) in which world markets are large
- (ii) in which India already has a reasonable foothold
- (iii) where above average growth is possible for us
- (iv) where output is fairly export oriented

(v) where concentration is necessary on specific segments of a larger generic category

(vi) such as :

- Cut diamonds and gems
- Leather and manufactures
- Readymade garments
- Segments of chemicals and related products
- Segments of engineering

Export Sunrise and Star Products require a different regime of industrial planning, technology imports, manufacturing flexibility and so on. We should plan to create export oases in these fields. . . . .

For the **Other Products**, exports are not easy to detach from the domestic industry. Growth rates will be lower.

The export demand for different products will have to be derived on the basis of feasible growth rates. The aggregate value will have to be consistent with the overall macro economic pattern that the Eighth Plan is going to unfold. This has been attempted in Tables 2.5 to 2.8. **Emerging potential and strategic synergies have been accorded more importance than the historical pattern of growth of these commodities.**

The summary is as follows :

Rs. Crores at 1988-89 Prices	Growth % p.a.	EXPORTS	
		89-90	94-95
SUNRISE PRODUCTS	30	850	3,200
STAR PRODUCTS	15	13,100	27,100
OTHER PRODUCTS	3	10,050	11,700
<b>TOTAL</b>	<b>12</b>	<b>24,000</b>	<b>42,000</b>

The products which should be classified as **Sunrise** and **Star** are specified in the tables. These currently account for 55% of India's export but should be targeted to increase share to 72% by 1994-95. The "Other products" category comprises

mature products such as Bulk Tea and Coffee, non-star Engineering Goods, Jute etc. These cannot be expected to grow fast. At the best, past growth rates can be maintained.

Sunrise products require extra attention and resources to nurture them in these initial stages. A detailed plan for each needs to be worked. As a model, an outline plan on Shrimp Aquaculture appears in Table 2.10. As can be observed, several obstacles required to be removed. Government intervention at a very senior level can alone cut through these obstacles. Sensitive issues like Centre-State authorities, land allotment and development etc will come into play. In the national interest of exports, these problems pertaining to Sunrise Products must be faced squarely and addressed. Otherwise, Sunrise Products will remain so only on paper.

Likewise, branded consumer products are discussed very widely as desirable. Essential financial liberalisation to provide marketing flexibility is inadequate even now. Concern regulatory agencies like RBI/Finance Ministry need to change their approach. Building brands requires risk taking and marketing innovation. The Marketing Sub-Groups details the problems in this regard.

Many of the Star Products fall into the general category of Labour Intensive Light Industries Policy initiatives required to improve the growth rate in these areas have been presented in the Sub-Group report.

In summary, the Working Group has identified the Products Groups capable of high growth so that the country can aim for an all-time high of 12% p.a export growth at 89-90 prices. For some of these products, an outline of the measures required have been reported in the Sub-Group Report. More detailed plans can be worked out by the Commerce Ministry with the concerned EPCs and other organisations.

The number of volumes and targets are important. more important is the process and logic of identifying Sunrise and Star Products and future directions arising out of such analysis.

Table 2.1

India : Imports and Exports : 1948-49 to 1987-88

	Imports	Exports	Exports	Ad % GNP		
	Rupees Crores	Rupees Crores	ad % of world exports	Imports	Exports	Trade deficit
1948-49	527	423	2.23	...	...	...
1949-50	591	509	2.07	...	...	...
1950-51	650	601	1.88	6.8	6.3	0.5
1951-52	943	733	1.97	9.4	7.3	2.1
1952-53	670	577	1.59	6.9	5.9	1.0
1953-54	572	531	1.29	6.5	5.1	0.4
1954-55	656	594	1.35	6.6	6.2	0.6
1955-56	774	609	1.35	7.6	5.9	1.8
1956-57	903	620	1.21	7.7	6.3	2.4
1957-58	1,036	635	1.22	8.7	5.3	3.4
1958-59	904	573	1.12	6.7	4.3	2.5
1959-60	961	640	1.14	6.9	4.6	2.3
1960-61	1,122	642	1.03	7.5	4.3	3.2
1961-62	1,092	661	1.03	6.9	4.2	2.7
1962-63	1,131	685	1.25	6.7	4.0	2.8
1963-64	1,223	793	1.05	6.3	4.1	2.2
1964-65	1,349	616	0.98	5.9	3.8	2.3
1965-66	1,409	806	0.81	5.9	3.4	2.5
1966-67	2,078	1,157	0.95	7.6	4.2	3.4
1967-68	2,008	1,199	0.74	6.3	3.7	2.5
1968-69	1,909	1,368	0.73	5.8	4.1	1.7
1969-70	1,582	1,413	0.87	4.3	3.9	0.5
1970-71	1,634	1,535	0.63	4.1	3.8	0.2

	Imports	Exports	Exports	Ad % GNP		
	Rupees Crores	Rupees Crores	ad % of world exports	Imports	Exports	Trade deficit
1971-72	1,825	1,608	0.58	4.2	3.7	0.5
1972-73	1,867	1,971	0.58	3.9	4.1	0.2
1973-74	2,955	2,523	0.50	5.0	4.3	0.7
1974-75	4,519	3,329	0.46	6.5	4.8	1.7
1975-76	5,265	4,042	0.49	7.1	5.5	1.6
1976-77	5,074	5,142	0.55	6.3	6.4	0.1
1977-78	6,020	5,408	0.56	6.7	6.0	0.7
1978-79	8,811	5,728	0.51	7.0	5.9	1.1
1979-80	9,143	6,418	0.47	8.5	6.0	2.5
1980-81	12,549	6,711	0.43	9.2	4.9	4.3
1981-82	13,608	7,806	0.42	8.5	4.9	3.6
1982-83	14,293	8,803	0.50	8.1	5.0	3.1
1983-84	15,831	9,771	0.50	7.7	4.7	2.9
1984-85	17,134	11,744	0.52	7.5	5.1	2.4
1985-86	19,858	10,895	0.47	7.6	4.2	3.4
1986-87	20,201	12,452	0.44	6.9	4.3	2.7
1987-88	22,399	15,741	0.45	6.8	4.8	2.0

(Provisional)

Source : Centre for Monitoring the Indian Economy, Bombay, 'Economic Profiles of 55 Major Countries' March 1989.

**Table 2.2**

**Export Performance of  
Selected Developing Countries since 1970**

U S \$ Billion	1970	1975	1980	1986
Argentina	1.77	2.96	8.02	6.85
Brazil	2.74	8.67	20.13	22.39
China	2.26	7.26	18.27	31.05
Hong Kong	2.51	6.02	19.72	35.44
India	2.03	4.36	8.38	9.21
Malaysia	1.69	3.84	12.95	13.87
Mexico	1.31	2.99	15.30	15.70
South Korea	0.84	5.08	17.51	34.71
Growth Rates	%			
	1970-75	1975-80	1980-86	
Argentina	10.83	22.06	-2.59	
Brazil	25.91	18.35	1.79	
China	26.29	20.27	9.24	
Hong Kong	19.12	26.78	10.26	
India	16.52	13.96	1.59	
Malaysia	17.84	27.52	1.15	
Mexico	17.95	38.61	0.43	
South Korea	43.32	28.08	12.08	

Source : International Trade Statistics Yearbook, 1986,  
Vol.I, United Nations, Special Table A.

**Table 2.3****India : Revealed Comparative Advantage**

Item	1984	1985
1. Raw Materials	13.76	15.39
2. Tropical Agriculture	4.76	3.53
3. Animal Products	6.07	5.61
4. Labour Intensive Manufacturers	7.71	7.58
5. Capital Intensive Manufacturers	1.45	1.28
6. Machinery	0.19	0.18
7. Chemicals	0.30	0.27

Note : For the aggregation scheme, see Table 2.9  
(Source : ADB Economic Staff Paper)

**Table 2.4****The Changing Composition of India's Exports**

Rs. Crores	1970-71	1980-81	1986-87
A. Cashew Kernels	57.1	140.1	327.6
Iron Ore	117.3	303.3	546.6
Mica	15.6	17.7	19.6
Gems & Jewellery	44.8	618.4	2074.3
Readymade Garments	29.4	550.3	1330.5
Handicrafts (including handmade carpets)	28.0	333.5	473.3
Sub-total	292.2	1963.3	4771.9

Rs. Crores	1970-71	1980-81	1986-87
B. Tea and Mate	148.3	425.5	576.8
Fish & Preps	30.5	217.0	539.0
Coffee	25.1	214.2	296.7
Spices	38.8	11.4	279.0
Tobacco	32.6	140.7	185.3
Leather & mfrs incl. footwear, handbags etc.	80.2	389.7	922.4
Jute Manufacturers	190.4	330.0	244.0
Coir Yarn & mfrs.	13.0	17.3	33.5
Sub-total	558.9	1745.8	3076.7
C. Oil Cakes	55.4	125.1	189.8
Chemical & Allied Prods	29.4	224.8	583.2
Sub-total	84.8	349.9	773.0
D. Raw Cotton	14.0	164.9	204.7
Rice	5.0	223.9	197.3
Fruits, Vegetables & Pulses (excl. cashew kernels & proc. Fruits & Juices)	12.3	79.6	155.8
Meat & Preps	3.1	55.5	75.5
Misc. Processed Foods	4.2	35.5	75.5
Sugar & Molasses	29.3	39.8	1.4
Machinery & Transport equipment including metal mfrs and steel	197.6	826.7	1132.7
Cotton Yarn & Fabrics	141.8	407.9	637.2
Mineral Fuels incl.coal	12.6	27.9	417.6
Others	99.6	465.7	87.2
Sub-total	519.5	2327.4	2984.9
TOTAL	1455.4	6386.4	11606.5

Note : Products in each group ranked according to 1986-87 values.

Source : Economic Survey 1988-89, Government of India (pp S-74, S-75).

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**Table 2.5**

**Projected Target/Growth Rates for the 8th Plan  
(In 1989-90 Prices)**

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	Growth Rate		
	%	1989-90	1994-95
SUNRISE PRODUCTS	30	850	3,200
STAR PRODUCTS	15	13,100	27,100
OTHER PRODUCTS	3	10,050	11,700
<b>TOTAL</b>	<b>2</b>	<b>24,000</b>	<b>42,000</b>

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DETAILS OF EACH PRODUCT GROUP APPEAR IN  
TABLES 2.6, 2.7 AND 2.8.

**Table 2.6**

**Projected Target/Growth Rates for the Eighth Plan**

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	Rs.Crores			% Growth Rate 1989-94
	1988-89 (88-89 Prices)	1989-90 (89-90 Prices)	1994-95	
SUNRISE PRODUCTS	650	850	3,200	30

---

SUNRISE PRODUCTS are those where current exports are small or negligible and where we should aim to be global players in 10 years. In world trade, these are faster growth markets with inherent comparative advantage for India.

The production of these products will have a significant export and so industrial policies have to be particularly flexible and outward-looking.

These products are :

- |                                    |                                     |
|------------------------------------|-------------------------------------|
| 1. <b>Finished Jewellery</b>       | 5. <b>Branded Consumer Products</b> |
| 2. <b>Software &amp; Selected</b>  | - <b>Packaged Tea/Coffee</b>        |
| · · · <b>Electronics</b> · · · · · | - <b>Packaged Rice, Spices</b>      |
| 3. <b>Footwear, Leather</b>        | <b>&amp; Other Foods</b>            |
| <b>Apparel &amp; Goods</b>         | - <b>Cosmetics &amp; Personal</b>   |
| 4. <b>Exotic Agricultural</b>      | <b>Products</b>                     |
| <b>Products</b>                    | - <b>Processed Foods</b>            |

- Shrimp Aquaculture
- Mushroom/Asparagus
- Cut Flowers
- Aquarium Fish

Table 2.7

Projected Target/Growth Rates for the Eighth Plan  
STAR PRODUCTS

	Rs.Crores			% Growth Rate 1989-94
	1988-89 (88-89 Prices)	1989-90 (89-90 Prices)	1994-95	
Cut Diamonds & Gems	4,250	5,300	13,200	20
Leather and Uppers	1,300	1,750	3,500	15
Carpets & Silk Goods	600	650	1,150	12
Readymade Garments	2,400	2,750	4,900	12
Chemicals & Related Products	1,350	1,800	3,100	11
Specified Engineering	600	850	1,250	9
STAR PRODUCTS	10,500	13,100	27,100	15

Many STAR PRODUCTS belong to the general category of Labour Intensive Light Industries. The targets are broadly in line with those made by the Sub-Group set up to study this Sector.

**Table 2.8**

**Projected Target/Growth Rates for the Eighth Plan  
OTHERS**

	Rs.Crores			% Growth Rate 1989-94
	1988-89 (88-89 Prices)	1989-90 (89-90 Prices)	1994-95	
Other . . . . .	1,400 . . . . .	1,590 . . . . .	1,850 . . . . .	3 . . . . .
Engineering				
Fabric, Yarn, Made-Ups etc.	1,100	1,250	1,450	3
Jute	250	280	330	3
Bulk items: Cashew, Spices, Fruits, Meat etc.	900	1,025	1,175	3
Bulk Tea & Coffee	1,000	1,125	1,325	3
Rice & Sea Catch Marine Products	950	1,075	1,250	3
Ores & Minerals	950	1,075	1,250	3
Miscellaneous	2,300	2,630	3,070	3
<b>OTHER PRODUCTS</b>	<b>8,850</b>	<b>10,050</b>	<b>11,700</b>	<b>3</b>

Table 2.9

Composition of Leamer Trade Aggregates

Aggregate	Site Divisions	
I. Petroleum (PETRO)	33	Petroleum, related products
II. Raw Materials (MAT)	27	Crude fertilizers
	23	Metaliferous ores
	32	Coal, coke, briquettes
	34	Natural, Manufactured gas
	35	Electrical energy
	68	Nonferrous metal
III. Forest Products (FOR)	24	Wood, lumber, cork
	25	Pulp, waste paper
	63	Wood, Cork Mfrs.
	64	Paper, paperboard
IV. Tropical Agriculture (TROP)	05	Fruit, vegetables
	06	Sugar, Honey
	07	Coffee, tea, cocoa spices
V. Animal Products (ANL)	00	Live animals
	01	Meat, preparations
	02	Dairy Products, eggs
	03	Fish, preparations
	21	Hides, skins
		furskins
	29	Animal, veg. minerals
	43	Processed oils, fats
	94	Animals, n.e.s
VI. Cereals, etc. (CER)	04	Cereals, preparations
	08	Animal feed stuffs
	09	Misc. food preparations
	12	Tobacco, manufacture
	22	Oil seeds, nuts, kernels
	26	Textile fibres
	41	Animal oils, fats
	42	Fixed vegetable oils

Aggregate	Site Divisions	
VII. Labour-Intensive Mfrs.	66 Nonmetallic mineral manufacture	89 Misc.manufactures, n.e.s.
	82 Furniture	91 Postal pack
	83 Travel goods, handbags	93 Special transactions
	84 Clothing	96 Coins, nongold, noncurrent
	85 Footwear	
VIII. Capital-Intensive	61 Leather & leather manufacture	67 Iron and Steel
	62 Rubber manufacture	69 Metal Manufactures
	65 Textile, Yarn,	81 Sanitary fixture fabrics
IX. Machinery (MACH)	71 Non-electrical machineries	86 Professional goods
	72 Electrical mach.	95 Firearms, ammunition
	73 Transport equip.	
X. Chemicals	51 Chemical elements	56 Fertilisers
	52 Mineral tar, crude chemicals.	57 Explosives
	53 Dyeing, tanning, coloring	58 Plastic material
	54 Medicinal, phar. products	59 Chemical materials, n.e.s.
	55 Essential oils	

Source : Leamer, E.E., **Sources of International Comparative Advantage: Theory and Evidence** (Cambridge, Mass. MIT Press, 1984)

**Table 2.10**

**Culture Fisheries with Special Reference to  
Brackishwater Prawn Farming**

Shrimp/prawn is the mainstay of our export product. With the dwindling catches due to over exploitation of shrimp resources from the inshore sea, the need for culturing shrimp for augmenting the raw material supply has assumed greater importance. In view of the dominance of shrimp in the export front, the demand for this item by almost all the exporters pushed up its purchase price and also created scarcity in the availability of raw material. The landings of prawns in the country is about 10% of our total fish landings, which is quite insufficient for export processing. The country has about 1.45 million hectares of backwaters and impounded culturable water spread of which 0.90 million hectares have been identified as suitable grounds for commercial culture of prawn, clams, mussel, oyster etc. However, only about 55,000 hectares of the available area has been put under prawn farming at present. About 1 lakh hectares will be developed shortly. The shrimp yield from aquaculture operation has been estimated at 25,000 tonnes. It is expected to reach 35,000 tonnes by the year 1990.

MPEDA has been specially authorised by the Central Government to take specific measures for launching result oriented projects for promotion of brackishwater shrimp/ prawn farming throughout the maritime states of India. Some of the problems which stand in the implementation of shrimp farming are as follows :

- Apathy of the State Government to transfer the brackishwater area to the Department of Fisheries for Prawn Farming.
- Banks are shy to advance loan due to poor repayment by a few farmers. Further, prawn farming scheme is new to the Banks and hence they lack sufficient expertise on the economics of prawn farming.
- Regular seed supply through hatchery is yet to start.
- Artificial feed production and availability of feed at retail points everywhere to farmers has not yet been developed.

- Lack of infrastructural facilities like road, electricity, drinking water, communication etc.
- Lack of technology - farmers in the traditional area are yet to be convinced on scientific farming practices.
- Though coastal aquaculture holds vast potential for prawn production, large scale employment and foreign exchange earning, no adequate thought has been given by the Planning Commission.
- Government restriction in bringing foreign experts by the private companies does not allow us to make a quick breakthrough. Since the foreign experts demand high consultation fees, the budget of MPEDA does not permit to do that and finally we have to depend on bilateral aid programmes which again leads to delay.
- We have sufficient number of Fisheries Research Institutes, Financial Institutions/Banks, Fisheries Developmental Agencies, District and State Administrators, Fisheries Training Institutes, Educational Institutes/Universities teaching fisheries and PWD for construction work. All these departments/institutions are functioning independently without any connection to each other. A developmental agency like MPEDA could not make any effective coordination since they are not given sufficient power/money.
- Procedural administrative delay in giving subsidy or incentive to farmers does not lead us anywhere.
- Technical manpower in thousands are required to take up prawn farming all over the country. There is no organised University Education to teach prawn culture.

Based on the past experience, we have identified a few major areas to evoke interest among entrepreneurs. The major issues to tackle in front of us are :

1. Investment on development of land
2. Assured supply of seed
3. Supply of cheap feed to farmers at retail points
4. Building up of technical manpower in the country
5. Application of latest technology for higher productivity.

## Chapter III

### THE ECONOMIC POLICY REGIME : SETTING THE AGENDA FOR A BOLD REFORM

#### 3.1 Introduction

The urgency of expanding exports has increasingly been recognised by the government in recent years. A wide range of measures has been taken to make exporting more attractive. These measures have, however, come in a sporadic manner when the need is for a forthright statement on the necessity of expanding exports and for a visible package of policy measures to be enacted. It would be desirable for the Eighth Five Year Plan to enunciate a **Five Year Package for Policy Reform** aimed at enhancing exports. Such a programme would naturally need to be subsumed in a wider programme of economic policy reform aimed at pushing the economy to a higher growth path. In the past, the Five Year Plan has emphasized the public investment programme much more than the associated economic policy changes necessary during the plan period. The economy is now much more complex and hence the articulation of a co-ordinated and coherent economic policy should receive as much importance as the investment programmes to be undertaken during the Plan. In the promotion of exports, this assumes even greater significance. Two kinds of economic policy measures need to be identified. First, in the medium to long term perspective, a broad based programme altering economy wide conditions has to be articulated within the planning framework. Second, for the short term, specific measures need to be taken for further export promotion.

The Indian economy is faced with mounting fiscal deficits on the one hand and trade deficits and BOP problems on the other. The linkage between the two is obvious. What is called for is a more effective macro-economic management both at the policy and operating levels.

The second issue concerns the high protection provided to Indian industry. Today, India probably has the most highly protective trade regime among the major nations of the world, with a mean nominal tariff of over 120 percent (after accounting for major exemptions) as compared with about 90 percent for China, Bangladesh and Pakistan and between 20 and 40 percent for most other Asian countries (See Table 3.1). A striking feature of India's tariff code is the high

levels of tariff for intermediate goods, capital goods and raw materials as well, a feature which is quite unusual when compared with other countries with high tariffs. As a result, it is quite possible that some downstream industries are subject to negative or very low effective protection rates and are doubly handicapped in any quest for exports. Less than 10 percent of import categories are subject to less than 100 percent tariff, about 75 percent are between 100 to 150 percent while 7 percent are above 200 percent.

However, many of these rates are academic because of the wide ranging system of import restrictions. Almost all consumer goods are banned, most raw materials are canalised, and the rest are on OGL. Even most items on OGL can only be imported by 'Actual Users'. Capital goods are dealt with separately; some are effectively banned, others are allowed after a thorough screening procedure. In comparison, most other Asian countries have been through a delicensing phase over the last decade and the number of items subject to import restrictions have been successively reduced.

This combination of import restrictions and high tariffs has created highly dispersed effective protection rates applying to different categories of industries and, worse, different products within industries. In order to counter the anti-export bias resulting from this trade policy and tariff regime, a while range of export incentive schemes has been spawned. The result is that different exportables are subject to a very wide range of effective incentives or effective exchange rates.

The existing system of tariffs and import restrictions has essentially arisen from two kinds of concern. First, since the Second Five Year Plan, the central feature of India's economic strategy has been to encourage import substituting industrialisation. In the initial phase, quantitative import restrictions were employed to protect nascent domestic industry from foreign competition. Consequently, the import control system that grew essentially allowed only those products which were either not indigenously manufactured or were produced in insufficient quantity. Second, the import restrictions were combined with high tariffs on non-competing "permissible" imports in order to raise revenue for meeting the increasing demands on government expenditure. Over time, the tariff mechanism has become complicated with a multiplicity of rates for different products. Since the import regime has heavily restricted the categories of products that can be imported, the tariffs on the remaining products, which have

to be imported, the tariffs on the remaining products, which have to be imported, have to be at high levels. This itself is complicated by a system of specific exemptions on some goods for designated users, hence placing the burden of tariffs even more heavily on the remaining goods. Moreover, since policy explicitly bans consumer goods imports except for mass consumption essentials like food grains and edible oils, the bulk of the tariff burden has to fall on the allowable imports of capital goods, intermediate goods and raw materials.

In a policy seeking high effective protection of domestic production, Indian economic policy has relied excessively on the above two policy instruments of import tariffs and restrictions. The operation of both of these instruments is biased against exports. Use of the other economic policy instrument - the exchange rate - has been eschewed. **Any reform of the tariff and import policy regimes would be possible only if the exchange rate instrument is used more aggressively.** In such a policy change, the premiums on imports which are currently made by those producers who obtain access to imports, would effectively shift to exporters.

In summary, a programme of economic policy reform designed to promote exports in the medium term will have to consist of a co-ordinated set of actions connected with overall fiscal policy, exchange rate management, tariff structure and import policy.

While the country undergoes the difficult process of transformation towards export promotion, in the short term the elaborate framework of special export schemes has to be made to operate more efficiently. The main ingredients of this export promotion policy are to provide direct and indirect exporters with ready access to inputs at world market prices and to working capital for export promotion. In particular, it is important to ensure that small and medium exporters are not denied such access. Among developing countries India has one of the most complex systems of export promotion schemes. There are at present 3 licensing schemes for duty free entry of goods for exporters, another 5 licensing schemes for exporters paying duty, duty drawback schemes with several rates of drawback, cash compensatory support, the IPRS scheme, etc. Still, these schemes do not apply to all exporters and most are administered in a way such as to cause many delays. Considerable effort is devoted in ensuring that the benefits offered to bonafide exports are not subject to leakages.

As a result, it is estimated that these schemes compensate only about 50 percent of the higher costs that Indian exporters have to face because of protection, indirect taxes, etc. A major effort therefore has to be made to simplify the administration of these schemes so that they are much more easily accessible to exporters. This, however, is not easy because of the high premia associated with access to these schemes - if the imports available through them were diverted to the domestic market. It must therefore be understood that as long as we maintain the stringent import licensing regime and high tariffs, it will be difficult to design export promotion schemes which have built in automaticity and ease of access.

In devising the efficient operation of the special export promotion schemes listed above, it is necessary to fully understand the limitations of the efficacy of such schemes. The existence of tariffs and import restrictions raises the prices of domestic goods relative to world prices. Further, as resources get pulled away from the tradeable sectors, the prices of non-traded goods are also likely to rise. As a result the cost of inputs such as land and construction are likely to go up, in addition to that of import substituting manufacturers.

Moreover, the net protection of import substitutes is less than it might appear - and, in our case, where some downstream industries might have negative or low effective protection, this might be even more negative. In this situation, these industries would justifiably be unable to compete in world markets and, any relaxation of import restrictions would be unfair to them despite the existence of high tariffs.

Specific export promotion schemes are designed to address the first effect of high protection i.e. higher prices of inputs. It is difficult, however, to compensate for higher prices on non-traded goods and for a higher real exchange rate. These are the intrinsic limitations of the efficacy of special export schemes designed to neutralise the effects of high protection. It is therefore all the more necessary that, in the short term, all efforts must be made to operate them in such a way that access to them is made as easy and automatic as is feasible.

## **3.2 The Remedies**

### **3.2.1 Policy Reform in the Medium to Long Term**

The need for a radical policy reform has been outlined already. Such a policy reform has, however, to be done with great care and with proper sequencing and co-ordination. For example, if import restrictions are to be relaxed, it should be done once other measures have been taken such that domestic firms can withstand the competition at the time of liberalisation. Otherwise the domestic backlash to such changes could well result in the stalling of the whole policy reform process. Outlined below are the main features of economic policy reform in the medium run.

#### **i) Exchange Rate Management**

The movement of the exchange rate in the past twelve months may already signal a possible change in the government's attitude towards the use of this very powerful instrument. A sustained acceleration and strengthening of this policy of aggressive exchange rate management to make the Indian exchange rate competitive is of the utmost importance throughout the Eighth Plan period. The signal given by the maintenance of such a policy would, perhaps, be the most powerful in inducing better export performance. In managing the exchange rate, specific weight must be given to maintaining a competitive exchange rate with respect to competitor countries, as distinguished from keeping it competitive with respect to the main Trading partners. The benefits of such a policy would be manifold. First, exporters would be assisted in becoming price competitive. Second, domestic procedures would also receive higher protection due to the increasing prices of any permissible competitive imports. Third, because of the operation of this kind of protection, it would increasingly be possible to lift import restrictions progressively without hurting domestic industry. Fourth, it will also enable the progressive reduction of import duties in a revenue neutral and protection neutral fashion.

#### **ii) Wide Ranging Tariff Reform**

The Indian tariff structure suffers from high levels of rates, high dispersion between rates and an escalating structure from raw materials to final goods in some industries (though by no means all). The tariff reform must be designed to

reduce all these ills in a phased manner over a period of 10 years, with phase I operating during the Eighth Five Year Plan.

First, a thorough going review must be under-taken to remove anomalies which lead to extremely low or negative protection rates for specific industries. Second, a similar review must be made to remove high import duties on universal inputs such as iron and steel products, basic petrochemicals, non-ferrous metals, synthetic fibres and some plastics. The movement of the exchange rate should be utilised to take care of revenue needs as well as protection required by domestic industries which also produce these products.

Third, the dispersion of tariff rates should be compressed in order to reduce inter industry differentials in effective protection rates. This measure need not reduce the revenue inflow since the government can mop up private rent resulting from quantitative restrictions by tariffs. The range of effective protection would then be narrowed and this will give the government a better idea of which exports need to be subsidised. At the moment, effective export incentives vary across commodities, often without a strong economic rationale. As a broad rule, effective export incentives should be relatively uniform across commodities. Any departure from this rule should be firmly rooted in comparative advantage terms. The narrowing of effective protection rates would therefore make possible the administration of export incentives more rational and easy to administer.

Lastly, the average level of tariffs should be reduced from the current average of around 130 percent to a range between 60 to 90 percent.

Is such a wide ranging tariff reform feasible? It would be feasible only if a number of co-ordinated actions are taken. First, it must be understood that a number of high existing tariff levels are redundant. A comparison of international prices of many comparable products with prevailing domestic ex-factory prices reveals that the effective nominal rate of protection rate is much less than the implied rate of existing tariff levels or by the existence of import restrictions. Second, the average effective rate of duty collected is in the range of 60-70 percent rather than the de jure rate of 120-130 percent of tariff level. Hence there is great scope for tariff rationalisation towards a lower average de jure level without hurting revenues. Third, a combination of depreciating exchange rate and rising imports (enabled by expanding exports) would make it easier to satisfy revenue needs while reducing tariff rates.

The other difficulty in initiating such a wide ranging tariff reform is institutional. At present, the tariff setting authority is the Finance Ministry while the affected ministries are the Ministries of Commerce and of Industry along with the different industrial departments. A high level Inter-Ministerial Committee of Secretaries does exist for the Harmonisation of Tariffs and Import restrictions. It has, however, not been too successful so far. Consideration must be given to establishing a well qualified Secretariat to assist this Committee in devising such a wide ranging policy reform. The Secretariat could be based in the Planning Commission and its work may be guided by the provisions laid down for such a reform in the Eighth Five Year Plan. The progress of the reform should then be time-bound and monitored by the Cabinet Secretariat.

### **iii) Reform in Import Policy**

The framing of import policy is now done in 3 year tranches and the current policy will run upto March 1991. In moving from annual policies to a three year policy, significant progress has been made in systematising the process of framing the Export-Import Policy and in imparting a greater degree of stability of the Policy. Impressive progress has also been made in recent years in progressively improving the access of exporters to duty free inputs. Further suggestions aimed at making the procedures for imports by exporters more automatic and smooth are given below as part of suggestions for the short term. What is needed in the medium and long term is to simplify the import policy regime much further. At present, the Indian import policy regime must be one of the most complex in the world.

Various committees over the last decade have advocated a move away from physical to indirect and fiscal controls in the administration of our import policy regime. The government has broadly accepted this general recommendation but the recent attempts to shift from quantitative restrictions to tariffs have been rather half hearted and slow. This must be speeded up and a time bound programme of action should be put in place for implementation during the Eighth Five Year Plan. It is recommended that the next Export-Import Policy beginning in 1991 be made the vehicle for such a programme of action. It would be desirable to frame the next policy to coincide with the rest of the Plan and be operative for 1991-95. The second phase of the reform programme may then be made coterminous with the Ninth Plan 1995-2000. As suggested earlier, this programme of action

programme of action should be co-ordinated with the Tariff Reform Programme and aggressive exchange rate management proposed above.

While it is difficult to give specific recommendations for reforming policy, some general guidelines can be given. First, a whole host of import restrictions are redundant, in the sense that lifting the restrictions would neither hurt domestic industry nor lead to large imports. A detailed review of all such items should be made and then they can be shifted to the OGL category. The programme of the exchange rate policy suggested earlier would be a pre-condition to accomplishing this. Second, the import of universal intermediates should be progressively liberalised and governed by tariffs. Third, the actual user condition governing many OGL imports should be progressively lifted. This condition effectively raises prices of imports for many small producers and also subjects them to avoidable delays. Fourth, a full review of the whole structure of the policy may be undertaken in order to simplify it. The guiding principle may be to put all items in just 3 categories of goods : banned, licenced and O.G.L.

This wide ranging reform may be put into effect in co-ordination with tariff and exchange rate policy reform over the Eighth and Ninth Plan periods. The departure from the existing methods of carrying out such reforms is that this should form part of the Five Year Plan process and that such a medium and long term strategy needs to be clearly articulated and then followed. Further consideration needs to be given to some issues of political economy of reform. The general economic policy recommendation is to first shift from quantitative restrictions to tariffs and then progressively conduct tariff reform. In reality, however, there is usually much greater opposition to and fear of lifting quantitative restrictions. It is important for the success of such reform to guard against its derailment by such opposition. This could possibly be done by first merely administering a Q R regime liberally without actually lifting restrictions. Once the domestic industry has seen the changes in relative prices resulting from exchange rate reform and tariff reform, and gained confidence from a liberally administered import policy (in effect reducing premia attached to stringent import control), it would then be easier to conduct the full reform lifting import restrictions.

#### iv) Macro Policy and Exports

The Long Term Fiscal Policy (LTFP) had broken new ground in Indian macro management by attempting to lay down a long term agenda for the conduct of fiscal policy. Although a number of reforms have resulted from this policy review, most importantly the introduction of MODVAT, the ensuing problems in macro-economic management have derailed the implementation of the LTFP. Meanwhile, a number of developments have taken place which suggest that a renewed attempt must be made to formulate a Medium to Long Term Fiscal Policy once again as part of the Eighth Five year Plan. Our concern here is with appropriate fiscal policy for exports.

In recent years, one of the most welcome changes in the fiscal system has been the introduction of MODVAT. It is now time that steps are taken to introduce a full Value Added Tax system in the country, as would be permissible within our Federal fiscal system. The introduction of a full scale VAT should also include the accounting of import duties. From the exports viewpoint, the introduction of a VAT would eliminate some of the biases in incentives caused by the existing wide ranging rates in excise duties. It would also be easier to account for the incidence of all indirect taxes that distort resource cost of intermediate inputs used as indirect exports.

The exchange rate, tariff and import policy reform would be made much easier to implement if these fiscal policy changes are carried out such that macro-economic management becomes more export neutral. The reduction in tariff levels would become possible and hence a reduction in the high anti-export bias currently inherent in high import duties. Moreover, the expansion of exports which would result would enable higher imports and, alongwith tariff reform, such a policy would end up in lending buoyancy to revenues.

Achieving macro-economic balance will be difficult to achieve merely through increasing revenues. There will have to be a cut in expenditures. This implies a serious zero-based planning exercise for the Eighth Plan. The Government must cease investing in those areas where the private sector is competent to do so (which would be also in accordance with the Industrial Policy Resolution). The Government must, on the other hand, concentrate on investment in the provision of public services and infrastructure. From the export viewpoint of industry, this would specifically include the upgradation of port, air-cargo and communication

facilities. A major effort is also required in the upgrading of technical skills in manpower if the country is to achieve export quality competitiveness in a wide range of products. Hence, a zero-based planning exercise will have to make a serious review of the existing planning expenditures and redirect them to these areas in the interest of promoting industrial exports.

### **3.2.2 Policy Reform in the Short to Medium Term :**

The programme for policy reform sketched above is designed to be implemented over the Eighth and Ninth Plan periods. In the meantime, it is essential that the operation of specific export incentives be strengthened, streamlined and made more automatic such that the policy induced anti-export bias is effectively neutralised. It should be understood that as the medium and long term policy programme is implemented the need for these specific export incentives will progressively decline. As outlined earlier, these specific incentives can, at best, only neutralise part of the anti-export bias. Great progress has been made in the past few years in the operations of export incentives. The suggestions made below are designed to continue this policy thrust in the next few years.

#### **i) Incentive to invest in Export Oriented Production**

Exporters now have good access to various inputs for export production through a number of schemes. However, at present, export oriented firms do not have access to duty exempted capital goods either through imports or domestic sources. The route through which the government has assisted exporters in this respect is to itemise many machines in clearly identified exporting industries such as leather goods, garments and gems and jewellery in order to put them on OGL and subject them to relatively low preferential customs duty rates. For all others, however, the current rates of customs duty of 80 percent and above on imports of general capital goods is a significant impediment to modernise for export oriented firms. Hence our exporters are unable to keep up with the pace of modernisation with the current burden of excise and customs duties.

Although there are problems associated with administering a firm specific export obligations scheme, it is recommended that the government devise a scheme whereby all duties on capital goods are reimbursed. The following alternatives can be considered :

- a) The exporter gets duty exempted capital goods but undertakes a pre-determined export obligation over a five-year time horizon. The voluntary export obligation would be backed up by appropriate bank guarantees so that, in the event of default in exports, the Government can recover the duty plus the interest liability. The amount of the guarantee could be written down according to the volume of exports every year. The maximum value of the Guarantee can be fixed along these norms but the decision on the actual level of guarantees can be left to the commercial banks depending on their risk perception of the borrower.
- b) The exporter pays the duties initially but these are reimbursed over the years in proportion to which the firm fulfills the export obligation. The reimbursement could be in the form of tax credits which could be used to defray any central taxes due. The reimbursement could also include an appropriate interest element. Now that 100% income tax exemption is available to firms in proportion of the share of exports in total output, such a scheme should be easy to operate since every exporting firm will now be making appropriate declarations concerning export production to the tax authorities.

A significant virtue of such a scheme would also be the progressive integration of domestic and export production. The effective cost of capital goods will also be reduced for domestic production in the bargain. It would also be a performance oriented scheme.

## ii) Export Linked Imports :

At present, apart from the import of inputs that specifically go into export production, the only other imports linked with export performance are the flexible portion of REPs. All other imports are either licenced or under OGL. The premia attached to imports are therefore accruing to importers who mainly use them for domestic production. During the transition to a new economic policy regime, in order to link the effective price of imports more directly to export performance and hence to the prevailing balance of payments situation, it is recommended that the flexibility of export related import licences could be increased. This would then effectively shift the premia of importers to exporters and thereby give added export incentives.

Exporters should therefore be allowed to utilise a proportion of their foreign exchange earnings for importing **any commodity**, except those on the banned list without any licensing formalities. Whether this should be done by making the REP licence more flexible, or by changing the existing Blanket Permit Scheme, or by introducing a new 'EXIMSCRIP', is a matter for consideration and depends on administrative and practical convenience. The sub-group on Electronics has recommended a specific scheme called EXIMSCRIPS.

### **iii) Phased Manufacturing Programmes**

The current mode of administering phased manufacturing programme is to draw up detailed lists of components, etc. which have to be progressively indigenised and to provide foreign exchange for attested lists of inputs which are to be imported every year. There is little incentive for any firm to indigenise further in response to changing exchange rates and other international conditions, and there is also very limited flexibility. The phased manufacturing programmes are also very domestically oriented. There are no incentives in these programmes to export since there is no linkage with export earnings. Two kinds of changes could be undertaken. The PMPs should increasingly be based on unit pack value concept such that the programme is based on a phased reduction in unit pack value denominated in the relevant foreign currency every year, within which the manufacturer has full flexibility in choice of imports. Second, at least a part of the foreign exchange allocation, if not all, should be limited to earnings from exports. This would induce manufacturers to set up export competitive manufacturing, or to satisfy their import needs through REPS or EXIMSCRIPS recommended above. This would make them export oriented or at least more sensitive to the true cost of foreign exchange - the benefit of which would be transferred to exporters, thereby providing additional incentive for exporters.

### **iv) Streamlining Export Incentives :**

The Government is already considering ways and means of shifting the disbursement of CCS from the C.C.I. and E. to the commercial banks. Various export incentives are administered by the different agencies like the Department of Revenue, Ministry of Commerce, CCI&E, Customs and Commercial Banks. An average exporter has to approach each of these organisations separately for getting a part of the overall incentive. There is a strong case for merging the disbursement of all incentives to one agency; this function can be performed by

Commercial banks. What this would entail is the simplification of various schemes such as Duty Drawback, CCS, IPRS, etc. in such a way that technical coefficients for products can easily be computerised and made available to the relevant export incentives alongwith his bank credit. The banks would then be refunded by the Government. The risk can also be borne by the Banks with an appropriate discount. It is strongly recommended that the Government accelerate the implementation of this scheme such that a one-stop-shop is available with commercial Banks within the first year of the Eighth Plan. For such a scheme to work efficiently, the Government will have to constitute a mechanism to review technical coefficients constantly and to expand that lists to take account of new products. This could be entrusted to the BICP.

#### **v) Incentives for Indirect Exporters :**

The government has made much progress in providing access to imported inputs to exporters at world prices. The next step is to make similar facilities to suppliers of inputs to final exporters - that is, indirect exporters. As the access of exporters to imports is improved, there is one danger to the domestic industrial economy. There would be a tendency to substitute easily available imports for even available domestic inputs, thus reducing the domestic value added to export. As the system improves, it is therefore essential to extend the same benefits to indirect exporters in order to foster and maintain intensive backward linkages. Some progress has been made in this direction by the operation of the IPRS scheme and by the designation of deemed exports.

One way of dealing with this problem is to institute a system of domestic letters of credit (DL/Cs) linked with the opening of foreign L/Cs. This has been done very successfully in South Korea and is now being tried by other Asian countries. If the recommendation in (iv) above is implemented, this would be easy to operate within Commercial Banks. All export incentives would become available to an indirect exporter on the opening of a D L/C.

#### **vi) Export Credit :**

A well functioning system of export credit can serve as the lynchpin of the entire export effort. From all accounts, the existing system of export credit works relatively well and pre-shipment export credit is given at the concessional rate of 9.5% for 180 days. However, a number of additional improvements can be

made to make the provision of export credit even more attractive relative to credit for domestic production. At present, pre-shipment export credit (or export packing credit) is typically given to cover about 80 percent of purchased inputs. **It is recommended that this be expanded to cover 100 percent of inputs and atleast 50 percent of value added.** No credit is currently given to value added and the exporter has to have other sources of finance to cover his working capital needs. Another issue is that despite the existence of export credit guarantee, Banks offer require additional collateral which puts some firms in difficulty. It is recommended that L/C's backed by export credit guarantee should be adequate for export finance. But this means that the export credit guarantee system will have to be expanded and made more reliable.

#### **vii) Export Credit Guarantee :**

E.C.G.C. (Export Credit Guarantee Corporation) at present provides cover for about 90 percent of all eligible export loans. But there have been a number of problems with the kind of actual cover provided by the E.C.G.C. which typically avoids or delays paying claims. Before any claim can be made, the commercial banks have to exhaust all other legal remedies to get their money back. Hence a claim with E.C.G.C. would typically take three years or more to collect. As a result, not much value is placed on the cover provided and Banks typically require collateral from their export customers. The problem has really been beyond the control of E.C.G.C. It has been under-financed; until recently its paid up capital was only Rs.2.5 crores, now it has been raised to Rs.25 crores. This should be increased substantially to Rs.100 crore at a minimum. Also, E.C.G.C. is typically expected to perform many other services in addition to pre-shipment guarantees. Its premiums are also too low and should be increased substantially. But the most important change suggested is in its mode of operation. At present, it has no independent capability of assessing risks of borrower exporter firms; it has to rely on the Bank's own assessmnt of the borrower. It would be therefore be desirable to develop independent capability for assessment of credit of risks of lending to exporters. Now that CRISIL has begun operations for developing credit ratings for bond floatations, consideration could be given to expanding their operations to this area. If this is done, genuine risk assessments would be available to Banks as well as E.C.G.C. Hence commercial banks' own risks would be reduced in such a fashion that more automatic export finance could emerge. Moreover, E.C.G.C. would find it easier to extend genuine coverage. This issue may not be perceived as too important at

present but assumes increasing significance if exports are to be expanded fast. As there is a quest for finding new markets, and there is the entry of many new exporters in the export effort, such cover would become essential if producers are to be encouraged to make faster entry and if Banks are to assist in this effort.

The suggestions made above are necessary if exports are to be given a bold new boost. As the export volume expands, it will become increasingly difficult to administer incentives on a case by case basis. Hence the changes in the incentive regime suggested above are aimed at making the administration of incentives more automatic. **The leakage of some incentives which would inevitably occur in a more automatic regime should be factored in as an unavoidable cost of export promotion.**

**Table 3.1 : COMPARATIVE NOMINAL TARIFF RATES**

Mean and Standard Deviation of Tariffs by Country, 1985 #  
(% ad valorem)

Country	Intermediate Goods		Capital Goods		Consumer Goods		Mfg. Sector	
	Mean	St.dev	Mean	St.dev	Mean	St.dev	Mean	St.dev
Argentina	21.2	15.5	25.0	12.6	21.9	8.0	22.9	14.5
Bangladesh	97.9	60.00	80.5	18.1	116.1	82.0	100.8	67.5
China (PRC)	78.9	55.7	62.5	47.8	130.7	66.9	91.2	63.4
Hungary	14.2	27.3	15.0	51.4	22.6	17.5	20.9	15.0
India	146.4	55.6	107.3	48.1	140.9	38.4	137.7	52.8
Mexico	25.5	16.5	23.5	17.3	32.2	26.4	24.7	19.0
Morocco	21.6	16.9	18.1	12.0	43.0	20.5	27.3	20.4
Phillipines	21.8	11.4	24.5	12.2	39.0	14.9	28.0	14.8
Thailand	27.8	20.4	24.8	162	8.5	38.7	33.6	28.6
Turkey	29.4	25.0	54.9	18.3	55.3	40.6	37.1	30.9
Yugoslavia	18.0	4.9	20.7	4.2	20.0	6.4	19.0	5.5
Pakistan	75.	55.8	73.8	46.4	127.3	56.5	89.8	57.8

# 1985 or most recent year. Includes CET + Other Import Duties + Flat Duty (if any).

Source : World Bank SINTIA Country Tariff Files.

**Table 3.2 : COMPARATIVE TRENDS IN  
TRADE POLICY CHANGES  
(Percent)**

	Year	Average Nominal Tariffs	Proportion of import items subject to import restrictions
Indonesia	1980	28.0	—
	1985	23.0	25.1
	1987	23.0	15.6
Korea	1980	25.0	51.4
	1985	21.9	12.3
	1988	18.0	4.6
Malaysia	1980	11.6	χ Less than 5%
	1985	13.6	χ
Philippines	1980	43.1	37.0
	1984	26.1	36.1
	1986	28.5	18.7
	1988	—	10.0 #
Thailand	1981	31.0	χ Less than 5%
	1985	34.0	χ

# of which 4.7% are due to health, safety and security reasons.

Source : World Bank : Philippines Industry Policy and Prospects - 1987.

## Chapter IV

### EXPORT PROMOTION: INCULCATING THE BUSINESS APPROACH

#### EXPORTS AS A NATIONAL PRIORITY

India has a tradition of succeeding in ventures she has pursued single-mindedly. In 1950s, she developed atomic energy on her own. The 1960s were heralded by the success of Green Revolution. In the 1970s, we had a major breakthrough in oil and natural gas exploration. These are all case examples of strategic innovation and risk taking made possible by a need-based administrative structure and a determined support from the highest quarters in the Government. There is no reason why the same cannot be repeated for exports in the 1990s.

Four common features of these success stories may help to focus on the essential elements of change necessary :

- (i) The goals were stated in simple terms to secure the understanding and commitment of the many people involved.
- (ii) Conflict resolution mechanisms were provided in two ways : by a direct access upto PM and by investing over-riding authority within a mandate and agreed action plan.
- (iii) Careful choice of a leader/champion for the cause
- (iv) Target-setting and review system to make mid-course corrections.

Clearly, exports must be the national priority for the 90s and these four elements are essential in any Planning Approach.

Apart from organisational changes, behavioural change is also necessary. Exports must be perceived as a national priority : palpably and visibly. The success model of very senior people, the "body language" of administration and hoopla for extraordinary achievements in Exports are key ingredients in a strategy for change.

A high pitched national campaign on exports should be launched. Some worthwhile features :

- (i) video-tape of PM's statement on Exports to be broadcast widely through the Chambers of PACommerce.
- (ii) Multi-media campaign to raise threshold awareness regarding exports.
- (iii) Preferential treatment of exchange earners to much sought after privileges - telephones, fax, land allotment, import activity, access to policy-makers and so on.
- (iv) Institution of very prestigious National Export Awards. The current Awards need a far higher profile.

Putting exports on a pedestal and as a national priority also means getting closer to the ideal "basics". These may not be possible to correct in a short time, but significant and noticeable measures must be initiated very early. These "basics" arise from what other countries offer to the international business community and the need for India to be competitive with these countries.

Several studies have established what ideal these "basics" should be :

- . Political stability
- . Honest and dedicated Government
- . Efficient administration
- . Rule of law
- . Labour stability and sensible labour legislation
- . Reliance on private enterprise
- . Correctly valued exchange rate
- . Export orientation
- . Avoid protection of inefficient industries
- . Focus public spending on infrastructure
- . Minimum use of subsidies and state enterprise.

## **ENTREPRENEURIAL RATHER THAN REGULATORY APPROACH**

A very major change required concerns the human dimension. Our national approach to exports has been administrative and bureaucratic. Yet, Exports is a commercial activity with all the dimensions of business management viz. entrepreneurship, costs and profits, risks and innovations. The examples of Japan and Korea are often quoted to illustrate how nations can manage their exports than merely administer them.

In our case, the Commerce Ministry symbolises the National Export Manager. The ideal National Export Manager must :

- (i) externalise the nation's mind.
- (ii) make foreign markets more conducive for the individual exporters
- (iii) harmonise trade liberalisation with industrial and financial liberalisation
- (iv) ensure that the export activity is intrinsically profitable relative to domestic market activity
- (v) operate as the nexus for policies relating to manufacturing, technology, finance and foreign trade.

The key question that needs to be answered is : is the Commerce Ministry equipped to play this role? Two observations can be made in this regard -

- (a) Currently it has only a regulatory role but no entrepreneurial content and the profile of the people who run the activity is also similar.
- (b) It does not have the authority to resolve inter-ministry differences.

An alternative model can envisage the setting up of a National Foreign Trade Board (FTB) directly under the P.M. This Board can also function as the Ministry of Foreign Trade.

We need to move towards a situation where ultimately exporters will not have to run to anybody for clearance and approvals.

The Tandon Committee Report had dwelt on this aspect in some detail and a lot of the suggestions are still valid.

Further, it is high time that marketing professionals are inducted into the export promotions institutional framework.

We have developed a basic framework over the years. However, their effectiveness and relevance will be enhanced by inducting marketing professionals into some of the key jobs. Whether in the Commerce Ministry or Indian Missions overseas or TDA, TFAI etc. it is rare to find a marketing professional who has first-hand experience of operations in international marketing. It is not possible to get a marketing thrust if there exist no change agents within these institutions. Apart from the private sector, public sector organisations too can provide marketing skills through secondments.

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## **EXPORT PROCEDURES & SIMPLIFICATION**

The problem is well-known and too often repeated. No solution seems to be good enough. Yet it is one major obstacle which attenuates all policy initiatives at the implementation level. We need to re-examine responsibility, controls to eliminate risk totally, balance between timely and "correct" decisions etc. If we cannot simplify our procedures imaginatively, then no grandiose strategy can succeed.

Brazil did debureaucratisation programme through a campaign between 1979-84. It is reported that 600 million documents which governed all aspects of economic and social life in Brazil, were removed from circulation. The annual saving was estimated at Dollar 3 billion, representing 1.5% of GDP. We need something equally wide-ranging and very urgently.

This will not get done by appointing Government Committees or a special officer in CCIE's office to simplify forms. It requires professional help and government should consider appointing an established consulting company with proven skills in Organisation & Methods. Information Management Techniques etc. The UK example is worth considering.

SITPRO is an independent body set by the HM Government and sponsored by the Britain Overseas Trade Board. Its role is to reduce the cost and complexity of international trade. It has contributed to the development of many standards and simplified procedures used around the world. Britain was one of the first countries to adopt the United Nations Layout Key for Trade Documents by

launching a series of shipping and freight forwarding documents following this design. The documents have been updated periodically. SITPRO's stated role is to help provide British exporters the tools to manage the change and opportunities arising out of the electronic and information age. Details can be obtained from :

Simplification of International Trade Procedures Board  
(SITPRO)

Almack House  
26/28 King Street  
London SW1 Y 60W

We may need to allow a couple of years for study and implementation by a professional body and simplification of documentation.

## **BUILDING INTERNATIONAL SIZE EXPORTERS**

The largest of Indian companies is smaller than even a modest company by international standards. Apart from the capital-intensive nature of electronics manufacturing which compels large-volume production (and therefore sale as well), given the high expenditures required to advertise, promote, support and liability-insurance/performance-guarantee products, a sufficiently large scale of operation is vital for success in international markets. This is the reason why S. Korea has permitted very large chaebols to form and this is the reason for Japan-MITI's policy of 'backing winners, even if it appears to be elitist rather than egalitarian. In contrast, we have tried hard to both keep enterprises small and to have egalitarian rather than effective export-promotion policies. Perhaps this ideology also explains India's lack of success in winning Olympic medals.

The RBI has currently 150,000 exporters' codes. Data received from EPCs/CBs suggest that about 4000 exporters account for 75% of our exports. The bureaucratic burden of dealing with 146,000 exporters who account for 25% of exports is crushing. Further, inter se competition occurs to the detriment of the country.

To minimise excessive competition among Indian exporters and to reduce the administrative load, encourage a minimum turnover per exporter as a desirable standard through a system of reward. After all, the country bears significant costs in administering the large number of exporters.

Ideally, we should set a minimum turnover of say Rs.5 crores for an exporter to operate in international markets as was done in Korea. Exporters with a turnover less than this can be incentivised to club together as a consortium or to use the larger, marketing companies. This may serve the purpose of sharply reducing the administrative burden of dealing with such a large number of exporters.

Small manufacturer-exporters can market their items collectively under the concept of consortium marketing. If necessary, the consortium should be encouraged to acquire reputed brand names.

In order to build Indian Olympians in international trade, it is important to identify talented athletes and nurture them to become champions. Such selective breeding is necessary in view of the tough and competitive nature of world trade, which is only going to be tougher.

## **LOWERING EXIT BARRIERS**

On the whole, compared to domestic business, risks in exports are more and the rewards less. One of the major risks in export activity is attrition of products and markets. Segments of export products/markets are lost periodically. At an aggregate level, the following examples illustrate the point :

- (i) The severe drop in Russian business after 1982
- (ii) The project exports slump after the oil boom levelled off.
- (iii) Loss of OECD markets in tea due to on-off export policies
- (iv) Loss of African markets for engineering due to cash problems.

Such problems are staggering to the individual exporter at the firm level. Self renewal through exit from that business is an essential option. However, our labour laws are complex and severely impede exercise of such an option. For exports, a flexible labour policy is essential. The Sub-Group on Light Industrial Manufacturers has repeated this point several times to emphasize the critical need for positive action on this front.

The Working Group recognises that labour legislation has a wide context in social and economic terms. Unlike some successful exporting countries, India cannot have any inhuman or draconian labour legislation to suit exports.

Equally, it must be recognised that one of the strong comparative advantages that India enjoys is inexpensive labour and that such labour needs to be flexible, productive and disciplined in an international context. Bearing this in mind, the Working Group believes that small modifications to our labour laws can make big differences to employers' attitudes to employing labour for export production. Stringent labour legislation has more than counterbalanced our potential advantage. Large/organised sector industries are extremely reluctant to use this national strength for surplus, temporarily or permanently, due to change in conditions in export markets. There is no doubt that export markets have far more uncertainty compared to domestic markets.

## **OPPORTUNITIES FROM WORLD TRADE SCENARIO**

Protectionism and volatile exchange rates will definitely characterise trade in the 90s. Regrouping of trading blocks offer threats and opportunities. In the case of EEC 1992 and GCC, there is debate about the manner and extent of change insofar as India is concerned. However, Hong Kong 1997 poses clear threats to India and we can convert this into opportunity.

Already, China has four times India's exports and has consistently grown faster than India over the past 15 years. Taiwan has stepped up inter-trade with mainland China via Hong Kong. Put together, this China Group (China, Hong Kong and Taiwan) had net exports of \$ 100 billion in 1987, almost half the level achieved by advanced economies like Japan and USA. Clearly, China is set out to be a major competitor for India. What can we do about it ? We need a lateral idea.

The transfer of Hong Kong back to China by Britain by 1 July 1997 provides an interesting opportunity for India to entertain the idea of setting up a "trading zone". China has given assurance that Hong Kong's capitalist system would not be disturbed for at least 50 years and that Hong Kong would remain a free port and a Special Administrative Region and that it would also continue as an international financial centre with markets for foreign exchange, gold, securities and futures. Despite such assurances, there are reports of the fear of future haunting many investors in Hong Kong. Doubts have been expressed over China's promise of retaining the capitalist system of the colony for 50 years after 1997.

There are reports that some of the Hong Kong Chinese are looking for popular locations for investment in Canada, Australia and Britain. Hong Kong's 16,000 ethnic Indians have also their own fears of future. Reports also say that Hong Kong Indians are responsible for about 12 per cent of the territory's overseas trade. This situation may be viewed as an opportunity for India to promote an exclusive zone for trade to provide profitable avenues for investors including Hong Kong Indians and Non-Resident Indians living in other countries. A serious thought needs to be given to set up a "trading zone" to facilitate a quantum jump in our exports. Time is the essence, so India should not lose time in informing the investors of its intentions to set up a trading zone.

The question can arise whether the Trading Zone can be refurbished version of our EPZs and EOUs. The opportunity and the idea are so big that we should avoid such a relatively minor action. Our EPZs/EOUs are on the mainland and are linked in multiple ways to the infrastructure. Hence, procedures and bureaucracy cannot be wished away. **To grab this big opportunity, what we need is a nuisance-free park with world-class infrastructure and trade policies.** We need an Export Trade Island, perhaps in the Andamans.

The idea illustrates the extent to which we need to think laterally to find solutions to our unique problems. Government may appoint a Group to study this proposition and revert within a specified time frame. Time is short and India must move fast so as to grab the available opportunity.

A rough exercise shows that by 1997, Rs.25,000 crores (in 1989 money) of additional exports can be added with potential employment generation for 1-2 million people. The principles will be :

- (i) Exports first priority and sole measure of success
- (ii) Large employment
- (iii) Empowered island administration (Cordon Senitaire)
- (iv) Migration restricted by work/investment permits
- (v) International sourcing of services (power/port/ communication)
- (vi) Discreet tariff area with free exchange regime.

## **EXPORT-ORIENTED INDUSTRIAL AND FINANCIAL POLICIES**

The industrial policies in the country have evolved over the last four decades with a dominantly inward vision. The Industrial Policy Resolutions of 1948 and 1956 laid the foundation for growth of industry in India. Since 1980, many measures have been introduced for industrial liberalisation, removing controls and generating a freer environment for investments, including for exports. However, our industrial policies operate in a thinking mode where exports is a small adjunct of domestic industry.

The re-categorisation into Sunrise and Star Products demonstrates the need to differentiate these from Other Products. The Sunrise and Stars categories need faster liberalisation, technology upgradation, lower entry barriers and flexible exit channels.

### **De-reservation:**

This needs under review so that the list is relevant and updated. It is impractical to expect a global scale of entry by an Industrial company based purely on exports. The Tandon Committee too had commented upon this. For example, India can be a world-class manufacturer of bicycles. Large and small should equally be allowed to exploit domestic and world markets. If we are aiming to treat apparel and footwear as Star/Sunrise industries, reserving these for smallscale in the domestic market must be questioned.

Due to the evolution of our industrial policy, large companies have been consciously directed into impor-substitution industries and regional dispersal. As we now wish large companies to participate in export promotion, we must lower their entry barriers into export-oriented industries.

### **Licensing:**

For units exporting more than say 25% of production, we must consider whether we at all need licensing. This Working Group considers it quite an unnecessary bureaucratic hurdle.

## **MRTTP:**

For export-oriented acquisitions, take-overs and leases, MRTTP approval must be eliminated. Each such bureaucratic station makes the export journey so much more tedious and uncompetitive in international terms.

## **FERA:**

An overhaul is overdue as this is quite anti-export. Its implementation has not kept pace with improvements that have been made in the rest of the export environment. By nature, exports is a risky business where innovation and aggressiveness are essential. Our rules in fact kill the entrepreneurial spirit. Some details have been covered under 4.6 of the Marketing Development Sub-Group Report enclosed.

## **Imports:**

It is interesting that the responsibility to manage imports does not rest with any ministry. We therefore have many who has authority to deal with the subject but no one with the accountability. This is not true about exports where the Commerce Ministry is squarely accountable.

As a result, we have developed a very complex regimes of imports. Every time we simplify, it gets complicated all over again! There are almost 1 lakh import licences dealt with (new ones and revalidations) each year. Our three-year EXIM Policy is modified so frequently that the 3-year appendage is meaningless.

A more direct linkage between export performance and import entitlement is a crying need and is strongly recommended for implementation. Many models are available. On page 31 of the Electronics Sub-Group Report appears one such model entitled EXIMSCRIPS.

## **Multiple Legislation:**

Export activity is thwarted by multiple and contradictory legislations. For example, EXIM Policy promotes traded exports by large international marketeers. FERA discourages this by, firstly not recognising it as export performance and secondly, by making companies seek approval for the activity! FDA and PFS

laws are applied even to 100% export products including those made in EPZs/EOUs. This leads to the ridiculous situation where high priced Personal Products have to state "Made in Kandla" and a long-winded State FDA code number! While MRTP approval is automatic for new industrial undertakings with 100% export obligation, to lease capacity for 100% exports required all MRTP procedures and approval!

These are mentioned to illustrate what a complex legislative obstacle race we have set for our exporters. Review and harmonization will be complex. **We should consider an overriding legislation for export-oriented industries where it nullifies all or many other legislations.** This has been done for setting up of the BIFR under the Sick Industrial Companies (Special Provisions) Act, 1985.

## **INTERNATIONAL COMPANIES**

Foreign equity companies are members of a parent company network from which India can derive export advantage. In deciding the level of foreign shareholding, Government provided for companies to dilute to 40% freeing such companies totally from the export activity. It is opportune to re-examine this position.

Financially and psychologically, international companies have a very strong motivation to hold at least 51% equity in their overseas subsidiaries. This motivation can be exploited to advantage. For example, foreign equity companies which derive, say 15-20% of their sales from exports, may be permitted to have foreign shareholding of 51%. Many companies which have a resting point of 40% will explore this opportunity aggressively and will add to the total exports of the country.

## **MANAGEMENT TURNAROUND APPROACH**

In concluding this section on Strategies and Approach, the Working Group would like to again emphasise the big PAscale changes required. The time for incremental

improvements is over. Like business institutions require self-renewal, management turnaround techniques are essential in our Foreign Trade. Researchers have identified some key elements in achieving management turnaround.

- organisational change
- choice of change agents
- strong commercially driven controls
- decentralisation and increased autonomy
- review of products and markets
- attracting additional investments
- sharper accountability and performance review mechanisms

All these elements have been debated within the Working Group and appropriate strategies considered. We need to set about creating a whole, new national ambience for exports - based on profitability, trust, performance and great excitement in nation building. Anything short of this will make the 8th Plan export growth target impossible to achieve.

## Chapter V

### PROJECTING INDIA

In the earlier Chapters, measures have been discussed to place Exports on a pedestal as a national priority and the kind of visible measures needed to move India towards the ideal "basis" in an international context. Simultaneously, we need to initiate a few steps to project India more favourably.

Indian Embassies abroad should be treated as our front offices in this activity. Some mechanism is required to make "Contribution to Export Promotion" as a key task and performance evaluation criterion for IFS officials. The induction of marketing professionals into the Export Promotions Institutional framework must be encouraged. Two other suggestions are worth considering.

### MAKING FOREIGN INVESTORS WELCOME

The world 'sourcing' market is enormous. Of the \$ 2000 billion world trade, 48% is estimated to be in Manufactures. The Far East countries have built their exports by seeking market share in the world sourcing market offered by International Companies. Hong Kong, South Korea and Taiwan have EACH built up exports of over \$ 10 billion per annum in Manufactures. The UNCTAD Trade Development Report, 1982 notes that "in 1976, in the case of manufactures, the share of developing countries exports marketed by multinationals ranged from 10 to 70 percent, depending on the developing country concerned."

India does not even appear on this map. Under the present dispensation, full foreign equity is permitted in Free Trade Zone for a 100% export venture. For many years, we have had a policy of permitting foreign companies to apply for a licence with 60% plus export obligation. Still, the record of attracting foreign companies has not been good. Why?

The foreign investor can find India an attractive source for international operations only for a cost advantage : labour, raw materials and so on. Though labour rates are low here, the productivity often is not and the cost advantage is not attractive enough. Further, many offshore assembly operations, which were profitable in some developing countries, mainly because of low costs of labour, are now being transferred back to the home country as automation makes it

possible to centralise the location of production and thus reduce costs. There is also a great disincentive arising out of the complex and lengthy procedures for doing business in India compared to alternative sourcing centres. What can swing the balance in India's favour is the attraction of the domestic market. In the eyes of the foreign investor, it also provides a very essential fallback position for the joint venture during the periods when international markets suffer demand recession. As early as 1982, the Tandon Committee had articulated the need for domestic back up by coining the term 'safety net'. The World Bank publication, *India's Exports* by Wolf, also notes, "... Given all this, it is reasonable to doubt whether major export oriented investment is likely to occur .... it would be very risky for most firms to rely on exports for profitability".

.....

If an international marketeer, eg: 3M, Nike Shoes, Levi Jeans or Planter's Nuts wishes to market 50% production in India with the International brand name and is willing to buy back the balance for overseas markets, our policy should not just permit but actually encourage it. It is essential to jost ourselves out of the illusion for international marketeers. It is time that we formulated liberal policies to attract international companies to our export sector and actually go out and woo them. We must advertise in the media in OECD countries so that foreign investors are attracted. A condition can be imposed on the joint venture company that its earnings of foreign exchange must exceed its expenditure through imports and dividends. As the IIFT Foreign Trade Review notes, ".... the balance of payments effect can be more a satisfactory test while evaluating various macro economic impacts of foreign investments on host countries' economies."

An extract from a recent study (April 1988) for ITC entitled "Development of Export-Oriented Joint Ventures in Asia and the Pacific" reads as follows :

"Apart from studying the data on Singapore, South Korea and Thailand, by virtue of talking to a number of senior managers of Japanese, American, South Korean and Singapore companies, our observations are :

1. The international investment and trading environment has changed considerably in the last 18 months. The appreciation of the Japanese Yen, South Korean Won, Republic of China (Taiwan) NT Dollar has thrown up a number of opportunities for setting up of export oriented joint ventures in other countries.

2. The emerging industries especially electronics, information technology, telecommunications, unlike the older industries like steel and chemicals, are more "parts" integration oriented industries. For example no colour TV maker manufactures all the parts. In fact, major producers manufacture very few parts. Most parts vendors are Small and Medium Enterprises (SMEs).

3. When a few large Japanese companies like Sony, Canon or Toyota set up export oriented joint ventures in third countries, a large number of their original parts suppliers set up joint ventures in these countries. Take the case of Thailand. When Canon decided to set up manufacturing facility in Thailand, you have 20 of Canon's suppliers setting up joint ventures in Thailand: You might call this "snow balling" effect.

4. In certain normal and low end technologies Japan has given way to NIC countries like South Korea and Taiwan. These conditions themselves are now looking for export oriented joint ventures. A classic case is Black and White TV. Japan ceased manufacture a few years ago and moved manufacturing facility to South Korea. This year, South Korea is thinking of stopping manufacture and moving it to another location, most likely Thailand and may later move to People's Republic of China. Countries have to be in tune with these kinds of changes to take advantage.

5. Most countries which are competing for foreign investment especially for export oriented projects offer more or less similar fiscal incentives. What sets them apart is the political stability and the consistency of government policy together with the efficiency of bureaucracy.

A case in point is Thailand. In the beginning of 1987 when Japanese companies were seriously looking at countries which could take their investments for export oriented projects, they looked at Indonesia, Philippines, Malaysia and Thailand.

For reasons mentioned earlier, Thailand was selected. Our forecast is that within five years, Thailand would become an NIC."

## **MORE HANDS-ON EXPORT PROMOTIONS INSTITUTIONS**

Redefine the role of overseas offices of Commodity Boards/Export Promotion Councils to behave and act as national marketing companies.

This is best illustrated through the example of how the Mexican Government approached the US market for the export of their marine products. Ocean Garden Products Inc., San Diego, USA offers a good case study.

Ocean Garden Products Inc is a 31-year old US corporation, wholly owned by the Mexican Government. The entire company is staffed by US professionals headed by a professional Chief Executive. The Chairman of the company is the Minister of Fisheries of Mexico reporting to the President of Mexico. The objective of the company is to market all Mexican seafood primarily in the US but also elsewhere in the world.

Mexican fishing is done by cooperatives. 320 co-operatives with 2400 deep sea vessels run 92 processing plants. In addition, 20,000 small boats are also operative. Ocean Garden inspects quality at the plant and tries to ensure quality from boat to final user. The company also buys non-Mexican seafood and markets the same in the US to better utilise their infrastructure. Ocean Garden has 8 company owned sales office around the US and also has its own trucking and warehousing companies. While acknowledging that shrimp is a commodity, Ocean Garden attempts to market their brands to the extent possible. They use direct mail, trade magazine advertising, consumer newspapers, PR activities, various promotional programmes and exhibit at major trade shows. They are in contact with 1000 major customers.

Ocean Garden has been able to achieve a universal reputation for quality and hence Mexican shrimp are the price leaders. They control the US price levels partly by taking views and holding inventories at times. Mexican shrimp exports to the USA alone average 38,000 tons p.a. (mainly headless shell on) making Ocean Garden by far the largest marketer of shrimp in the US.

Value added tea provides an excellent starting point. Indian branded tea packets and tea bags must be planned at a national level. Supporting manufacturers can be selectively enlisted. The Tea Board in its present form has neither the organisation nor skill to handle such an International Marketing Project. The Ocean Garden example provides an excellent model to launch Indian tea brands at national level.

## Appendix

### SETTING UP OF THE WORKING GROUP ON INDUSTRIAL PLANNING FOR EXPORTS

To providing guidance for formulating the Eighth Five Year Plan, the Planning Commission had set up a Steering Group on Industry chaired by Planning Commission Member, Shri Abid Hussain. At its first meeting held on 26.5.88 the Steering Group decided to set up the Working Group on Industrial Planning for Exports under the Chairmanship of Dr. A.S. Ganguly, Chairman, Hindustan Lever Limited. The Working Group on Industrial Exports was directed to regard exports as an integral part of industrial growth and planning rather than looking at them merely as a source of foreign exchange necessary for the balance of payments. As such it was hoped that this Group would provide practical suggestings for the medium and long term reorientation of industry towards exports. The Group was not expected to look into detailed matters of specific incentives and procedures.

The Working Group for Industrial Planning for Exports had its first meeting on September 9, 1988 under the Chairmanship of Dr.A.S. Ganguly. The Chairman felt that it was necessary for Industry to re-orient itself towards greater participation in exports. This required a different attitude from both the government as well as the private sector. He hoped that this Group would not feel restrained by the current conditions and procedures but will feel free to give radical advice which the Planning Commission would utilise in the preparation of the Eighth Five Year Plan. However, it is also important that the Group's suggestions be practicable for implementation over the Five Year Plan Period. The Group must therefore aim at producing a report that is at the same time ambitious and radical but practicable in its approach. It should aim at expanding exports at such a rate that they reach about 10% of GNP by the end of the Eighth Five Year Plan. There was considerable discussions on this issue and the consensus arrived at was that, since the time available to the Working Group was only until 31st December, it may be more useful for .PAthe Group to concentrate its attention to the policy changes required in industry over the medium and long

term. If, however, any useful suggestion come out during the deliberations of the Group for immediate implementation that could be made available to the Government.

The Working Group in its first meeting decided to constitute groups on different aspects of industrial exports. These sub-groups and their proposed Chairmen were as follows :

1. Engineering Products - Shri.D.V. Kapur
2. Agri products and Processed Foods - Shri. P. Murari  
Secretary, Food Processing
3. Labour Intensive Light Industry - Shri. I.J.S. Khurana  
Director General  
Apparel Export Promotion  
Council
4. Incentive Regime and Fiscal Policy - Shri. Kalyan Banerjee\*  
Chairman, Export Import  
Bank of India
5. Industrial Policy and Capacity Planning Ministry of Industry - Shri. A.V. Ganesan  
Additional Secretary
6. Procedures and Documentation - Shri. R.L. Misra\*  
Chief Controller of Imports  
& Exports
7. Market Development - Shri. R. Gopalakrishnan  
Vice President  
Hindustan Lever Ltd., Bombay
8. Electronics and Software - Shri. Prakash Hebalkar  
Tata Unisys

9. Role of State  
Governments

- Shri. Surendra Singh  
Principal Secretary  
(Industries), UP

\* Shri. R.L.Misra, Chief Controller of Imports & Exports and Shri. Kalyan Banerjee were not able to head the sub-groups due to pre-engagements with other official work.

Subsequently, Dr. Shankar Acharya, Economic Adviser, Department of Economic Affairs, agreed to Chair the sub-groups on Incentive Regime and Fiscal Policy. The sub-groups on Procedures and Documentation was eventually not appointed.

The Working Group has its second meeting on November 11, 1988 and the Third Meeting on February 24, 1989 at which the first draft of the Working Group report was discussed.

The term of the Working Group was extended to April 30, 1989.

No. I&M-3(1)/1/88-Exports  
Government of India  
Planning Commission  
(Industry and Minerals Division)

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Yojana Bhavan, Sansad Marg,  
New Delhi, 11th August, 1988

**O R D E R**

**Subject: Constitution of the Working Group on Industrial Planning for Exports.**

In the context of the formulation of the Eighth Five Year Plan (1990-95), the Planning Commission has set up a high level Steering Committee on Industry for the Eighth Plan. The Steering Committee has decided to set up a Working Group on Industrial Exports. The composition of the Working Group will be as follows :-

Dr. A.S. Ganguly, Chairman  
Chairman,  
Hindustan Lever Ltd.,  
Hindustan Lever House,  
165/166, Backbay Reclamation,  
Bombay - 400020.

1. Dr. P.C. Joshi, Member  
Adviser (International Economics),  
Planning Commission,  
New Delhi - 110 001.

2. Shri. A.V. Ganesan, -do-  
Additional Secretary,  
Department of Industrial Development,  
Ministry of Industry,  
Udyog Bhavan,  
New Delhi - 110 001.

- |    |  |          |
|----|--|----------|
| 3. | Shri P.G. Muralidharan,<br>Additional Secretary,<br>Ministry of Commerce,<br>Udyog Bhavan,<br>New Delhi - 110 001.   | -do-     |
| 4. | Shri R.C. Chopra,<br>Additional Director,<br>Dept. of Electronics,<br>'A' Block, CGO Complex,<br>Lodhi Road,<br>New Delhi - 110 003.   | - Member |
| 5. | Shri Surindra Singh,<br>Principal Secretary (Industries),<br>Govt. of Uttar Pradesh,<br>Lucknow.   | -do-     |
| 6. | Shri K. Mohan Chandran,<br>Secretary (Industries),<br>Govt. of Kerala,<br>Trivandrum.  | -do-     |
| 7. | Chairman<br>Export Import Bank of India,<br>222, Nariman Point,<br>Bombay - 400021.  | do-      |
| 8. | Shri S.S. Dawra,<br>Managing Director,<br>National Agricultural Cooperative,<br>Federation of India Ltd.,<br>54, Sapna Building,<br>East of Kailash,<br>New Delhi - 110 005. | -do-     |

9. Prof. Deepak Nayar, -do-  
Centre for Economic Studies & Planning,  
Jawahar Lal Nehru University,  
New Mahrauli Road,  
New Delhi - 110007.
10. Shri Tarun Das, -do-  
Director General,  
Confederation of Engineering Industry,  
Institutional Area,  
Lodhi Road,  
New Delhi - 110003.
11. Shri K. Obayya, -do-  
Executive Director,  
Trade Development Authority,  
Bank of Baroda Building,  
15-Sansad Marg,  
New Delhi - 110001.
12. Shri H.S. Sandhu, - Member  
Chairman & Managing Director,  
Chinar Exports (Pvt.) Ltd.,  
101-A, Surya Kiran Building,  
19-Kasturba Gandhi Marg,  
New Delhi - 110001.
13. Shri Binay Kumar, -do-  
Chairman,  
Banaras House Ltd.,  
11th Floor,  
New Delhi House,  
27, Barakhamba Road,  
New Delhi - 110001.

- |  |                  |
|--|------------------|
| 14. Chairman<br>Tata Exports (Pvt.) Ltd.,<br>F-27/4, Okhala Industrial Area,<br>Phase II,<br>New Delhi - 110020.                                 | -do-             |
| 15. Shri Brij Mohan Munjal,<br>Chairman,<br>Hero-Honda Motors Ltd.,<br>34, Community Centre,<br>Basant Lok, Vasant Vihar,<br>New Delhi - 110057. | -do-             |
| 16. Shri G.H. Shah,<br>President,<br>Bharat Chambers of Commerce,<br>Calcutta.   | -do-             |
| 17. President,<br>Federation of Indian Export<br>Organisations,<br>P.H.D. House, 3rd Floor,<br>Opp. Asiad Games Village,<br>New Delhi - 110016.  | -do-             |
| 18. Shri A.R. Mattoo,<br>Carpet Manufacturer & Exporter,<br>Srinagar.  | -do-             |
| 19. Dr. Rakesh Mohan,<br>Economic Adviser,<br>Planning Commission,<br>New Delhi.   | Member Secretary |

## Terms of Reference

1. To assess the importance of manufactured/processed goods export in the industrial growth of the economy.
2. To suggest measures by which export planning can be made an integral part of industrial planning in the country.
3. To assess the present performance of manufactured/ processed goods exports, identifying the key exported items and the reason for their pre-dominance.
4. To identify the constraints inhibiting higher growth of existing exported items and to suggest measures to overcome them. These suggestions may include consideration of improvement in procedures as well as policies.
5. To evolve a strategy for a qualitative expansion in the export of manufactured goods such that manufactured/processed exports may constitute about 10 per cent of GNP by the end of the Eighth Five Year Plan. The strategy may include, **Inter-alia**, consideration of different issues like :
  - Changes in the prevailing fiscal and tariff policy frame work.
  - Means to achieve technology and quality upgradation of export products.
  - Means to improve the marketing infrastructure of Indian products.
  - Identification of markets with greatest potential for export growth.
  - Changes in the administrative structure of governing exports.
  - Industrial location policy affecting exports.
6. To identify major investments and necessary infra-structure for the promotion of exports.
7. To consider ways by which State Governments may also take appropriate measures for export promotion as an integral part of their industrial planning.

The Working Group may coopt such official(s) or non-official(s) as member(s) of the Group as considered necessary.

The expenditure on TA/DA will be borne by the parent Department/Ministry/State/Organisation to which the official belongs. The non-official members of the Working Group will be entitled to TA/DA as permissible to Grade I officer of the Govt. of India and this expenditure will be borne by the Planning Commission.

The Working Group will submit the Report by 31st December, 1988.

Sd/-  
(J.C.Dangwal)  
Director(Admn.)

Copy forwarded to :

- A Chairman and all the members of the Working Group.
  - B. (Adviser(I&M), Planning Commission will be a Special Invitee to all the meetings of the Working Group.)
1. PS to Minister of Planning and Deputy Chairman, Planning Commission.
  2. PS to Minister of State for Planning.
  3. PS to Member (A)/(B)/(C)/(Y)/(S)/(M).
  4. PS to Secretary, Planning Commission.
  5. PS to Special Secretary, Planning Commission.
  6. Ministry of Finance (Plan Finance)
  7. Ministry of Home Affairs.
  8. All Advisers/Heads of Divisions.
  9. All Deputy Advisers/Joint Advisers, I&M Division.
  10. Administration/General Branches, Planning Commission.
  11. Accounts I Branch, Planning Commission.
  12. Information Officer, Planning Commission.
  13. Library, Planning Commission.

Sd/-  
(J.C.Dangwal)  
Director(Admn.)

No. I&M-3(1)/1/88-Exports  
Government of India  
Planning Commission  
(Industry and Minerals Division)

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Yojana Bhavan, Sansad Marg,  
New Delhi, the 2.9.1988

**O R D E R**

**Subject: Constitution of the Working Group on Industrial Planning for Exports.**

Reference Planning Commission Order of even number dated 11th August, 1988, on the above subject.

Shri R.K. Dang, Additional Secretary, Ministry of Commerce, will be a member of the Working Group on Industrial Planning for Exports in place of Shri Murlidharan, Additional Secretary, Ministry of Commerce.

Sd/-  
(J.C.Dangwal)  
Director(Admn.)

Copy forwarded to :

Chairman and all the members of the Working Group.

Copy also forwarded to :

1. PS to Minister of Planning and Deputy Chairman, Planning Commission.
2. PS to Minister of State for Planning.
3. PS to Member (A)/(B)/(C)/(Y)/(S)/(M).
4. PS to Secretary, Planning Commission.
5. PS to Special Secretary, Planning Commission.
6. Ministry of Finance (Plan Finance)
7. Ministry of Home Affairs.
8. All Advisers/Heads of Divisions.
9. All Deputy Advisers/Joint Advisers, I&M Division.
10. Administration/General Branches, Planning Commission.
11. Accounts I Branch, Planning Commission.
12. Information Officer, Planning Commission.
13. Library, Planning Commission.
14. PS to Director (I&M), Planning Commission.

Sd/-  
(J.C.Dangwal)  
Director(Admn.)

No. I&M-3(1)/1/88-Exports  
Government of India  
Planning Commission  
(Industry and Minerals Division)

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Yojana Bhavan, Sansad Marg,  
New Delhi, the 7-10-1988

**O R D E R**

Subject: Constitution of the Working Group on Industrial Planning for Exports.

In partial modification of Planning Commission's order of even number dated 11th August, 1988 on the above mentioned subject, it has been decided that Shri R.P. Jhalani, Managing Director, Jhalani Tools India Pvt. Ltd., will also be a member of the Working Group on Industrial Planning for Exports.

Sd/-  
(J.C.Dangwal)  
Director(Admn.)

Copy forwarded to :

Shri R.P. Jhalani along with a copy of Planning Commission Order of even No. dated 11th August, 1988. Chairman and all other members of the Working Group.

Copy also forwarded to :

1. PS to Minister of Planning and Deputy Chairman, Planning Commission.
2. PS to Minister of State for Planning.
3. PS to Member (A)/(B)/(C)/(Y)/(S)/(M).
4. PS to Secretary, Planning Commission.
5. PS to Special Secretary, Planning Commission.
6. Ministry of Finance (Plan Finance)
7. Ministry of Home Affairs.
8. All Advisers/Heads of Divisions.
9. All Deputy Advisers/Joint Advisers, I&M Division.
10. Administration/General Branches, Planning Commission.
11. Accounts I Branch, Planning Commission.
12. Information Officer, Planning Commission.
13. Library, Planning Commission.
14. PS to Director (Adm), Planning Commission.

Sd/-  
(J.C.Dangwal)  
Director(Admn.)

No. I&M-3(1)/1/88-Exports  
Government of India  
Planning Commission  
(Industry and Minerals Division)

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Yojana Bhavan, Sansad Marg,  
New Delhi, 21 September, 1988.

**O R D E R**

**Subject: Constitution of the Working Group on Industrial Planning for Exports.**

-----  
In partial modification of Planning Commission's order of even number dated 11th August, 1988 on the above mentioned subject, it has been decided that Shri R.L. Misra, Chief Controller of Imports and Exports will also be a member of the Working Group on Industrial Planning for Exports.

Sd/-  
(J.C.Dangwal)  
Director(Admn.)

Copy forwarded to :

1. Shri R.L.Misra, Chief Controller, Imports & Exports, Udyog Bhavan, New Delhi along with a copy of Order No. I&M-3(1)/1/88-Exports dated 11.8.1988.
2. Chairman and all other members of the Working Group.

Copy also forwarded to :

1. PS to Minister of Planning and Deputy Chairman, Planning Commission.
2. PS to Minister of State for Planning.
3. PS to Member (A)/(B)/(C)/(Y)/(S)/(M).
4. PS to Secretary, Planning Commission.
5. PS to Special Secretary, Planning Commission.
6. Ministry of Finance (Plan Finance)
7. Ministry of Home Affairs.
8. All Advisers/Heads of Divisions.
9. All Deputy Advisers/Joint Advisers, I&M Division.
10. Administration/General Branches, Planning Commission.
11. Accounts I Branch, Planning Commission.
12. Information Officer, Planning Commission.
13. Library, Planning Commission.
14. PS to Director (Adm), Planning Commission.

Sd/-  
(J.C.Dangwal)  
Director(Admn.)

No. I&M-3(1)/1/88-Exports  
Government of India  
Planning Commission  
(Industry and Minerals Division)

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Yojana Bhavan, Sansad Marg,  
New Delhi, 20 Feb., 1989.

**O R D E R**

**Subject: Working Group on Industrial Planning for Exports.**

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In continuation to Planning Commission's Order of even number dated 11th August 1988 on the subject mentioned above, it has been decided to extend the date of submitting of the report by the Working Group on Industrial Planning for Exports upto 30th April, 1989.

Sd/-  
(J.C.Dangwal)  
Director(Admn.)

Copy forwarded to :

1. Chairman of the Working Group
2. Chairman of Sub-groups.
3. All the members of the Working Group.
4. Adviser (I&M), Planning Commission.

Copy also forwarded to :

1. PS to Minister of Planning and Deputy Chairman, Planning Commission.
2. PS to Minister of State for Planning.
3. PS to Member (A)/(B)/(C)/(Y)/(S)/(M).
4. PS to Secretary, Planning Commission.
5. PS to Special Secretary, Planning Commission.
6. Ministry of Finance (Plan Finance)
7. Ministry of Home Affairs.
8. All Advisers/Heads of Divisions.
9. All Deputy Advisers/Joint Advisers, I&M Division.
10. Administration/General Branches, Planning Commission.
11. Accounts I Branch, Planning Commission.
12. Information Officer, Planning Commission.
13. Library, Planning Commission.
14. PS to Director (Adm), Planning Commission.

Sd/-  
(J.C.Dangwal)  
Director(Admn.)

No. I&M-3(1)/1/88-Exports  
Government of India  
Planning Commission  
(Industry and Minerals Division)

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Yojana Bhavan, Sansad Marg,  
New Delhi, 3rd October, 1988.

**Subject:** Setting up of nine Sub-Groups as per decision of the first meeting of the Working Group on Industrial Planning for Exports held on 9.9.1988 at Yojana Bhavan, New Delhi, under Chairmanship of Dr. A.S. Ganguly.

-----

The Working Group on the above subject decided to set up nine Sub-Groups in their first meeting held on 9-9-1988 which would produce initial reports by the middle of November 1988 for the Steering Group on Industrial Exports. The Sub-Groups and their proposed Chairman are as follows :

- |  |   |
|--|---|
| 1. Engineering                             | Shri D.V. Kapoor  |
| 2. Agri Products and Processed Food        | Shri P. Murari,<br>Secretary, Food Processing                               |
| 3. Labour Intensive Light Industry         | Shri J.S. Khurana,<br>Director General, AEPC.                               |
| 4. Incentive Regime and Fiscal Policy      | Shri Kalyan Banerjee,<br>Chairman, Exim Bank.                               |
| 5. Industrial Policy and Capacity Planning | Shri A.V. Ganesan,<br>Addt. Secy., M/o. Industry.                           |
| 6. Procedure and Documentation             | Shri R.L. Misra,<br>C.C.I & E.  |
| 7. Marketing Development                   | Shri R. Gopalakrishnan,<br>Vice President,<br>Hindustan Lever Ltd., Bombay. |

- |                              |  |
|------------------------------|--|
| 8. Electronics and Software  | Shri P.B. Habalkar,<br>Tata Unisys.                                  |
| 9. Role of State Governments | Shri Surinder Singh,<br>Principal Secretary(Ind.),<br>Uttar Pradesh. |

The Chairman of the Sub-Groups will nominate the members in each group.

The expenditure on TA/DA of the official members in connection with the meeting of the sub-groups will be borne by the Parent Department/ Ministry/Organisations. The expenditure, if any, in the respect of non-official members will be borne by the Planning Commission. They will be entitled to TA/DA as permissible to Grade I officers of Government of India. . . . .

Sd/-  
(Rakesh Mohan)  
Economic Adviser &  
Member Secretary.

To

- (i). Chairman of Sub-Groups.
- (ii). Chairman and all the members of the Working Group.

Copy also forwarded to :

1. PS to Minister of Planning and Deputy Chairman, Planning Commission.
2. PS to Minister of State for Planning.
3. PS to Member (A)/(B)/(C)/(Y)/(S)/(M).
4. PS to Secretary, Planning Commission.
5. PS to Special Secretary, Planning Commission.
6. Ministry of Finance (Plan Finance)
7. Ministry of Home Affairs.
8. All Advisers/Heads of Divisions.
9. All Deputy Advisers/Joint Advisers, I&M Division.
10. Administration/General Branches, Planning Commission.
11. Accounts I Branch, Planning Commission.
12. Information Officer, Planning Commission.
13. Library, Planning Commission.
14. PS to Director (Adm), Planning Commission.

Sd/-  
(Rakesh Mohan)  
Economic Adviser &  
Member Secretary.

No. I&M-3(1)/1/88-Exports  
Government of India  
Planning Commission  
(Industry and Minerals Division)

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Yojana Bhavan, Sansad Marg,  
New Delhi, 24th October, 1988.

**ORDER**

**Subject: Setting up of the Sub-Group on "Engineering Goods".**

As per decision of the first meeting of the Working Group on Industrial Planning for Exports held under Chairmanship of Dr. A.S. Ganguly on 9th September 1988, it has been decided to set up a Sub-Group on the above subject. The composition of the Sub-Group is as under:-

Shri D.V. Kapur  
Apartment No. 405  
Aradhana Apartment  
Sector 13, R.K. Puram  
New Delhi.

..... Chairman .....

Shri Tarun Das  
Director General  
Confederation of Engineering Industry  
Institutional Area, Lodhi Road  
New Delhi - 110003

..... Member .....

Shri B.M. Munjal  
Chairman  
Hero Honda Motors Ltd.  
34 Community Centre  
Basant Lok, Vasant Vihar

New Delhi - 11057	..... Member .....
Shri J.N. Rajan	
Joint Secretary	
Ministry of Commerce	
Udyog Bhavan	
New Delhi	..... Member .....
Shri M.C. Saha	
Chairman	
NEJPHA Steels Ltd.	
25, Netaji Subash Road	
Calcutta - 700001	.... Member .....
Shri P.K. Guhathakurta	
General Manager	
International Operation	
Integrated Office Complex	
Lodhi Road, New Delhi 110003	.... Member .....
Shri K.J. Reddy, Jt. Secretary	
Min. of Industry, Udyog Bhavan	
New Delhi - 110001	..... Member .....
Shri J. Ramesh	
Officer on Spl. Duty	
Planning Commission	..... Member .....

The expenditure on TA/DA of the official members in connection with the meeting of the sub-groups will be borne by the Parent Department/Ministry/Organisations. The expenditure, if any, in the respect of non-official member will be borne by the Planning Commission, as per rules and regulations of TA/DA as applicable to Grade I officers of Government of India. All future correspondence of the sub-Group in this regard may please be addressed to Member-Secretary of the Sub-Group.

The Sub-Group will submit the report by December, 1st 1988.

Sd/-  
(Rakesh Mohan)  
Economic Adviser &  
Member Secretary.

Copy forwarded to :

- A. The Chairman, Working Group on Industrial Exports.
- B. Chairman of Sub-Group.
- C. All the members of the Sub-Group.

Copy also forwarded to :

- 1. Director Administration
- 2. PS to Minister of Planning and Deputy Chairman, Planning Commission.
- 3. PS to Minister of State for Planning.
- 4. PS to Member (A)/(B)/(C)/(Y)/(S)/(M).
- 5. PS to Secretary, Planning Commission.
- 6. PS to Special Secretary, Planning Commission.
- 7. Ministry of Finance (Plan Finance)
- 8. Ministry of Home Affairs.
- 9. All Advisers/Heads of Divisions.
- 10. All Joint Advisers/Deputy Advisers, I&M Division.
- 11. Administration/General Branches, Planning Commission.
- 12. Accounts I Branch, Planning Commission.
- 13. Information Officer, Planning Commission.
- 14. Library, Planning Commission.

No. I&M-3(1)1/88-Exports  
Government of India  
( I&M Division )

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Yojana Bhavan, Sansad Marg,  
New Delhi, 26th October, 1988.

## O R D E R

**Subject : Setting up of the Sub-Group on Agri-Products and Processed Foods.**

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As per decision of the first meeting of the Working Group on Industrial Planning for Exports held under Chairmanship of Dr.A.S. Ganguly on 9th September, 1988, it has been decided to set up a sub-group on the above subject. The composition of the Sub-Group is as under:-

Shri P. Murari  
Secretary  
Ministry of Food Processing Industries  
Transport Bhavan, New Delhi. - Chairman -

Shri Gopalakrishnan  
Vice-President  
Hindustan Lever Ltd.  
Backbay Reclamation  
Bombay - Member -

Shri M R Sivaraman  
Joint Secretary  
Ministry of Commerce  
Udyog Bhavan  
New Delhi

Shri. G.S. Ramachandra  
United Breweries  
Bangalore - Member -

Shri Man Mohan Attawar  
Indo-American Hybrid Seed Company  
Bangalore - Member -

Shri Razhack Bai Allana  
Allana Brothers  
New Delhi - Member -

Shri Cherian  
Vice-Chairman  
MPEDA, Cochin - Member -

Shri K.M. Chandrashekar  
Chairman  
Spices Board, Cochin. - Member -

Shri M.S. Gill  
Addl. Chief Secretary  
Govt. of Punjab  
16/5, Chandigarh - Member -

The expenditure on TA/DA of the official members in connection with the meeting of the sub-groups will be borne by the Parent Department/ Ministry/Organisations. The expenditure, if any, in the respect of non-official member will be borne by the Planning Commission, as per rules and regulations of TA/DA as applicable to Grade I officers of Government of India. All future correspondence of the sub-Group in this regard may please be addressed to Chairman of the Sub-Group.

The Sub-Group will submit the report by December, 1st 1988.

Sd/-  
(Rakesh Mohan)  
Economic Adviser &  
Member Secretary.

Copy forwarded to :

- A. The Chairman, Working Group on Industrial Exports.
- B. Chairman of Sub-Group.
- C. All the members of the Sub-Group.

Copy also forwarded to :

1. Director Administration
2. PS to Minister of Planning and Deputy Chairman, Planning Commission.
3. PS to Minister of State for Planning.
4. PS to Member (A)/(B)/(C)/(Y)/(S)/(M).
5. PS to Secretary, Planning Commission.
6. PS to Special Secretary, Planning Commission.
7. Ministry of Finance (Plan Finance)
8. Ministry of Home Affairs.
9. All Advisers/Heads of Divisions.
10. All Joint Advisers/Deputy Advisers, I&M Division.
11. Administration/General Branches, Planning Commission.
12. Accounts Branch I, Planning Commission.
13. Information Officer, Planning Commission.
14. Library, Planning Commission.

No. I&M-3(1)1/88-Exports  
Government of India  
( I&M Division )

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Yojana Bhavan, Sansad Marg,  
Dated the 26th October, 1988.

**O R D E R**

**Subject : Setting up of the Sub-Group on 'Labour Intensive Light Industry'.**

-----

As per decision of the first meeting of the Working Group on Industrial Planning for Exports held under Chairmanship of Dr.A.S. Ganguly on 9th September, 1988, it has been decided to set up a sub-group on the above subject. The composition of the Sub-Group is as under:-

Shri I.J.S. Khurana - Chairman -  
Director General  
Apparel Export Promotion Council  
58, Nehru Place, New Delhi - 110019

Shri Mahmud Hashim, Chairman  
Council of Leather Exports  
Leather Centre, 53 Sydenhans Road  
Madras-3 - Member -

Shri Binay Kumar  
Chairman  
Banaras House Limited  
11th Floor, New Delhi House  
27 Barakhamba Road, New Delhi - Member -

Shri K. Mohan Chandran  
Secretary  
Industries, Energy and Labour  
New Administrative Building  
Mantralaya, Bombay - 400 032 - Member -

Shri Jatin R. Mehta

Chairman

Gem & Jewellery Export Promotion Council

C/o. Suraj Diamond (India) Ltd.

151/2/3/'C' Mittal Court,

Nariman Point, Bombay - 400021

- Member -

Dr. Rakesh Mohan

Economic Adviser, Planning Commission

Yojana Bhavan, New Delhi - 110001

- Member -

.....  
Shri J.D. Chaturvedi

Joint Adviser(I&M), Planning Commission

Yojana Bhavan, Sansad Marg,

New Delhi 110001

- Member -

The expenditure on TA/DA of the official members in connection with the meeting of the sub-groups will be borne by the Parent Department/Ministry/Organisations. The expenditure, if any, in the respect of non-official member will be borne by the Planning Commission, as per rules and regulation to TA/DA as applicable to Grade I officers of Government of India. All future correspon-dence of the sub-Group in this regard may please be addressed to Chairman of the Sub-Group.

The Sub-Group will submit the report by December, 1st 1988.

Sd/-

(Dr Rakesh Mohan)  
Economic Adviser &  
Member Secretary.

Copy forwarded to :

- A. The Chairman, Working Group on Industrial Exports.
- B. Chairman of Sub-Group.
- C. All the members of the Sub-Group.

Copy also forwarded to :

1. Director Administration
2. PS to Minister of Planning and Deputy Chairman, Planning Commission.
3. PS to Minister of State for Planning.
4. PS to Member (A)/(B)/(C)/(Y)/(S)/(M).
5. PS to Secretary, Planning Commission.
6. PS to Special Secretary, Planning Commission.
7. Ministry of Finance (Plan Finance)
8. Ministry of Home Affairs.
9. All Advisers/Heads of Divisions.
10. All Deputy Advisers/Joint Advisers, I&M Division.
11. Administration/General Branches, Planning Commission.
12. Accounts I Branch, Planning Commission.
13. Information Officer, Planning Commission.
14. Library, Planning Commission.

No. I&M-3(1)1/88-Exports  
Government of India  
Planning Commission  
( I&M Division )

\*\*\*\*

Yojana Bhavan, Sansad Marg,  
New Delhi, dated 28-10-1988.

## **O R D E R**

**Subject : Setting up of the Sub-Group on 'Incentive Regime and Fiscal Policy'.**

As per decision of the first meeting of the Working Group on Industrial Planning for Exports held under Chairmanship of Dr.A.S. Ganguly on 9th September, 1988, it has been decided to set up a sub-group on the above subject. The composition of the Sub-Group is as under:-

Dr. Shankar N. Acharya  
Economic Adviser  
Ministry of Finance, Dept.of Eco.Affairs  
North Block, New Delhi  
- Chairman -

Dr. Rakesh Mohan  
Economic Adviser  
Planning Commission.  
- Member -

Dr. Surinder Kapur  
Vice-Chairman & M.D.  
Bharat Gears Limited  
Bombay  
- Member -

Prof. Deepak Nayyar  
Prof. in Economics  
Centre for Economic Studies and Planning  
J.N.U., New Delhi.  
- Member -

Dr. Narahari Rao, Addl. Eco. Adviser  
Ministry of Commerce, New Delhi

- Member -

Shri Tarun Das, Director General  
Confederation of Engineering Industry  
23-26, Institutional Area, Lodhi Road  
New Delhi

- Member -

The expenditure on TA/DA of the official members in connection with the meeting of the sub-groups will be borne by the Parent Department/Ministry/Organisations. The expenditure, if any, in the respect of non-official member will be borne by the Planning Commission, as per rules and regulations to TA/DA as applicable to Grade I officers of Government of India. All future correspondence of the sub-Group in this regard may please be addressed to the Chairman of the Sub-Group.

The Sub-Group will submit the report by December, 1st 1988.

Sd/-

(Dr Rakesh Mohan)  
Economic Adviser &  
Member Secretary.

Copy forwarded to :

- A. The Chairman, Working Group on Industrial Exports.
- B. Chairman of Sub-Group.
- C. All the members of the Sub-Group.

Copy also forwarded to :

1. Director Administration
2. PS to Minister of Planning and Deputy Chairman, Planning Commission.
3. PS to Minister of State for Planning.
4. PS to Member (A)/(B)/(C)/(Y)/(S)/(M).
5. PS to Secretary, Planning Commission.
6. PS to Special Secretary, Planning Commission.
7. Ministry of Finance , North Block, New Delhi
8. Ministry of Home Affairs, New Delhi
9. All Advisers/Heads of Divisions.
10. All Joint Advisers/Deputy Advisers, I&M Division.
11. Administration/General Branches, Planning Commission.
12. Accounts I Branch, Planning Commission.
13. Information Officer, Planning Commission.
14. Library, Planning Commission.

No. I&M-3(1)1/88-Exports

Government of India

( I&M Division )

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Yojana Bhavan, Sansad Marg,

Dated the 25th October, 1988.

### **O R D E R**

**Subject : Setting up of the Sub-Group on Industrial Policy and  
Capacity Planning.**

As per decision of the first meeting of the Working Group on Industrial Planning for Exports held under Chairmanship of Dr.A.S. Ganguly on 9th September, 1988, it has been decided to set up a sub-group on the above subject. The composition of the Sub-Group is as under:-

Shri A.V. Ganesan - Chairman -

Addl. Secretary

Deptt. of Industrial Development

Ministry of Industry , Udyog Bhavan, New Delhi 110001

Shri D.H. Pai Panandhikar

Secretary General

FICCI, Federation House

Tansen Marg, New Delhi 110001 - Member -

Shri Tarun Das, Director General

Confederation of Engineering

Industry, Institutional Area

Lodhi Road, New Delhi 110003 - Member -

Shri B.P. Gunaji

Secretary General

The Associated Chambers of

Commerce and Industry of India

Allahabad Bank Building 17, Parliament Street

New Delhi 110001 - Member -

Shri R.P. Jhalani , Managing Director  
Jhalani Tools India Pvt. Ltd.  
Gedore House, 51-52 Nehru Palace  
P.O.Box 4315, New Delhi 110019

- Member -

Shri B.D. Jethra, Addl. Adviser (I&M)  
Planning Commission

- Member -

The expenditure on TA/DA of the official members in connection with the meeting of the sub-groups will be borne by the Parent Department/Ministry/Organisations. The expenditure, if any, in the respect of non-official member will be borne by the Planning Commission, as per rules and regulations of TA/DA as applicable to Grade I officers of Government of India. All future correspondence of the sub-Group in this regard may please be addressed to Member-Secretary of the Sub-Group.

The Sub-Group will submit the report by December, 1st 1988.

Sd/-  
(Rakesh Mohan)  
Economic Adviser &  
Member Secretary.

Copy forwarded to :

- A. The Chairman, Working Group on Industrial Exports.
- B. Chairman of Sub-Group.
- C. All the members of the Sub-Group.

Copy also forwarded to :

1. Director Administration
2. PS to Minister of Planning and Deputy Chairman, Planning Commission.
3. PS to Minister of State for Planning.
4. PS to Member (A)/(B)/(C)/(Y)/(S)/(M).
5. PS to Secretary, Planning Commission.
6. PS to Special Secretary, Planning Commission.
7. Ministry of Finance (Plan Finance)
8. Ministry of Home Affairs.
9. All Advisers/Heads of Divisions.
10. All Deputy Advisers/Joint Advisers, I&M Division.
11. Administration/General Branches, Planning Commission.
12. Accounts I Branch, Planning Commission.
13. Information Officer, Planning Commission.
14. Library, Planning Commission.

No. I&M-3(1)1/88-Electronics and Software  
Government of India  
Planning Commission (Industry and Mineral Division)

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Yojana Bhavan, Sansad Marg,  
Dated the 12th October, 1988.

**O R D E R**

**Subject : Setting up of the Sub-Group on Electronics and Software.**

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As per decision of the first meeting of the Working Group on Industrial Planning for Exports held under Chairmanship of Dr.A.S. Ganguly on 9th September, 1988, it has been decided to set up a sub-group on the above subject. The composition of the Sub-Group is as under:-

Shri Prakash G. Hebalkar  
Senior Vice President  
New Business Unit  
Tata Unisys Ltd.  
Manish Commercial Centre  
Worli, Bombay 400 023

- Chairman

Mr. Manu R. Chhabria  
Chairman  
Orson Electronics  
Arcadia, Nariman Point  
Bombay 400 021

- Member

Mr. R.G. Chopra  
Additional Director  
Dept. of Electronics  
Lok Nayak Bhavan, 3rd floor  
Khan Market, New Delhi 110003

- Member

Mr. Virendra Mohan  
Managing Director  
Semi-Conductor Complex  
Phase VIII, Sas Nagar-160059

- Member

Mr. S.K. Mukherjee  
Managing Director  
Nelco  
Mahakali Caves Road  
Chakala, Andheri (East)  
Bombay 400093 - Member

Mr. Parakeshwar Nilkant  
Director  
Siemens Ltd.  
134-A, Dr A B Road, Worli  
Bombay 400 018, - Member

The Managing Director  
PEICO  
Dr A B Road,  
Shivsagar Estate  
Worli, Bombay 400 018 - Member

Dr. Bishnu D. Pradhan  
General Manager (Electronics)  
Tata Electronics Cos (R&D)  
42, Saki Vihar Road  
Andheri (East), Bombay 400 072 - Member

Mr. Prem Shivdasani  
Former President  
ICIM  
Business India Office  
Nirmal, Nariman Point  
Bombay 400 021 - Member

Mr. Hement Sonawala  
Managing Director  
Hinditron Services Pvt. Ltd.  
69/A L Jagmohandas Marg  
Bombay 400 006 - Member

Dr. Arvind Virmani  
Economic Adviser  
Planning Commission  
Yojana Bhavan  
Sansad Marg, New Delhi

- Member

The expenditure on TA/DA of the official members in connection with the meeting of the sub-groups will be borne by the Parent Department/ Ministry/Organisations. The expenditure, if any, in the respect of non-official member will be borne by the Planning Commission, as per rules and regulation of TA/DA as applicable to Grade I officers of Government of India. All future correspondence of the sub-Group in this regard may please be addressed to Chairman of the Sub-Group.

The Sub-Group will submit the report at the mid of November, 1988.

Sd/-

(Rakesh Mohan)  
Economic Adviser &  
Member Secretary.

Copy forwarded to :

- a) Chairman, Working Group on Industrial Exports  
Dr.A.S. Ganguly  
Chairman  
Hindustan Lever Ltd.  
Hindustan Lever House  
165/166 Backbay Reclamation  
Bombay 20
- b) Chairman of the Sub-Group  
Shri Prakash G Hebalkar  
Senior Vice President  
New Business Unit  
Tata Unisys Ltd  
Manish Commercial Centre  
216-A, Dr. Annie Besant Road  
Worli, Bombay - 400 025
- c) All the Members of the Sub-group.

Copy also forwarded to :

1. PS to Minister of Planning and Deputy Chairman, Planning Commission.
2. PS to Minister of State for Planning.
3. PS to Member (A)/(B)/(C)/(Y)/(S)/(M).
4. PS to Secretary, Planning Commission.
5. PS to Special Secretary, Planning Commission.
6. Ministry of Finance (Plan Finance)
7. Ministry of Home Affairs.
8. All Advisers/Heads of Divisions.
9. All Deputy Advisers/Joint Advisers, I&M Division.
10. Administration/General Branches, Planning Commission.
11. Accounts I Branch, Planning Commission.
12. Information Officer, Planning Commission.
13. Library, Planning Commission.
14. PS to Director (Adm), Planning Commission

No. I&M-3(1)1/88-Role of State Govt.  
Government of India  
Planning Commission ( I&M Division )

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Yojana Bhavan, Sansad Marg,  
Dated the 25th October, 1988.

**O R D E R**

**Subject :** Setting up of the Sub-Group on "Role of State Government" in respect of Export Promotion.

-----  
As per decision of the first meeting of the Working Group on Industrial Planning for Exports held under Chairmanship of Dr.A.S. Ganguly on 9th September, 1988, it has been decided to set up a sub-group on the above subject. The composition of the Sub-Group is as under:-

Shri Surendra Singh - Chairman  
Principal Secretary, Industries  
UP Government, Lucknow.

Shri S G Kale - Member  
Secretary, Industries, Energy & Labour  
Government of Maharashtra  
New Administrative Building  
Mantralaya  
Bombay - 400 032

Shri Shiv Raman - Member  
Jt. Secretary  
M/o Commerce

Shri B.P. Gunaji - Member  
Secretary General  
Assocham,  
Allahabad Bank Building  
17, Parliament Street, 2nd floor,

NEW DELHI

Shri M.L. Kaul,  
President

- Member

Kandla Free Trade Zone  
Industries Association.

Shri V Narayanan

-Member

Chairman & Managing Directt  
Pond's (India) Ltd.  
26-Commander-in-Chief Road  
Madras 600 105.

Shri D Rajagopalan  
Joint Chief Controller of  
Imports & Exports  
New Delhi

- Member

Shri R K Mittal  
Managing Director  
U.P. Export Corporation  
B-27 Sarvodaya Nagar,  
Kanpur

Member-Secretary

The expenditure on TA/DA of the official members in connection with the meeting of the sub-groups will be borne by the Parent Department/Ministry/Organisations. The expenditure, if any, in the respect of non-official member will be borne by the Planning Commission, as per rules and regulations of TA/DA as applicable to Grade I officers of Government of India. All future correspon-dence of the sub-Group in this regard may please be addressed to Member-Secretary of the Sub-Group.

The Sub-Group will submit the report at mid of November, 1984.

Sd/-

(Rakesh Mohan)

Economic Adviser &  
Member Secretary.

Copy forwarded to :

- A. The Chairman, Working Group on Industrial Exports.
- B. Chairman of Sub-Group.
- C. All the members of the Sub-Group.

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- 6. PS to Special Secretary, Planning Commission.
- 7. Ministry of Finance (Plan Finance)
- 8. Ministry of Home Affairs.
- 9. All Advisers/Heads of Divisions.
- 10. All Deputy Advisers/Joint Advisers, I&M Division.
- 11. Administration/General Branches, Planning Commission.
- 12. Accounts I Branch, Planning Commission.
- 13. Information Officer, Planning Commission.
- 14. Library, Planning Commission.

