CHAPTER IV

ROLE OF STATE GOVERNMENTS IN EXPORT PROMOTION
Export promotion is a central subject in India. The Union Government is responsible for planning, directing, regulating, promoting, coordinating and evaluating various policies connected with exports and imports. The foreign exchange earned is wholly accrued to national exchequer.

All the export promotion schemes are entirely handled by the union. Besides the Ministry of Commerce, various other institutions are in formulation and implementation of policies. All these organs are directly or indirectly connected with the Government of India. Some of the organs are:

(i) The Indian Diplomatic Missions,
(ii) the office of the Chief Controller of Imports & exports.
(iii) Commodity-oriented organisation comprising of: 17 Export Promotion Councils; 6 Boards and 1 Expert Development Authority.
(iv) Department of Commercial Intelligence.
(v) Indian institute of Foreign Trade
(vi) Institution of packaging
(vii) Trade Fair Authority

The activities involved in export promotion are also handled by the central government. The trade negotiations, bilateral agreements, buyer-seller meets, fairs and exhibitions are under the direct control of the Central Government.

Therefore, the State Governments do not feel involved in the export efforts. On the other hand, the State governments, feel that a certain amount of effort and expenditure involved on their part in providing the infrastructure particularly in the agriculture and small-scale sector, is not duly recognised and rewarded by the Central government.

Hence there is every need to evolve a system wherein the State government is given adequate opportunities for involvement in the export effort at all stages from production processing to marketing.

A sub-group of Planning Commission has rightly recognised that if the trend of adverse balance of payments is to be reversed, the States will have to play a far more crucial role than what it is present.¹

¹ Boating exports - Plan Panel envisages bigger role for State govt. Financial Express - June 1, 1989, p.3.
sub-group\textsuperscript{2} identified the following major spheres in export promotion where State governments can make an effective contribution are: development of infrastructure like land, water and power, financing in small sector, fiscal reliefs in octroi, sales tax and other levies, instant relief to the exporting units dragged into industrial unrest, warehousing facilities, participation in international trade fairs and exhibitions, disseminating commercial intelligence to various export industries, technical assistance for product development as well as quality improvement of export oriented units, regulation of farm lands keeping in view the role of land in the field of export and recognition of exporters.

There is also the need for better coordination between the Centre and the States and for more guidance from Central organisations. For this, the sub-group of planning commission has suggested that in the Commerce Ministry of Union, States should be assigned to joint secretaries for liaison work. Most important suggestion by the sub-group is that 10 per cent of foreign exchange earned as a result of export from a particular state should be placed at the disposal of the State government. Whereas

\textsuperscript{2} Ibid., p. 4.
Dr. D.V. Kapur Committee constituted by the federation of Indian Chamber of Commerce and Industry (FICCI) suggests that the states should be made eligible for 15 per cent of forex.3

The State Government should also be given the freedom to send their officers, ministers and corporation officials on foreign tours for export promotion. Agencies like the Trade Development Authority, Trade Fair Authority of India and export promotion councils should recognise the role of Director of Export Promotion in the States and should send their publications and other necessary material to the Director.

EXPORT PROMOTION EFFORT OF A.P.

Establishment of Directorate of Commerce and Export Promotion

A.P. is the first State in the country to give concrete shape to the concept of participation of State government in export promotion, by setting up a separate Directorate for export promotion in April 1966. The Directorate of Commerce and Export Promotion

3. - Boosting exports; States must be given forex as incentive, The Economic Times, Oct, 14, 1989, p. 4.
is a servicing department attends to all non-commercial export promotion activities at the state level.

The Directorate discharges the following functions: identification of the export potential of the state, location of the sources of manufacturing production for this potential, collection of export market intelligence and disseminate it to exporters and potential exporters ensuring better infrastructural facilities for speedy development of exports and rendering assistance to the trade and industry.

At the instance of the Department of Commerce and Export Promotion, the Indian Institute of Foreign Trade conducted an export potential survey of A.P. in 1983, covering 40 products/product groups. The survey found that the share of indirect exports in the total exports is significant. The survey says that the institutional infrastructure for export promotion in the state is rather strong with the Department of Commerce and Export Promotion being the nodal point for servicing local exporters in various fields.

A.P. State Trading Corporation

The A.P. State trading Corporation (APSTC) was set up in 1970 by the Government of Andhra Pradesh as a
private ltd company and later converted into Public limited company with effect from July 1st 1975.

The major activities of the corporation are: export promotion, management of air cargo complex at Hyderabad, importation and distribution of imported items to actual users, clearing and forwarding functions, internal marketing etc.

In carrying out its marketing activities, the SPSTC deals directly with foreign buyers or the contracts are concluded through agencies in the public or private sectors. The commodities for export are procured directly from manufacturers/suppliers in the State. It can also undertake production by establishing manufacturing facilities on its own or in collaboration with private parties or set up subsidiary companies. The orders procured by APSTC may be sub-contracted to any other party with in the State with the corporation providing necessary financial, technical managerial and supervisory assistance.

The corporation also maintains its own godowns at Visakhapatnam port. Private sector exporters are also permitted to use the godowns subject to availability of space.
Though the turnover of the APSTC has risen manifold in recent years, the commodity base of its exports is rather narrow being confined practically to two products, namely, agrobased products and animal and marine products. By far rice is the main item of export by APSTC; the main markets being USSR and Europe. But there is a lot of scope for APSTC to play a major role at least for non-perishable goods. Products where procurement constitutes a major aspect of exports i.e. products produced by small cottage and tiny sectors by relatively more disorganised sectors of the economy where no individual unit, will on its own, be able to meet sizeable orders from abroad and products that are not technologically very complex so that detailed product knowledge is not involved in marketing.

Some of such products which require immediate help by the APSTC are - spices palmyra fibre cashew, leather, handicrafts such as metal wares, woodwares and jewellery meat, processed fruits and vegetables, handloom textiles and essential oils. These are at present exported through the agents at Madras, Bombay etc.

Hyderabad Air Cargo complex

Due to historical reasons many units in the State do not undertake direct exports on their own, but through established merchant exporters in places such as Tuticorin in the case of spices, Madras in case of leather and Bombay in the case of eggs and meat.

One of the important aspect of export trade procedure is the customs clearance facilities at ports of air or sea. So to provide customs clearance facilities Hyderabad Air Cargo Complex was setup in 1977 by the Government of AP. This complex is managed by APSTC. The airport has been declared as Customs Airport for the purpose of loading for export of the following product/product groups, Handicrafts, articles of food of all sorts, whether perishable or otherwise, leather and leather garments, textile fabrics of all sorts, drugs, pharmaceuticals and intermediaries, engineering products, electronic goods, glass and glassware, trade samples, seeds and field supplies of International Crop Research Institute for semi-arid tropics, silver and chemicals.

Till now, as many as 94 units in the State availed of the facilities at Air-cargo complexes.
The major items exported from this compound are fresh fruits, leather and leather and its goods, textile products, handicrafts, chemicals and engineering products. The trade through Hyderabad Airport was increased by 3 times during the period of six years 1974–81 from Rs. 427.5 crores to Rs. 1401.6 crores.

Proposed Free Trade Zone at Visakhapatnam

Visakhapatnam with its well connected infrastructural facilities like rail, road and air is the most suitable place for setting up of free trade zones. It is learnt from that the Central Government has given clearance to become operational for the proposed Free Trade Zone (FTZ) at Visakhapatnam. If the FTZ becomes operational, exports from A.P. are likely to go up substantially.

CONCLUSION

In view of the need for augmenting the foreign exchange earnings, every effort should be made to initiate and involve every productive organisation under the auspices of State governments to contribute their mite to the export growth of our nation.

6. Ibid., p. 6.
ANNEXURE

ORGANISATIONS/INSTITUTIONS CONCERNED WITH EXPORTS IN
ANDHRA PRADESH

(1) The Managing Director
A.P. Small Scale Industries Dev. Corpn. Ltd
P 3-9-58/B, Parishrama Bhavan,
Fateh Maiden, HYDERABAD.

(2) The Managing Director
A.P. Indl. Infrastructure corpn., Ltd.,
5-9-58/B Parishrama Bhavan, Fateh Maiden,
HYDERABAD.

(3) The Managing Director
A.P. State Agro Inds. Corpn., Ltd.,
Bahseerah, HYDERABAD.

(4) The Managing Director
A.P. State Agro Inds. Corpn., Ltd.,
5-9-58/B, Parishrama Bhavan,
HYDERABAD.

(5) The Managing Director
A.P. Forest Dev. Corpn. Limited
8-3-952/6 & 7 Panjaguta,
HYDERABAD 500 004.

(6) The Managing Director
A.P. Mining Corpn. Limited
1-5-480/1 Red Hills, HYDERABAD.

(7) The Managing Director
A.P. State Meat & Poultry Dev. Corpn.,
10-2-127 Shantinagar
HYDERABAD.

(8) The Managing Director,
A.P. State Trading Corpn., Ltd.,
51-10-174, Fateh Maiden Rd.,
HYDERABAD.

(9) The Managing Director
A.P. State Textile Dev. Corpn., Ltd.,
Posnet Bhavan, Tilak Road,
HYDERABAD.
(10) The Managing Director,
Girijan Coop, Corpns. Ltd.,
Maharanipet, VISAKHAPATNAM 530 023.

(11) The Managing Director,
Leather Inds. Dev. Corpns.,
Samrat Complex, 4th Floor, HYDERABAD 1.

(12) The Managing Director,
A.P. Handicrafts Dev. Corpns.,
Pisgah Complex, Nampally, HYDERABAD 1.

(13) The Secretary
Andhra Chamber of Commerce,
68-8, Rashtrapathi Road, Secunderabad.

(14) The Secretary
Federation of A.P. Chamber of Commerce
11-6-841, Red Hills, HYDERABAD 4.

(15) The Secretary
All India Manufacturers Organisation,
6-3-540/8/1, Panjagutta, HYDERABAD 4.

STATE GOVT. DEPARTMENTS

(16) The Commissioner,
Industries Department
Chirag Ali Lane, HYDERABAD.

(17) The Director of Agril. A.P.,
Fateh Maidan Rd., HYDERABAD.

(18) The Director of Animal Husbandry,
Chirag Ali Lane, HYDERABAD.

(19) The Director of Fisheries
Tank Bund Rd., HYDERABAD.

(20) The Director of Textile & Handlooms,
Posnet Bhavan, Tilak Rd., HYDERABAD.

(21) The Director of Sericulture,
Samrat Complex (opp. A.G.'s Office)
HYDERABAD.