CHAPTER TWO

ITEMS OF EXPORT

As has been discussed in the previous chapter, the items of exports are the items which have been exported from India to the United States over the five decades. The mix of such items has been a quite unprecedented combination of traditional agricultural items and regular household items on one hand and high technological product on the other. In fact, the direction of progress chosen by India has made it a technologically advancing country in addition to the chief agricultural country.

THE COMPOSITION OF EXPORTS

There has been a big change in the composition of export of items, but the fact also remains that there are some items which have been exported by India continually since independence. The major exports from India during 1947-1969 the period were Jute Manufactures, tea, coffee, gums and resins, nuts, spices, hides and skins, lac, fish and fish preparations, handicrafts, manganese ore, footwear, silk fabrics, jewellery etc. The major export items during the 1970-1985 were Jute Manufactures, tea, coffee, nuts, spices, jewellery, hides and skins, lac, fish and fish preparations, handicrafts, manganese ore, footwear, silk fabrics etc. From 1985 to the current years, there has not been much of change in the items of export, although the proportions have changed a lot. Among the top export items are Jewellery, Pearls, tea, coffee, fruit and nuts (dried), handicrafts, textiles, organo-inorganic chemicals. Although the items like tea, coffee, leather, footwear, manganese ore, hides and skins are still there but their proportions have varied
over the decades, with some items picking up the on the total percentage of the exports and some losing their proportions. In addition to these common items of export, India has also been engaged in exporting items that can be labelled as seasonal or based on the trends.

**JUTE MANUFACTURES**

Jute manufactures were the major source of imports income earner for India since Independence. Based on the trends in the United States in the late 1940s, it was the single largest consumer of jute products, most of which were supplied by India. India account for 35% exports of jute products to United States in 1947-48 amounting to Rs. 4261 lacs and 54% in 1968-69 totalling a sum of Rs. 11783 lakhs. Exports of Jute cloth to USA declined from the 1945-50 average of 223000 tons to 161000 tons in 1950-51 and 157 thousand tons during the first plan.\(^1\) With the Green Revolution of India which took place in the 1960s and the fact that the jute trend picked up in the United States in the 1960, especially as the backing of the carpets, the exports of jute products from India to United States increased during that time period. In 1966-67, exports to USA touched an all time high of 295000 tons coinciding with the peak in total exports. The increase in case of USA was more than proportionate to the total increase which marked the US share in terms of quantity from 45% during the first plan to 55% in 1967-68.\(^2\) The value of exports to USA declined during the second plan. The decline in the units value realized was responsible for such a situation.

The decrease in the exports of jute by India has been attributed to many reasons. One of the major reasons cited by the historians is that of partition of India and Pakistan...
at the hands of the British. The jute producing areas before the partition lied in the current Pakistan region. With the partition, the immediate result was a reduction in the overall jute production of India. India was able to maintain the supplied for jute exports till the early 1950s and after that there was a decrease in the jute exports. The partition gave Pakistan a major advantage over India in the exports of Jute. Around the year 1955, Pakistan emerged as a major competitor to India. From the 1957 level, the production of jute goods in 1968 rose by 395000 tons in Pakistan as against 39000 tons only in India. As a natural advantage Pakistan enjoyed the largest and the best jute producing belts of the world where as India has to depend on sizable imports with all concomitant drawbacks, uncertainty, inferior quality and higher unit values. Moreover, due to abundance, the cost per ton of jute in Pakistan was quite low than the cost in India which gave Pakistan a competitive edge over India for the exports of jute. The second major reason during the 1950s for a decrease in the jute exports from India was the emergence of the Western and East Asian countries in the area of jute production. With the increase in the jute production of Japan and some western countries posed a competition to India’s exports of jute and as a result the exports of jute from India to the United States decreased in during the late 1950s. 3

Contrary to the expectations of the jute exporters of India, the devaluation of the rupee in the late 1950s did not help in improving the exports of jute and jute manufactures. The increase in the cost of jute manufactures as a result of devaluation was believed to be the major reason for a failed effort to boost the jute exports. In addition to this, Pakistan was also deploying marketing strategies for its own jute export industry. Pakistan provided export incentives to the jute exporters to the tune of 32% of the total

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value of jute and jute manufactures. Due to this the jute producers and exporters focused heavily on the jute manufactures of high quality while keeping the exporting cost in control. The incentive announced by the Pakistan government resulted in low jute prices of Rs. 250 per ton in Hessian and Rs. 175 per ton in sacking which was enough to increase the Pakistan’s export of jute and jute manufactures. This led to a major impact on the Indian jute industry where the increase jute manufacture prices and the lack of incentives to the exporters proved to be detrimental to the growth of the jute trade. To further add to the impact to the jute exports by the devaluation of rupee was the tariffs imposed by the government of India on the jute exports. The already increased prices went further up by the tax and tariffs applied on the exports of jute manufactures. This was not beneficial to the exporters of India and to the importers of the United States who were able to get better quality and yet low priced jute manufactures from Pakistan. Thus the application of tariffs on the jute products almost absolutely neutralized the jute exports to the United States.5

The technical innovations in the packaging industry United States were also believed to be the cause of decrease in the imports of jute manufactures. It in fact posed a substantial threat to the jute’s international market. The paper bags developed by the United States led to the elimination of jute bags. The paper bags were developed in the domestic industry of United States and were a low cost item. This caused a substantial decrease in the exports of jute products from India and other countries as well. But India suffered a greater degree of loss due to increase in the cost of production and the tariffs imposed by the government. Another major innovation of synthetics in the United States was cited as the main reason of jute products in the domestic industry. The carpet
industry in the United States relied heavily on the jute backings in the earlier years. But with the invention and commercial usage of synthetic products in the carpet backing impacted the jute industry in India. The synthetic backing for the carpets resulted in the growth of Industry in the United States, created more employment and above all provided a low-cost initiative to the jute backings which were more exclusive in nature and cost much less, when compared to jute, to the carpet producing companies in the United States.6

A multitude of other small factors also constituted to a substantial decrease in the jute exports by India. Among such reasons were the lack of innovation to develop new products from jute, lack of proper advertising, lack of attractive packing of jute products and the defects in the packaging methods. As the United States market was highly professional during those years, the attractive packing for products was considered a must in order to promote the products effectively. All such factors taken together led to a substantial decrease in the exports of jute and jute manufactures from India to United States.

As jute and jute manufactures were the major items of trade during the 1950s and 1960s and despite facing an overall declining trend due to the onset of synthetics for carpet backings and the paper bags in the consumer market, there were certain key factors that led to an increase in the jute and jute manufactures exports from India to United States. As the synthetics were just emerging in the United States market, its market share in the carpet backings was low as compared to the jute backings. This particular product of the jute manufactures had a big market in the United States. This was further enhanced
by the unprecedented growth in the carpet industry itself in the United States. Along with it the double backing was also becoming very popular in the United States which called for an increase in the exports from India. As a result of these trends the jute backings and double backing enjoyed a near monopolistic situation in the United States carpet industry as the synthetics market was in the evolution stages.

As jute enjoyed the status of a special agricultural commodity largely owing to its importance in the commercial trade and specialized items as well, its exports from India, following that of Pakistan increased in the 1970s. As India had become a self-sufficient economy in terms of agricultural commodities, and with the use of modern technologies of production, India focused on low production cost of the jute manufactures while providing the highest levels of quality. Apart from the raw jute and the most common jute manufactures of carpet backings, India also expanded the product list of jute manufactures that had the characteristics of a traditional product and the trends of the current international markets. The products included Jute Caddies, Jute Shopping bags, Hessian and sacking fabrics, bleached fabrics of jute, jute carpets, jute rugs and mats, jute wool sacks, jute decorative plants, jute tarpaulin, jute blankets and jute fabrics. Clearly, the jute manufactures market had moved towards a traditionally-specialized market and as such created a renewed demand for the jute manufactures in the western countries. The growth in the jute and jute manufactures industry during the 1970s is evident from the fact that India increased the area sown with jute from 571,000 hectares in 1950 to an approximate 1 million hectares in the late 1970s. This trend in the growth continued till the mid 1980s where India had grown the jute cultivation to the sown area of 1.2 million hectares in tune with the increasing international demand of the jute manufactures. The
most important items of interest in the United States were those of jute carpets, jute blankets, jute plants, customized and printed jute bags, and Hessian and sacking fabrics.8

In the 1980s the entire world was experiencing the heights of the cold-war and at the same time the world migrated towards the technological products. India and United States relationship was no exception to the cold war due to their relationships with USSR and Pakistan respectively. The overall trade between the two nations was experiencing a low point. Also the western countries were now more inclined toward the technological products. With the combined effects of the two factors, the traditional items on a broader platform experienced a set back. Due to decreased demand in the jute manufactures, the overall exports from India reduced to a great extent. This trend followed in to the 1990s as well where the demand of jute products shrunk more to the domestic market. With the end of the cold war in the late 1980s and the opening up of India’s economy in the early 1990s, the dimensions of the trade changed with focus on other aspects of trade like the foreign direct investments, opening up of the public sector to the private companies and the other items of trade like computer hardware and software, electronics, jewellery, chemicals and control equipments the trend for the jute business declined further and the jute manufactures formed an overall low percentage of the total exports of India. The exports of jute manufactures to United States formed just 1 percent of the total exports.9

The turn of the century has again witnessed an increase in the jute exports by India. The global production of jute stood at 3.13 million tonnes in the 2002-03 which was 49,000 tonnes less than the year 2001-02. In the year 2001-02, the total exports of jute stood at US $130.28 million and the total jute export to United States stood at

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approximate US$ 18 million. In 2002-2003 India was the largest producer of the jute crops with 64% of the total global production. The total exports of jute and jute manufactures by India were US$190.25 million in 2002-03. 28% of the total exports were consumed by the United States whereas Europe had a 35% share of the total export by India. The major export items from India were Hessian cloth, jute yarn, carpet backing cloth, jute sacking cloth and jute yarn multiple. Although the jute exports from India to United States decreased from the year 2000 to 2001, the same increased in the successive years. As with the changing global trends and the economies being largely dominated by technological items, the traditional items like jute share a very low percentage of trade but the jute producers not only in India but all around the world are making efforts to bring the traditional jute items to the forefront to increase their exports.10

NUTS

The Raw and the dried nuts are one of the major exports items from India to United States since the very beginning. As India officially started trade with United States, the exports of nuts which consisted primarily of cashew increased steadily. The exports of the nuts increased from 28 million pounds in 1950-51 to 42.6 million pounds in 1955-60, thus registering a surmounting increase of more than 50%. The exports of the nuts further went up to 53.8 million pound in 1965-66. Overall, the exports of nuts grew to nearly double over a decade. This trend in increase was however followed a brief reduction in the exports in the year 1967 and then again in 1968-69, the exports of the nuts surged to 59.8 million pounds. Although India’s exports of nuts to United State increased, the relative share of the United States declined successively due to an increase
in exports of nuts from India to USSR. Whereas in 1950-51, the United States had a 79% share of the India’s nuts exports, the share reduced to that of 69% over the period of one decade. It was not only the USSR the exports of nuts increased to, the countries like Canada, Australia and UK were also amongst the countries which favoured India’s nuts. During the time period 1965-66, the United States share plummeted to 54% due to an exceptional increase in exports to Australia and USSR and went further down to 43% in 1966-67. However in the year 1967-68, the United States share of India nuts trade rose to 54%, registering a considerable increase over the past year. Continuing the trend, the United States registered a further increase of 8% share in the exports of nuts by India.11

In the early years of India’s independence, the United States accounted for the highest unit value of the exports by India providing overall high revenues for the cashew trade. The United States imported 90-95% of the total cashew imports from India. Providing an overall high unit rate helped both countries maintain a steady trade flow channel. However there were temporary time-periods like the years 1951, 1957 and 1960 where the unit value was below average. Starting 1955-56, the USSR accounted for higher average value for the cashew exports by India. This automatically led to an increase in the exports of nuts to USSR and resulted in decrease in the exports to the United States. However India’s increasing exports to other countries was not the only reason for decrease in the cashew exports to United States. The international competition increased in the mid 1960s and countries like Brazil started exporting nuts to the United States which reduced the United States share of India’s exports of nuts. In the year 1968, Brazil provided for 6% of United States imports of nuts. The quality of the raw nuts produced in India, supported by the processing of raw nuts, has been one of the major
reasons for higher exports of nuts by India. But in the late 1960s, the emergence of countries like Brazil, Tanzania and Kenya which provided high quality nuts posed a serious competition to India’s exports due to which India’s exports to United States decreased over the time. These countries employed highly mechanized plants to enhance their nut processing capacities in order to get a competitive edge in this market. This led to reduced turn-around times and helped process greater quantities of nuts at lower costs. The reduction in the processing costs helped these nations to sell cheap in the international market whereas the average selling price of India’s nuts remained unchanged which led to reduction in the exports generated by India.

Apart from the international competition, the devaluation of rupee in 1966 also played a major role in the reduction of exports of cashew nuts by India. As most other sectors in the international trade, the devaluation of rupee led to a surge in the cost of import of raw nuts which led to an overall decrease in the exports. With the devaluation of rupee, the production cost of raw nuts at home also got expensive and thus the value of India’s exports was higher than that of the international prices. In addition to this the import prices of packing materials such as tin plates and other packaging materials went up. This led to an overall increase in cashew nut prices of India. The import procedures of packing materials were also very restrictive and prohibitive which affected the cashew nuts trade in a major way.

Although India has been known for the cashew nuts quality which accounted for the highest level of exports, the exporting conditions did not help the cause and the conditions under which the Indian cashew reached the United States were not
satisfactory. Also with the increase of other nuts like almond, walnut, filbert also offered competition to the cashew exports. It was at this point that the exports category of nuts was expanded comprehensively to include other nuts as a part of the nuts trade.

In the 1970s India focused heavily on the industrialization drive which was needed to compete in the international trade. As such the deteriorating condition in the nut trade was contained but the recovery from the reduced capacity was slow. The countries like Kenya, Mozambique and Brazil dominated the international market for most of the decade. As the industrialisation drive continued in India, the nuts industry also implemented machinery to boost the processing of nuts at lower costs while maintaining the quality of the product. As a result the India’s position improved than it was in the late 1960s but the competition and the trade barriers kept India from emerging as a major nuts exporter in the world. Moreover, due to India’s relationships with USSR and United State’s relationship with Pakistan and China both forced the two countries into cold war. As a consequence, the trade between two countries was highly impacted. The successive wars between India and Pakistan also deteriorated the trade between India and United States and the trade in general. Although India continued the exports to USSR and European countries, the major share of around 50% of United States market in the 1950s was reduced to a mere 33% in the 1970s and was taken up by the African nations. The deteriorating trends in the nuts exports by India started to improve in the mid 1980s. The demand for dried and fresh nuts increased in the United States which called for imports of large quantities of nuts. The technological drive of India was also enhanced to meet the growing demands of the world. The machinery induced by India in order to enhance the processing capacities now increased the prospects of nut exports to
the United States. The scenario was also helped by the reduction in the intensity of the
cold war across the globe. The exports surged by India surged again and India once again
became the world leader in the nut exports followed by Vietnam and Brazil. In the 1980s,
India had attained the production capacity of 750,000 tonnes followed by 300,000 tonnes
each for Vietnam and Brazil.15

The 1990s and the new millennium have seen a great increase in the nuts trade.
With the liberalisation of the Indian economy in the 1990s India’s trade has surged to
new heights and India has been the world leader in the exports of nuts. India has also
been the largest exporters of nuts to the United States. Starting in the mid 1990s, India’s
exports of nuts to United States stood at over US $150 million in 1996. The exports of
nuts increased yet higher level of US $165 million in 1998. The year 1999 was marked
with a 79% increase in the exports of nuts from India to the United States with the export
amount standing at US $296 million. The continued high demand of the American market
provided with the good quality and fairly priced nuts have helped India maintain the
competitive edge in the international trade of nuts. In the year 2001, the exports of nuts
were at US $ 224 million. In the year 2004, the exports of the nuts surged again and the
exports increased by 36% over the 2003 level and stood at US $ 261 million. In the year
2005, the nuts exports have been at US $159 million as of June 2005.16

Overall the nuts exports by India to United States have mostly been stable except
for the decades of 1970s and part of 1980s which were largely marked by the deteriorated
relationships between the two countries and during these decades, the overall trade
between the two countries faced a downward trend. Going by the current trend, practices,
packing standards, production standards and the government policies of India, the nuts trade are expected to flourish and maintain the same high levels of nut processing to generate more revenues for India.

TEA

India has been one of the largest exporters of tea in the world. The tea exports were very well established even before the independence of India. In the first year after the independence, that is, in 1947-48 the tea exports to United States amounted to Rs. 480 lakhs. The tea exports rose to the tune of Rs. 795 lakhs in the year 1951-52. The total exports of tea from India and the exports to United States both registered a marked increase from 1947 to 1952 but the total exports had risen more than the exports to the United States. In the year 1954-55, the tea exports worth Rs. 1038 lakhs were made to United States and the total quantity standing at 27 million pounds. From the 1956 to 1960, the tea exports witnessed mixed results. On one hand the total exports of tea from India surged whereas on the other hand, the tea exports to the United States faced a decline. The declining trend in the exports of tea to United States continued into the 1960s and the tea exports to the United States were at one of lowest point with amounts worth Rs. 398 lakhs and the export quantity of 13 million pounds. The year 1966-67 was marked with a slight increase in the tea export to the Unites States with a figure of 15.6 million pounds. The United States remained India’s largest tea customer from 1947 to 1955 and then subsequently moved down to the fifth largest importer of tea from India.17

The years of late 1960s were very decisive for India in terms of international trade. In almost all the sections of trade, India faced a considerable decline in the export
activities. In case of tea exports, the exports declined sharply too including to the United States. In case of United States, the low consumption of tea was supposed to be considered as the major reason of decline in exports of tea. But like many other quantities, the consumption was actually not the major reason for this reduction. A multitude of reason were sought out to ascertain this declining pattern. One of the major reasons that accounted for the marked decline in tea exports was that the export quality of tea consisted 60% of the common tea. Due to an average quality of tea being exported in the international market placed India out of the competition. The second reason for the reduction in exports of tea was the consumption at home. India in itself is a big tea consuming country. Although India had increased the production of tea but the domestic consumption of tea increased proportionally as well which led to the reduced quantities being exported. Also, with the changes in the Indian economy and infrastructure, the average cost of tea production increased significantly. The cost per unit of tea was already high in India and it increased further due to the legislative increases in the labour and wages which marked a surge of 24% since 1960.\textsuperscript{18} The already high costs combined with other increases led to inflated cost per unit of tea which made it really tough to sell in the international market to maintain reasonable margins for the exporters. As against this, the East African countries had shown a considerable increase in the tea export and as such India faced tough competition from such countries along with China which is also one of the largest exporters of tea. The East African countries had no liabilities to pay minimum wages to the workers and thus kept the production costs low. Also with the installation of modern machinery by such countries increased their production capabilities while keeping the cost of production at minimum. To add to this impact the
other reason lied in the packing materials and packaging techniques employed by India. Although India produced good products in comparison to the international standards, the packing material and the packaging techniques were not compatible with the international practices which included a high percentage of graphical methods to make packaging more appealing to the customer. The lack of such initiatives on part of India had a big impact on the exports of tea from India. India also entered into International Tea Agreement according to which the quotas to be exported were fixed and as such India had to export certain minimum quantities to United States up to 1955. But after 1955, in the absence any such agreement, the exports fell sharply. Moreover, due to the innovations like usage of tea bags in 1968, the preference for loose tea fell continuously and as such the exports were reduced significantly due to the lack of new technology and modern machinery.¹⁹

In the case of tea also, it took time for India to regain the lost position in the market. The decades of 1970s and 1980s were marked with the strengthening of the cold war which had impacted nearly every nation of the world. India had three wars with Pakistan in these two decades which impacted the overall trade activities of India. Also India’s growing relationship with USSR and United State’s growing relationship with Pakistan and China were of serious concern to each other. In the wake of all these factors, India’s trade relationship with the United States had undergone a big changes and the decade of 1970s was marked with a very low trade activity between the two. Although India grew technologically and focused on imports of heavy machinery in order to be more competent in the international market, its efforts went futile as the political relationship between the two nations were not concurrent with the trade relationships.
India’s increased exports to the USSR have also been cited as one of the prime factors responsible for a steep reduction in the overall relationship between India and the United States.

Although tea has always been an important export item for India and it was the principal item of export till the 1980 in context to the overall trade. The proportion of the tea exports to United States came after the marine products. The export of tea improved in the mid 1980s when the relationship between the countries took a turn for good. By the end of the 1990 and the disintegration of USSR, the relationship further improved and with it improved the trade channel between the two countries. The share of tea in agricultural exports fell from 40 percent in 1960-61 to roughly 17 percent in the period 1988-1990, and to only 13 percent by 1992-93. The export of tea to United States stood at US $13 million in the year 1996 and increased by 44% to reach US $18 million in the year 1997 and further recorded an increase of 18% in the year 1998. This figure reached a high of US $31 million in the year 2003 by making an increase of 25% over the previous year’s exports of US $24 million. The tea exports remained at around the same level in the year 2004 with a decrease of 2% over the previous year. In the year 2005, India has already exported US $15 million worth of tea to United States till the month of June.  

As with the huge Indian subcontinent population in the United States, the scope of export for Indian tea has even become more wide where India can strategically provide different flavors and styles of tea not only to the immigrant population to the entire North American continent in the years to come.
COFFEE

United States is the largest consumer of various varieties and blends of coffee. The largest producers and exporters of coffee in the world are those of Cambodia, Vietnam and India. These nations have the highest quality of coffee. As of the recent trends, the United States is one of the top ten importers of high quality Indian coffee. After the independence, the major exports done by India were those of tea which was and has been the chief drink of the country for centuries now. The exports of coffee from India started in the year 1958-59 with a small shipment of 1.4 million pounds due to fact that India was not a major producer of coffee in the 1950s and 60s. The export quantities were always under the mark 2 million pounds till 1961. But the year 1962 saw a big change when the quantity of coffee exports increased two fold and reached the mark of 4 million pounds. As the Indian coffee was a high quality product the exports of coffee rose quickly with in a decade’s time and the exports stood at US $16 million in 1967-68. This was an increase of 100% from the year 1965-66. The relative share of United States in India’s coffee exports was of 24% in 1967-68.21

Whereas the United States share of India’s overall exports of coffee was significant, India’s share of the total imports of coffee by United States was insignificant and even with the US $16 million export of coffee to United States, India had a share of only 0.6% of the total United States exports. The unit value realized in the US market remained below the average except in 1960-61.22 While in case of total exports, lower unit values as compared to the previous year went with higher value of exports and vice-versa, price factor does not appear to have influenced the volume of exports to USA.
The major reasons for India’s smaller share in the US coffee market in 1960s were as follows:

1. India was not a major coffee producer and the production was not more than 2% of the world’s total coffee production.23

2. India did not evaluate the importance of coffee exports in till the mid 1950s. It was only in 1957 when India faced foreign exchange crisis that India started focusing on extended export measures and planned to export additional items of importance which could raise the foreign exchange reserves of the country. Thus the exports coincided with the launching of export promotion drive in India and focused on the exports of coffee to some of the largest coffee consumers in the world. As United States was one of the major consumers of coffee and was already a trade partner of India, India initiated the coffee exports drive to United States and the exports rose steadily over the years, although India’s percentage of United States imports of coffee was not significant.

3. One of the restricting legal factors for low initial coffee exports to United States was the agreement signed by India in 1962. India was a signatory of International Coffee Agreement in 1962 and according to this agreement quotas were allotted to the countries for the export of coffee. The share allocated to India was never adequate which hampered the Indian initiative on other factors related to increased level of input for coffee export.24

The quality of coffee beans produced in India has always been of high quality. This has been the single most convincing reason that despite all the barriers to the Indians
exports, the exports of coffee have always been either stable or increasing. The devaluation of rupee in 1966 helped boost the exports of coffee to United States. With the consumption rates high in United States and coffee being a new item from India, initiatives were provided to the exporters which fostered positive response from the coffee producers in India.

Till the late 1980s tea used to be the major export item from India to the United States. With the realization that United States was the major trading partner for India and that the coffee was the most chief drink of United States India’s effort was on the growth of coffee production along with the naturally rich tea plantations. The increased rate of production of high quality coffee combined with the increased consumption in the United States, the exports of coffee to United States surpassed those of exports of tea. In the 1990s however the exports of coffee have seen a declining trend. In the year 1996, the coffee exports were at US $46 million whereas the exports of tea were at US $13 million. In 1997 there was a decline in the coffee exports and the total exports were at US $42 million which was a 9% decrease over the past year. The year 1998 and 1999 saw decrease in the coffee exports and it was in the year 2000 that the coffee exports increased by 67% from 1999 with the total exports of over US $36.5 million. In the year the coffee exports declined drastically by 70% when India exported merely US $11.2 million worth of coffee to the United States. The only year after 2000 when there was an increase in the coffee exports was 2004 when India exported insignificant amounts of coffee to United States standing at US $8.2 million. The current coffee exports level are lower than those of tea where India has exported more than US $30 million worth of tea.
in 2004 and the standing of tea in the year 2005 so far has been better than that of coffee.26

One of the major reasons for the decreasing coffee exports to United States from India is that India is exporting coffee in large quantities to European countries like Italy, Spain, Belgium, Germany and other countries like Russia. The United States, although lists in the top ten customers of Indian coffee, shares a very small percentage of Indian coffee. With the India’s coffee plantation growing and the expansion of the European market, the prospects of expanding into the United States market are as good as they were five decades ago.

SPICES

On one side spices are considered to be the essence of India and on the other hand the United States has been consistently the largest importer of Indian spices. Although spices have not formed a major percentage of overall exports to the United States but has been consistent over the years and the numbers have increased after the immigration of millions of Indian citizens to the United States. The major spices that have been exported to United States over the decades are Pepper, turmeric, celery seeds, cardamoms, chillies, ginger, curry powder, coriander seeds, cumin seeds, garlic, fennel seeds and more. In the year 1951, 53% 27 of the total spices exports from India were to the United States only.

The major item of export among these spices has been Pepper. United States is considered to be the biggest consumer of peppers in the world. From 1947-48 to 1962-63, United States was the biggest customer for Indian pepper. In the year 1961-62 however,
the Indian export of pepper was more to USSR than that of the United States. From 1963 onwards, the USSR remained the biggest importer of pepper which led to reduced exports of pepper to United States. Consequently, the exports of pepper to the United States reduced over the time and in the year 1968-69 the US share in the pepper exports of India was only at 3% as against 68% in 1954-55. In the wake reduced imports of spices from India, United States started importing pepper increasingly from Singapore and Indonesia. With such a trend in place the India’s share of United States pepper import reduced from 73% in 1951 to 28% in 1963 and further down to 5% in 1968.28

India was the biggest producer of pepper in the early1950s and as such was the major exporter also. After the first plan period, as was in other spheres, the production capacities of other countries increased and their share of the world trade also increased where as the India’s production level were sustained and as a result India’s share in the world market reduced. After 1955, the pepper prices set by India were higher than set by other pepper exporting countries which affected India’s share of pepper export. Along with high prices, the export duty imposed by the government made pepper export an expensive affair.29

The other major spices that have been exported by India to the United States are Cardamom, Turmeric, Celery seed and Fennel seed. For most of the trade history of India, Cardamom is the spice India has near-monopoly in. In the 1960s India accounted for 90% of the Cardamom production in the world. India has also been ranked as the world’s largest producer and exporter of chillies. In the fiscal years 1966-67 and 1968-69, India exported between 30 tonnes and 145 tonnes of chillies to the United States. The
Spices Export Promotion council laid down a target of 2000 tonnes chillies export to United States by the year 1971. From the year 1965 onwards, the exports of Chillies to United States increased because of the increased usage of chillies by prepared meats industry and the popularity of Latin American dishes. As such based on the increase in needs, the US demand for chillies increased which was met by India. India has also been the largest single source of supply of celery seed to the United States. In the year 1968, the total quantity exported to United States was greater than that of any earlier years. During the 1959-68 periods, the share of India in the United States market varied between 99% and 84%. United States accounted for more than 60% of India’s spices export. In 1968-69, celery seed outstripped pepper as the biggest item exported to the United States. Less popular and not very much used in the United States turmeric was an average item of export to United States. It was only in the 1960s that India became the largest exporter of turmeric to the United States. In 1968-69, the export of turmeric was next to that of Pepper. In addition to that India has also been a major exporter of fennel seed to the United States and accounted to nearly on third of India’s total exports of spices in 1966-67.30

As with most other items of exports, the prices of the spices affected the exports of spices to United States. In case of peppers, United States paid more than average price for the Indian peppers because of the high quality. With other players like Indonesia coming into the market and the Indian prices remaining the same, the Indian export of peppers to Unites States reduced over the time. After an extended era of cold war and disrupted relationships between the two nations the spices exports also declined a lot and it was only in the mid 1980s that the trade of spices spurred bringing India back on the
international chart of trade. With the fall of power of USSR, the relationship between United States and India took a major turn which opened channels for many opportunities between the two nations.

In the 1990s the spice exports of India increased rapidly. In fact spices have been one of the few categories to experience more than average change in the level of export. The major reason cited for this is the increased immigration of Indian citizens to the United States. In fact it is not only the Indian citizens who have caused an increase in the exports of spices to United States, it is the entire South Asian population including citizens of Bangladesh, Nepal, Pakistan and Sri Lanka who have immigrated in larger numbers to United States and thus have brought about some considerable improvements in exports of certain specific trade items like spices. In the year 1993, an estimated US $50 million worth of spices were exported to the United States. In these years, the composition of spices also changed tremendously. As the South Asian subcontinent is the largest user of different spices, a big number of such spices were added to the exports list. Some of the major spices that were included in the exports were those of ginger, garlic, garam masala, chaat masala, coriander powder and white peppers. The number of Asian immigrants coming to United States increased tremendously when the world was faced with the global issue of Y2K. This changed the complete scenario of international trade not only for India or United States but for the entire world. Going by the same trend, the spice exports market has changed for ever. In the year 1996 and 1997 the spice exports to United States by India were at US $70 million and US $107 million respectively. There was an increase of over 30% in the exports of spices for 1997 over the year 1996. Going further there was an increase of 40% in the exports of spices in 1999 over from the year
1997. Coincidently, 1998 and 1999 were the years when the maximum number of Asians immigrated to the United States.\textsuperscript{31}

As the world leapt into the new millennium, the exports of spices have seen a slow but steady decrease. The major reason for such a trend has been the reduction in the number of immigrants to the United States. The events of September 11, 2001 have been instrumental in deciding the immigrant’s decision to come to United States. On one hand a considerable number of immigrants have reverted back to their native countries and on the other fewer people are now immigrating to the United because of security concerns and the law of United States also makes it difficult for immigrants to settle in the United States. These events have had a considerable impact on the spice exports to United States. In the year 2001 only, the spice exports registered a decline of 34\% over the year 2000. The export figures in the year 2001 were at US $64 million where as in the year 2000 these figures stood at US $97 million. Since 2001, the year 2004 was the only year to register an increase in the exports of spice whereby the exports improved y 17\% over 2003 and amounted to a total of US $58 million. Going by the trend in the year 2005 so far, the spice exports are expected to decline over the year 2004, although the fraction is not expected to be too large.\textsuperscript{32}

Indian spices are likely to face a serious threat from competitors in the years to follow. In the past, the Indian spices market enjoys a clear majority in the international market but the Indian garlic is facing competition from Chinese garlic. Other spices such as ginger, cardamom, pepper, cloves and cinnamon are also facing competition. Ginger from China and Nigeria may pose a potential threat Indian export prospects. Pepper,
cloves and cinnamon produced in Vietnam, Malaysia and Brazil are also an upcoming challenge for India. Thus in order to maintain its position in the market, India must keep on providing high quality spices to the world at reasonable prices and in order to do so, the government of India must take progressive steps to increase the exports of the agricultural products in the international markets at reasonable prices.

MANGANESE ORE

The exports of manganese ore to the United showed a promising increase from 1947 to 1954. After 1954, the exports of the manganese ore to United States experienced more reduction in relation to an overall reduction in the manganese ore exports by India. In the year 1954, the total exports of the manganese ore to United States was valued at Rs. 1652 lakhs. After the year 1954, the exports to United States were faced with continuous fall over the years although the total exports of manganese ore by India showed a marginal increase. In the year 1967-68, contrary to the trend, the exports of the manganese ore to the United states made a considerable improvement and the exports stood at Rs. 114 lakhs which were exceedingly low than the exports in the year 1954.33

United States remained India’s largest consumer of manganese ore up to 1960-61 where the relative share of the United States was the highest at 70% in 1949-50 and one of the lowest at 38% in value and 33% in volume in 1960-61. From 1961-62, Japan became India’s prominent customer for the manganese ore, except in the years 1962-63 and 1966-67 when the United States share in terms of value was higher than that of Japan. Throughout the decade of 1950s India remained the top exporter of manganese ore to United States with the shares of United States of total imports of manganese ore
ranging between 22% and 38%. As with other products, in the late 1960s, India’s export of the manganese ore to the United States decreased due to emergence of other exporters like Brazil, Congo and Ghana. India’s export of manganese ore to United States decreased and fell down to about 5% in 1968.34

There were many reasons cited for the decrease in the India’s exports of manganese ore to the United States. During the 1960s Australia emerged as the leading exporter of the manganese ore, owing to the higher grade of manganese ore that was considered to possess excellent chemical and physical characteristics as compared to naturally occurring manganese ore in India. Before the advent of Australia in the international market of manganese ore, India’s manganese ore was considered to be the best grade blend able ore available in the international market. Moreover, the cost of production of the manganese ore was quite high in India. To add to the cost were government charges including port charges and railway freight which increased considerably over the time. Due to these surcharges, the overall cost of exporting manganese ore resulted in the reduction of exports of manganese ore. The devaluation of the rupee in 1966 could not impact the high costs of the manganese ore exports and thus there was no increase observed in the exports of the manganese ore. To add further, the tariffs imposed by the United States on the imports of manganese ore made it difficult for the exporters to sell manganese ore in the United States. Despite a 50% reduction agreed under the Kennedy round, the manganese ore was dutiable at 0.12 C/Lb in the United Stated where as there were no duties imposed on the manganese ore in other developed non-preferential markets.35 Yet another factor resulting in the reduction of the exports of manganese ore to United States was the United States approach of an alternative to the
manganese ore. United States started the extraction of the manganese ore from the slag which resulted in the fewer quantities required by the United States importers.

COTTON TEXTILES

India has been one of the largest producers and exporters of the cotton textiles in the world. The United States has been the largest producer and exporter of the cotton textiles in the world which makes it a very strategic consideration on part of a country to sell textiles to the largest producer in the world. India has been one of the major cotton textiles suppliers to the United States in bulk quantities. After independence, India started the exports of the cotton textiles in average quantities and kept on increasing the quantities at a steady rate in the following years. Among the various items, cotton piece goods registered a very high rate of growth over the time, followed by cotton apparel.

India started with exports of negligible quantities of cotton piece goods and kept at around the same level till 1949-50. During 1950-51 and 1951-52, exports of the cotton piece goods to USA were quite significant, and represented about 5% of India’s total exports in value in the year 1951-52. The major reason for the increase in the exports of the cotton piece goods in 1951-52 was attributed mainly to the Korean War during which the United States ran the stockpiling operation in any anticipated case of emergencies. But after the year 1952, the total exports of cotton piece goods remained within the same limits over the next five years which indicated the vastness of the domestic market of United States cotton textile industry with the amounts ranging to a maximum of Rs. 32 lakhs. Again, in the year 1959, the exports of the cotton piece goods to the United States picked up again and by continuing the same trend reached a record level of Rs. 839
lakhs in 1964-65. It was very unusual in the case of the cotton textiles industry that the exports increased substantially over the years whereas in the case of other products, there were declining trends in the 1960s. It was ironical however that the United States was the largest producers of the cotton textiles and opted for higher levels of imports of the same industry from another country.

With the devaluation of rupee in 1966, the cotton textiles industry in India was impacted to reduce the exports for two consecutive years and then improved considerably in the year 1968-69. In the year 1967-68 United States had a share of 10% of India’s exports of the cotton textiles.

Although India had seen a progressive trend in the exports of the cotton piece goods over the years, the year 1962 was marked with a fresh start of exports to United by India by means of signing a GATT treaty Long Term Arrangement which gave rise to exports during the year 1963. Later, during the Kennedy Round, this Long Term Agreement was later extended to the year 1970 which created unprecedented opportunities for the trade of cotton textile between the two nations. With the development of special Bleeding Madras variety, the year 1964-65 was marked with a dramatic increase in the exports of cotton textiles. This particular variety accounted for 73% of the total exports of cotton textile to United States in the same year.

In the cotton textiles industry, India had a tremendous potential even in the 1960s. Since United States was one of the largest consumers of the textiles in the world, India could export in large quantities of cotton textiles to the former. But the United States applied Quantitative Restrictions on the cotton textile and thus the exporting countries
were bound with the specific quantities that they could export to the United States. As per Thomas Curtis, a republican member of the House of Representatives of United States, LTA (quantitative restrictions) was a fraudulent activity by the United States and it affected the developing countries along with violating the fundamental assumptions of the GATT. Being the largest producer of the cotton textiles, India was impacted by the LTA and raised the question over the inconsiderate decision by the developed countries to restrict the quantities of good to be imported with any international review and the consensus of the international community. It was not only the quantitative restrictions that impacted the exports of the cotton textile by the countries but also the high levels of tariffs imposed on the imported textiles. The United States had earlier agreed to eliminate the tariffs on the textile items under the Kennedy Round but still imposed tariffs on the imports of the textile made of cotton. Amidst all the blocks to the smooth trade practice of cotton piecegoods, the exports of the cotton piecegoods increased by 24% between the years 1960 and 1968. However in the years 1963 and 1965, the exports of the cotton piecegoods to the United States were higher by about 20% and 10% respectively.

On the other hand, the readymade garments were the next cotton textile items of exports to the United States which attributed directly to the consumer base in the United States. The cotton garments or apparel had a big prospect for the Indian exporters as the trends changed very quickly in the United States and thus the high volume and new varieties of cotton garments could produce tremendous results for the Indian exporters. Thus this particular segment of the United States market provided for a tremendous opportunity for India. Still the proportion of the Indian exports of readymade cotton apparels was very low in the United States market. The major reason for such behaviour
was believed to be the recent emergence of the Indian domestic readymade garments industry. Thus the major production carried out in India was consumed by the domestic customers only and left very little scope for the exports. The other major reasons for lower level of exports of readymade garment were:

1. The United States market was relatively developed and had a different opinion of the trends in the garment industry. The bulk requirement of such garments coupled with the price competition resulting from mass production methods put India in back slot.

2. The policies of the United States government, under internal political constraints generated by the pressure from the highly organized domestic garment making industry, opposed the import of garments from India.

3. Above all the four cotton textile agreement signed by India and US on October 1, 1970 became the major stumbling block to the prospects of the increased exports to United States.

4. The Indian textiles industry was more attuned towards the export of raw fabrics rather than the finished garments.

With the restrictions in place by the United States government, the exports of cotton garments were not at the discretion of the Indian exporters. Instead, the exporters had to produce in accordance with the quotas specified by the United States government. Even in the years of the cold war and the events of war between India and Pakistan, cotton textiles was the segment that saw less changes as compared to the other products which reduced dramatically during this period. In the late 1970s and the 1980, India
enhanced the production capabilities by importing the heavy machinery in order to effectively meet the growing demand at home and in the international market as well.

In the 1990s the population trends in the United States changed very fast. Many new communities moved to the United States and settled there, specifically in the mid 1990s. This change experienced changes in the trade activities during that period. The cotton textiles industry benefited from the new emerging trends in the United States. In the year 1996, India exported US $ 196 million of cotton textiles to the United States. The year 1997 saw an increase of 3% over the 1996 level. The Quotas defined by the United States government have been changing over the time and the last few years have seen a decline in the exports of the cotton textile from India. In the year 2000 the cotton textiles of US $133 million were exported to the United States, US $91 million in 2001, US $96 million in 2002 and US $83 million in the years 2003 and 2004 each.\textsuperscript{41}

The Quantitative Restrictions applied by the United States have impacted India’s capacity as a potential exporter of the cotton textiles. Although United States appealed against India for resorting to the methods to Quantitative Restrictions as means of controlling the imports in the early 1990s, the self indulgence of United States in such practices needs to be addressed by the World Trade Organization and to resolve this deadlock in order to provide an equal standing for other nations. As per the recommendations of the GATT/WTO, India had taken positive measures to remove the quantitative restriction from around 1400 items in two phases which India adhered to and implemented the changes in the year 1999.\textsuperscript{42}
The United States had been India’s largest Lac customer from the very beginning. It continued to be the largest customer till the 1970 with an exception of the year 1965-66 where USSR had a greater share of India’s Lac. In the early 1950s, India catered to about 44% of the total Lac imports by the United State with the exports standing at Rs. 485 lakhs in the year 1951-52. After this period, the absolute exports of Lac reduced while the total exports by India increased a little. By the late 1950s, this percentage was reduced to 37%. Following the same trends in the 1960s the percentage further fell to 34% in the early 1960s to 22% in the mid 1960s. The India’s share of United States Lac market further reduced to 15% during the period 1968-69. But in this year, the volume of the export increased by 50% over the 1965-66 level. The lowest exports to United States were amounted to Rs. 79 lakhs in 1967-68.43

From the United States imports point of view, India was the largest producer of Lac from 1950 to 1961. India remained the second largest exporter to United States from 1962 to 1967. Then again in 1968, India emerged as the biggest supplier of Lac to United States but the overall quantities exported by India had fallen over the time.44

For certain varieties of Lac like shellac and stick lac, India was the leading exporter except in 1967 when Germany took a better share of the market. The Indian Lac was indisputably the best in the international market which resulted in the high overall exports of lac to the international community including the United States which was the largest consumer of the Lac. In the case of Shellac and Stick Lac, there were only two other countries namely Thailand and Germany, which exported Lac to the rest of the
world. But the lac qualities obtained in these countries were not as good as the Indian Lac and thus received little international market share as against India. In addition to the naturally occurring advantages for India, the governmental factors also promoted the cause of the greater exporters of Lac from India. The devaluation of rupee in 1949 and 1966 had a beneficial impact on the exports of Lac. The government of India promoted the exports of Lac by exempting it from the tariffs as were applied in the case of other products. The exemption of the Lac from tariffs gave a boost to the Lac industry in India and led to an increase in exports of Lac to the United States.\textsuperscript{45}

The major reasons for overall decline in the India’s share of US market were the following:

1. The high prices of Indian seed lac and other lac excluding the shellac and stick lac, contributed to an overall decrease in the exports from India to USA.
2. The United States share of India’s lac was reduced by India’s exploration into new high value markets such as USSR and West Germany.
3. Imports of Seedlac and sticklac from Thailand were reduced. With the devaluation of rupee in 1966 the imports from Thailand were totally withdrawn. This, combined with the serious shortfall in the production of lac within the country, undermined the strength of Indian Lac.
4. The cost advantage that synthetics enjoyed gave a major setback to the lac exports. The impact to the gramophone industry, paint, varnishes and electric insulation were the maximum. Starting in 1958, the production of synthetic lac
increased tremendously in United States and the prices were around 30% less than that of the conventional lac.

Over the years the international demand for Lac has gone down due to the usage of synthetic dyes in the world. China is one of the major producers of dye that have led to the near removal of the Lac from the international trade. The production capacities of the countries Lac producing countries declined due to the international reduction in the demand of Lac. India's annual production of stick lac was approximately 50,000 tonnes in the mid-1950s and this produced was reduced dramatically to a mere 12,000 tonnes by the late 1980s. Over the same period, India's exports of lac fell from 29,000 tonnes to around 7,000 tonnes per year to the United States and Western Europe. With the prevalence of the latest technologies to develop dyed, the production of Lac further reduced and was at 4500 tonnes in the year 1992-93. As of the current trends, the Lac has been nearly removed from the international trade market as it is rarely demanded by any country due to the widespread prevalence of the synthetic dyes in the international market. Lac is one of the very few items that have largely been replaced by the alternatives developed by many countries in the world and its production has been reduced significantly because of the insignificant demand in the international market.

CHEMICALS

The development of commercial and consumer grade chemical was done on a large scale in the early 1930s primarily in the western European countries and the United States. Although India did venture into the chemical productions but even in the 1960s this industry was relatively new for India. As such it did not earn much confidence from
the Indian businesses which had resulted in rather low exports of chemical from India to the United States. Even though the chemical products were largely the innovations of the western countries, their production by large means was very cost-effective in the developing countries like India due to the availability of low cost labour. Exports of Chemicals and allied products from India started around early 1960s. In 1963-64, the exports of chemical and allied products were close to the tune of Rs 72 lakhs and the exports doubled to almost Rs 138 lakhs in the year 1967-68. The start of the exports of chemicals was coincidental with the financial crisis of India in 1966. Although the exports increased for almost two years after 1966, the overall impact of the crisis was negative on chemicals too. Consequently, the devaluation of rupee in 1966 was unable to avoid the downfall in the exports of chemicals to the international destinations. The major reasons for the downfall in this segment of trade were believed to be the relatively newness of this trade item and the reluctance of the Indian exporters to invest in this business.

The major composition of the chemicals and allied products had the major items of fertilisers, crushed bones, and blue grist. The other major items of exports in this segment were those of rubber manufactured products, processed mineral and refractories, automobile tyre and tubes, paper and paper board and other paper products. The other key items of exports were the plywood and plywood products, paints, varnishes and allied products and ceramics. Among these items, the exports of fertilisers registered a 150% growth around 1968-69. The rubber manufactured products showed a big promise for the future by marking an increase of 200% while the books and printed material showed a moderate growth of 66% where as the exports of glassware increased 18 times over the
previous years. The items like processed mineral and refractories were among the items that registered a decline in the exports and so did the plywood and plywood products. The exports of paints, varnishes and ceramics remained insignificant.\textsuperscript{48}

In the late 1960s and early 1970s a complete new line of chemical products including basic chemicals, pharmaceuticals and soaps were up for exports and also showed a promise for further growth in the future. In the beginning the total amounts involved in the transactions were very small but the overall growth trend had depicted a positive future track path for these items. Apart from these items, fatty acids, earth chloride, toiletries, perfumes, toilet soaps and cosmetics were amongst the top chemical related items of export to United States. As these years were the early years in the evolution of the chemical products in India, these products faced some technical barriers in the international market. The characteristics of the chemical products rely heavily on the composition of the ingredients used to prepare that chemical and must be highly precise in order to maintain the overall composition of the product steady. With this point in view, the international requirements for precision of such compositions were quite stringent. Being a new developing market, the Indian chemical products faced higher levels of scrutiny in the international market, the United States in specific, and the export figures earned by the chemical products exported from India were quite low. Apart from this, the chemical products from India faced higher levels of tariffs by the United States even after the agreements of the Kennedy Round. These particular instances prohibited India from the development of the chemical products in early 1970 as India, amidst the high tariff barriers, could not find appropriate channels to promote the chemical products which cleared the international precision standards.\textsuperscript{49}
During the late 1970s and mid 1980s India – United States relationship had taken a beating due to the cold war and their relationships with other countries. As such during these times, the chemical products market for India did not flourish much but the Indian chemical industry did delve into the development of the chemical products at home and to develop a fair range of products to meet the domestic needs in addition to imports of many chemical products. Over the period time, the chemicals market had taken a big turn and there were multitude of products which were being developed not only for commercial use but also in the daily life products more vigorously. The major products that had been evolved now included a broad range of fertilisers, pharmaceutical products, tanning or dyeing extracts, improved toothpastes, new lines of cosmetic products, soaps and waxes, polish, candles, modelling pastes, toilet preparations, pigments and colouring matter, putty and other mastics, photographic and cinematographic products. Yet other lines of new products that were coming to the forefront were starch, glues, dental preparations with basis of plaster, wood cleaners, glass and tile cleaners and numerous other edible products. The real potential of the chemicals trade came to realization in the 1990s. After the liberalisation drive by India and the international accords led to the increased exports of the chemical products from India to United States. India is one of the major chemical products exporters to United States. The chemical products exported by India to the United States are covered under the Organo-Inorganic chemical which does not include the medical pharmaceutical products. The complete table of codes describing the broader categories for the chemical products is shown below:
The increased levels of chemical products exports started from around 1992 and reached the level of US $29 million in the year 1996 registering an overall growth of 24%. In the years 1997 and 1998, the chemical products exports increased by 47% and 60% over the previous year. In 1997, the total exports of the chemical products stood at US $44 million whereas in the year 1998 this figure stood at US $71 million. The year 1999 witnessed a decrease of 10% from 1998 but in the years 2000 and 2001, the exports increased by 24% and 26% respectively. The year 2001 registered a total organo-inorganic chemicals export of US $100 million. The next big leap came in the year 2004 where the total exports reached the US $211 million mark by registering a big 62% increase over the US $130 million exports to the United States. By the mid 2005, India has already exported the chemical products worth US $140 million. If the same trend is followed for the remaining of the year, the overall exports for the year 2005 will surpass the exports of 2004.
Overall the chemical products market has grown tremendously over the last two decades. The major reason for such an increase is the research and development efforts behind the evolution of new products which are claimed to be safe for use in daily life and also due to their claimed viability in the commercial setups. The increased use of such products has underlined the popularity of these products in the international especially in the field of cosmetics and make-up world. Increasing at a steady rate, the chemical exports market of India is expected to grow in the future because of the leveraged tariff system, increased research and development efforts to maintain accuracy of the composition of chemical products and the evolution of new products which are easy, safe and comfortable for use to the mankind.

ENGINEERING GOODS

India’s exports of engineering goods made phenomenal progress from 1953-54 to 1968-69. In the year 1968-69, the exports of engineering goods were at Rs. 8497 lakhs which indicated a growth of 1482% from the year 1956-57. The relative share of US steadily rose from 0.37% in 1956-57 to 6.74% in 1966-67. Engineering goods were amongst the category that registered a growth with the devaluation of rupee in 1966. During the years 1968-69, the major items of export under the engineering goods were: M.S. pipes and tubes, hand tools, C.I. products including steel castings, steel structural-fabricated including transmission line towers, bicycle and parts, screws, cutlery, machine tools, and E.P.N.S. ware.52

Besides, exports of items like auto parts, electric accessories, and appliances, electrodes and welding equipment, stainless steel utensils, electric motors, transformers,
switchgears, electric measuring and controlling equipment showed a very high growth rate. The equipment like music instruments, sewing machines, gramophone records, flash light, air compressor, steel bar and shaftings experienced a decline in the exports. Although India’s focus on the then current trends was increasing in order to compete in the external environment, the very pace of the internal development owing to the deficit economy of the country was not that fast. Thus due to the lack of industrial standards to produce these items, India’s exports to United States were low. In 1968-69, the total US imports of engineering goods stood at $4 billion out of which the exports from India were negligible and India was producing maximum to its capacity. There were certain factors that accounted to low export values:53

1. One of the biggest problems for India was the shortage of shipping space for certain destinations like USA.
2. the shortage of raw material like steel often caused the delays in the manufacturing of the goods which in turn resulted in the delayed shipments.
3. the cost of production of engineering goods was reasonably high due to the high cost of the raw material, stores and components and the services like electricity. Other administrative assistance like obtaining import licenses also added to the delays and increased cost of production.
4. the prices ruling in the home market were usually higher than those in the export market, which resulted in the unprofitable foreign sales.
5. the research and development activities in India were not in pace with the international research standards and facilities.
6. The high rate of US tariff was a serious concern. The tariff structure was relaxed by the US government under the Kennedy round, but the tariff was still high to impact the overall exports by the exporting nations. The concessions introduced by the US government were to be implemented in phases and did not take effect immediately.

7. Competition from Japan and other developed countries was quite fierce and the competition had assumed larger proportions on account of internal constraints.

JEWELLERY, PEARLS, PRECIOUS AND SEMI-PRECIOUS STONES

The jewellery, pearls, precious and semi-precious stones taken together have become the core of the Indian exports to the United States. These are the most popular items of import by the United States. These trends have travelled a long way from India’s independence where the major emphasis was on the exports of jewellery only. The exports of precious and semi-precious stones were not very significant. In the 1950s the exports of jewellery items were covered under the Handicrafts. The rise in the jewellery exports to United States in particular and the world markets in general could be attributed to the promotional efforts taken by the Jem and Jewellery Export Promotion Council, which started functioning at Jaipur on November 5, 1966. The share of India’s export of jewellery to United States occupied only 9% share of the United States market in 1960 and by the year 1968 the share tumbled down to just 2%. The major jewellery items of export to United States were rubies, sapphires and emeralds which were formed only a small share of total US imports. The major emphasis laid by United States was on the imports of diamonds which comprised of over 90% of the US imports of precious and
semi-precious jewellery and the Indian share of these imports was not significant at all. Even though the historic importance of India's jewellery was known all over the world, the exports of jewellery were not in favour of India. Countries like Japan, West Germany, Italy, Switzerland and Hong Kong had a big share of United States jewellery market.54

As India was one of the best producers of the world’s finest jewellery, there were huge prospect for the immense growth of Indian jewellery business in the exports sphere. The natural precious and semi-precious stones found in India were of the highest quality and thus had a great potential for exports in the international market. The increase of exports was dependent on the methodologies followed by the jewellery industry. In the late 1960s, there were very few mechanized facilities to process stones in India, the design lines in jewellery were very less which led to monotony in the business, the supplies of stone was less due to improper exploring methodologies, packing and packaging methodologies and the lack of professional approach towards the jewellery business. The Gems and Jewellery Export Promotion Council, looking at the capacity of India’s jewellery industry and the requirement all around the world, initiated the promotion of Indian gems and jewellery by enhancing the standards of processing, by providing better moulding facilities to provide better duplication of samples and other mechanization methods to provide high qualities of jewellery.55

The jewellery exports to United States from India started in a major way in the 1980s. As the trade between the two countries began to improve after the start of fall down of USSR and the more obvious of inclination of United States policies towards India, the trade flow began to improve. The increase in the jewellery exports was
tremendous and it emerged as the top export item for India. In the late 1980s the jewellery and pearl and stones were at US $900 million with the prospects of growth in the future. The growth graph for the jeweller and pearls showed a constant growth over the years. After the liberalisation of trade in 1990s, the exports of jewellery and pearls grew even more and the combined exports stood at around US $1700 million in the year 1996. In the same year, the exports of pearls and precious and semi-precious stone accounted for US $1470 million to the United States alone. The exports of jewellery grew steadily and the exports stood at US $470 million in the year 1998. The combined exports of Jewellery and Pearls in 1998 grew to US $2377 million which were 20% more than the previous year’s exports. The years 2000, 2002, 2003 and 2004 were the best years for India for exports of Jewellery and Pearls where the total exports stood at US $3358 million, US $3674 million, US $3970 million and a staggering US $4426 million. The year 2002 registered a growth of 51% over the year 2001 and the year 2004 exhibited a growth of 32% over the exports of 2003. With the current figure of combined exports of over US $2164 million, the total exports are expected to make surmountable revenues for India from the jewellery and pearl industry.

MARINE PRODUCTS

Today India is one of the growing marine products exporters to the United States which is the leading consumer of the marine products. The exports of marine products from India to United States started with negligible levels. From 1947 to 1954, very little quantities of marine products namely fresh and dried fish, lobsters and prawns were exported to the United States. The exports of these items saw a modest beginning in the
year 1954-55. Since then, exports of marine products to the United States grew at a very fast rate so much so that a considerable amount of foreign exchange earnings from marine products was derived from the United States market since 1962-63. With the growth in the marine trade with the United States the variety of the marine products was added to the existing list. These items primarily consisted of frozen froglegs, frozen lobster tails, frozen prawns, frozen squilla tails, frozen fish, canned prawns, canned lobster tails, dried prawns, dried fish, tortoise shell, turtle oil and cuttle fish bones. Among these items prawns became the single largest item of marine exports to the United States during the 1960s followed by fish, both dried and frozen. The fish and fish preparation were the most favourable items in the starting years of the exports and accounted for major composition of marine products exported from India to the United States. During the early 1950s very small portion of the fish and fish preparations exports from India went to United States. By the late 1950s the share rose to 8% and by the early 1960s the share went up to 45% and even intermittently went up to 59% in 1965-66. The devaluation of the rupee in 1966 had a beneficial impact on both the total exports of fish and fish preparations to USA. The US share was the highest at 62% in 1966-67. The export trends were very encouraging during the late 1960s and promoted the exports of fish and preparations not only to the United States but to the European countries as well.57

The United States demand for the marine products was stupendous in the late 1960s. The major items of consumption were fish and fish preparations, prawns and shrimp. Although India had made headway in the exports of prawns and fish, the shrimp exports were not very high from India. United States got most of its shrimp supplies from
Mexico. In 1959, India accounted for 3% of United States total import of shrimp whereas Mexico accounted for 53%. India’s progress as a provider of shrimp was slow and after nearly a decade, India accounted for just 8% of the United States imports of shrimp in 1968 but Mexico share dropped out of proportion to 33% in the same year. Apart from Mexico, Panama was the major supplier of shrimp to the United States but its share also dropped from 12% in 1959 to 7% in 1968. Although India was slow in making the progress in the exports of shrimp to the United States, but it was making a solid ground for the same. The major reasons for the slow progress in the increase in exports of marine products from India were supposed to be the following:

The trends of exports of Marine products to USA had been quite encouraging but India had not touched even the fringe of the vast USA market. This fact assumes greater relevance when one finds that about 3 to 4/5 of the processing capacity of the Indian sea food industry remained unutilized. The following factors have retarded the growth of India’s export to USA:

1. India did not promote the aquaculture in the earlier years of the independence. This accounted for unmonitored growth of the marine life with any positive actions taken by government of India to promote the growth of marine life by inducing some new measures.

2. The level of production had been inadequate. This was mainly due to the lack of modern machinery necessary for the job. India did not possess adequate ships and accompanying machinery like deep sea trawlers to increase the production
capabilities of its marine industry. The modern machinery was absolutely necessary for India to obtain in order to enhance the exporting capabilities.

3. India did not have the international vote when it came to its packing methods and packaging techniques. The prevalent standards in the United States industry in the 1960s provided higher standards of packing. This led to a decrease in the exports from India although India maintained higher product qualities.

4. The shipments made by India often did not employ sorting methods and shipped different grades of the same product in one shipment which caused considerable trouble at the unloading ends. The other countries employed different methods of shipment where they sent same grade in a single consignment. In case of India, the accounting and paperwork problems were difficult to handle, originating from the mismanaged shipments.

In the industrialisation drive in the 1970s and 1980s India increased its capabilities in marine exports by importing the adequate machinery and tools required for the trade. India also initiated the programs to enhance the marine population with the major focus on the faster growth of certain species of fish, prawns and shrimps. Along with the focus on fish and fish preparations, India promoted the growth of various species covered under the crustaceans. As a result the exports of fish and crustaceans from India started to increase in the late 1980s. In 1987, India accounted for fish and fish preparations export of US $9 million to the United States and US $70 million for crustaceans. This trend continued in to the future as well and with the end of cold war the overall trade improved and this also had a beneficial impact on the marine trade between the two nations. Although United States tried to make a case against India and
other countries in the World Trade Organization alleging the mishandling of the sea turtle while catching the deep sea shrimps, the overall marine trade improved over the years. In the mid 1990s, the marine trade flourished reasonably with India exporting fish and fish preparations worth US $17 million and crustaceans worth US $122 million in the year 1996 which marked a healthy increase of 15% over the 1995 level. The combined exports of fish and crustaceans improved in 1997 with the total of US $164 million marking an overall increase of 18% over 1996. In the year 1999, the fish and fish preparations exports had a growth of 6% from 1998 with the exports of US $18 million while the crustaceans exports grew by 15% and the export figures reached US $180 million. In the year 2000, the total crustaceans exports stood at US $262 million by making a growth of 45% and the fish exports were at US $20 million. The trend of growth has continued into the new millennium also as the exports have surged further. In the year 2002, the fish exports stood at US $13 million which actually reduced by 14% but the crustaceans experienced a continued growth by reach the exports figures at US $383 million and in 2003 reached US $430 million. In the case of crustaceans, there was a decrease of 12% in the exports with the total exports at US $379 million but the fish exports improved by 26% and the exports figures topped US $15 million. The year 2005 seems to be as slow year for the exports of both crustaceans and fish as till the mid 2005, the crustaceans exports were at US $132 million and the fish exports at US $10 million. A slow down in the marine exports in 2005 so far can be attributed to the Tsunami that swept across the Indian Ocean in beginning of 2005. As a consequence, the exports of marine products in 2005 may not keep up with the trends of the previous years and thus have to settle with the low quantities provided to the importing nations.
LEATHER AND LEATHER GOODS

The leather and leather products are the items of trade which have undergone major changes in terms of revenue they have generated for Indian trade and the classification they have been discussed under. The United States has been the largest producer, importer and consumer of leather and leather products while India has been one of the largest producers and exporters of the same. The important items of exports dealt by India to United States were East India tanned hides and skins, pickled goat skins, tanned reptile skins, goat hair and tanning materials. The other items of interest under the category were leather good and Footwear. The items like tanned hides and skins, goat skins, reptile skins and tanning materials were some of the top revenue generating items in the 1950s and 1960s. With changes in the trends worldwide, there were reductions in exports of these items and today they form a negligible composition of total exports by India. On the other the items like leather goods and footwear started at very low levels but today form a significant portion of India’s total exports. The Footwear in special is an important item of export for its high quality and affordable cost and the leather goods like purses, belts, wallets and jackets are also very popular in the United States.

After the independence of India, the initial years were marked with low exports of leather items but the trade grew substantially in the later periods and in case of East India tanned hides and skins the trade grew by about 20 times in the year 1968-69 from 1954-55 and about three times in the case of tanned reptile skins. Contrary to this the exports of goat hair and tanning materials reduced over the time and by 1968-69 were at one-tenth and one-sixth of their starting levels respectively. The share of United States in the
exports of India’s East India tanned hides and skins were very low but the same had improved considerably over the time. In the case of pickled goat skins, United States was the prime customer from 1957 to 1962 and then from 1967 to 1969 and in the case of tanned reptile skins, United States remained the prominent customer from 1954 to 1969.\textsuperscript{62}

From India’s export standpoint of view, Hides and Skins formed an important constituent of the leather exports. But the exports of these items to United States fluctuated from time to time and so did the total exports. During the period 1955-1960, the total exports of hides and skins from India increased but the exports of these items to the United States in the same period was marked with a decrease. But during the early 1960s the exports of these items to United States improved dramatically by 138% after nearly half a decade of decline. The overall exports of the leather products, though, improved marginally during the same time. The total exports trended upward during the years 1966 and 1967 but those to USA fell perceptibly during 1966-67, and recovered moderately in terms of value as against the volume of the exports. The relative share of USA, in terms of value, was 9.8\% in the year 1947-48 and fell during the during the time period between 1951 and 1960 and remained considerably stable during the decade of 1960s.\textsuperscript{63} The improvement in the relative United States share in terms of volume showed that India sold more of hides and skins, tanned or dressed, to United States at the costs lower than prevalent in the international market.

The exports of the hides and skins, tanned reptile skins and pickled goat skins, in the earlier years, remained low to the United States due to the fact that United Kingdom was the largest single customer of these items from India which bought these items in
good quantities. This resulted in a relatively lower share of United States in India’s
exports of these items. Then during 1949-1950 and 1950-51, there was a rise in the
exports to the United States due to the devaluation of rupee in 1949 and the stockpiling
operations of United States due to the Korean War.

During the time period 1951 to 1960, there was a marked decrease in the exports
due to the following reasons:

1. The largest share of United Kingdom in the India’s exports of hides and skins
tanned grew even more by the increased imports from India during this period.
   This caused a reduction in the share of United States in India’s exports of these
   items.
2. On account of higher value per unit realised, West Germany became the second
   largest customer of India’s exports of leather items during the period 1956 to
   1960 and the exports of these items increased for the countries like Japan, Italy
   and France.

During the time period 1961-65, there was a marked increase in the exports of
tanned hides and skins. One of the major reasons responsible for this favourable shift in
the trend was the reduction in the imports of these items by United Kingdom. This led to
the reduction in its share of India’s exports of tanned hides and skins. This in turn
increased the share of United States. In fact India’s export to the United would have been
more but India, under the bilateral trade agreements, had to sell more of the quantities to
West Europe, Japan and East European countries. India’s revenues from the United States
also increased on account of the high value per unit of items exported to United States.
To complete the fluctuating cycle of ups and lows, the exports of tanned hides and skins again fell during the late 1960s. The exports of tanned hides and skins were increased to the countries like USSR, Japan, Italy, West Germany and France and the major importers like United Kingdom and United States had a lower share of the India’s exports of these items. The United States became the sixth largest importers of India’s tanned hides and skins in 1966-67. With the reduced share, the United Kingdom still was the largest customer of tanned skins and hides and USSR emerged as the second biggest customer. Moreover, contrary to the expectations, exports of tanned hides and skins to USA did not benefit from devaluation although the total exports of the commodity marked up. This was because there had been persistent fall in the imports by United States from 1966-68. During 1968-69, the exports to the United States increased marginally and were also supported by United States through the relaxation in the tariffs as agreed upon in the Kennedy Round.64

In the case of Raw Hides and Skins, United States remained the biggest customer of India from 1947 to 1950 with a share ranging between 31% and 56%. The United States dominance up to 1950 was explained by its unchallenged manufacturing capacity to process the raw hides and skins into various uses. The devaluation of the Indian rupee in September 1949, and the stockpiling operations on account of the Korean War only accentuated the process of larger imports of raw hides and skins by United States. It was only because of the vastness of the United States market that it remained the biggest customer of India; otherwise from India’s standpoint, it was not profitable to sell to United States because the unit value realized was much below the total average in each of the individual years up to 1955-56 barring 1947-48. After 1956, USSR became the
The largest single customer of raw hides and skins exported by India. The US share, both in relative and absolute terms, marked large fluctuations from year to year but on an average, the share declined steadily over the years. The fall in the US share after 1956 had been due to larger imports of raw hides and skins by the East European countries in general and USSR in particular. The unit value realized in the US market continued to stand at a lower level as compared to both the total average and that realized in the USSR market.  

The exports of raw hides and skins to the United States fell sharply during the later part of the 1960s because of heavy focus by India on the finished leather products. This resulted in the overall low exports of hides and skins by India and a greater percentage of the raw hides and skins went to the East European and West European countries. India’s heavy focus on the finished leather goods was motivated by the high value it received from the exports of the finished leather products. The high value was realised more effectively in India on the ground of low cost of production of finished leather products.

With the technological innovation in the world and due to prevalence of more finished leather products, the trade of leather items like tanned skins and hides and raw skins and hides declined dramatically in the 1970s and has never increased to even the moderate levels. In the current years, hides and skins have contributed very little or insignificant fractions of the total trade by the countries worldwide.
LEATHER GOODS

India made a late entry in to leather goods exports to the international market. Prior to the exports of leather goods, India was primarily involved in the exports of raw / tanned skins and hides which it exported till late 1960s. It was during the later half of the 1960s that India started the exports of finished leather products to the countries worldwide. India benefited from the fact that it had a reasonably big international market for the skins. As such the exports of these skins were dramatically reduced and more focus was laid on the development of finished goods from these skins, both raw and tanned. The major leather products that India produced for exports to the United States were purses, gloves, wallets, jackets, luggage, jewellery boxes, scientific instrument cases and hand bags. In addition to this, India also produced a multitude of various other leather products for exports in the international market.

Soon after India began the exports of leather goods, the same increased very rapidly in the following years. The popularity of the finished leather products could be very well ascertained from the fact that the exports of such goods increased 7 times in 1968 from the 1967 level. In 1968-69, the exports of leather goods were around 16 times the level of the exports in 1967. The United States had the highest share of India's exports of leather products in the year 1968. With the increasing popularity of the Indian leather products, countries like Japan also started importing larger quantities from India and as a result emerged as the largest consumer of finished leather goods from India in the year 1968-69 with United States as the second largest importer. Although United States imported large quantities of leather products from India, it also imported the
finished leather products from more than 25 countries worldwide. As such, the exports by India did not account for a big percentage in the United States total imports of the finished leather goods.68

The late 1960s was the critical period in the trade history of India. The world was moving fast in the direction of industrial development and as such the deployment of heavy machinery by nations was the norm of the time. As India had recently faced a financial crisis that led to the devaluation of the currency, the imports of machinery were likely to be affected. As such the industrial growth of India was hampered temporarily. But this led to reduction in exports by India due to the inadequate quantities produced by India and those too were available for high cost as compared to the products by other countries which were more readily available due to their early adoption of the mechanisation of the production facilities. The leather goods trade was also impacted by the slow industrial growth of India. The production of bulk quantities of products at a reasonable price and the delivery in a stipulated time period became the major barriers for India with the result of reduction in the exports of leather good in the international market.

Overall, there were many factors governing the reduced exports of leather and leather goods to US. The United States tariff, the special requirements of the US market with varying qualities of leather products and the stiff competition from the other countries were the major external reasons for reduction in the exports. As for the internal factors that affected the exports were the smuggling of goatskin through the East Pakistan borders and total dependence on imported dyeing and tanning materials. The government
policies also had a share in the reduction of exports to United States. The government did not increase the import replenishment as against exports of finished leather and leather products, did not expand the product line to provide the importers with more choices, did not plan the mechanization of the industry in order to enhance the production capabilities and did not remove the export duties on Indian goat and sheep skin which had a direct impact on the reduced exports by the Indian sellers.

As India grew its industrialisation capabilities, the trade also began to improve. Even under those circumstances, the trade between United States and India did not flourish much because the deteriorating relationship between the two countries. The USSR was a natural major ally of India and the increased trade activities of India with USSR in the 1970s became a major hurdle to the already faltering relationship between India and United States. The India-Pakistan war of 1971 also had a deteriorating impact on the India – United States trade relations because of the United States’ alliance with Pakistan. The nuclear test conducted by India in 1975 put another major question mark on the relationship between the two. The United States relationship with China was also a concern for India and acted further in the near collapse of the diplomatic alliance between India and United States. The decade of 1970s did not see much activity in terms of trade. In the 1980s the trade relations somewhat improved and the trade activities between India and United States started to resume and the major turn in the trade relations came with the disintegration of Russia in late 1980s and India’s announcement of liberalisation of economy in early 1990s. At this point the scope of the trade grew tremendously. In case of the finished leather products also, the exports from India to United States increased considerably.
In the year 1993, the exports of leather goods were at US $18.8 million and the major products that were exported to the United States were belts, hand bags, purses, wallets and other leather goods. By the mid 1990s the exports of the leather products from India to United States had started to decrease in the year 1996 the leather goods exports were at US $16.4 million and further reduced to US $11.9 million registering decline of 27% from 1996. In the year 2000, against the expectations, the leather goods exports to United States declined to US $7.3. million which was 28% less than the exports in 1999. The leather goods hit the lowest point in 2002 when the exports reduce to a mere US $6.4 million. The following year was marked with an increase of 51% when the total exports from India reached US $9.7 million in 2004. The year 2005 is expected to have somewhat higher expectation for the leather goods market as the mid year figures have been at US $ 6.4 million.

FOOTWEAR

India is one of the leading footwear manufacturer and exporter in the world. India provides high quality and reasonably priced footwear products which are in trend with the international fashion styles. On the same lines, United States is one of the largest producers and consumers of the footwear in the world. In the case of United States, the specialisation is in the manufacturing of sports shoes whereas India is the major provider of leather shoes in the world.

India started the exports of footwear in the year 1951-52 with a very small consignment. The level of exports in 1951-52 was very insignificant as compared to the size of the United States market and accounted for just 1.7% of the United States’ total
imports of footwear. The exports of the footwear from India increased gradually and the total exports reached Rs. 177 lakhs in 1968-69 with the United States market share of 19.4%. Even till the end of the 1960s the relative share of India in the United States of footwear imports was not significant to account for larger revenue generation. The major reason for India low exports to United States was the concentration on East European countries. These countries became trade partners with India after the United States but had a higher share of Indian Footwear exports. Another reason for a lower share of the United States market was the lower per unit value realization after the 1950s whereas the USSR market was very lucrative for the Indian footwear.

The devaluation of Indian rupee in 1966 gave a positive incentive to exports of footwear to the United States, and in fact, the rise in exports of footwear to the United States was more than proportionate to the total increase since devaluation. In spite of this, India’s share in the United States imports of footwear was not at all significant. The major business went to Japan, Italy, USSR, Hong Kong, France and Brazil.\textsuperscript{70}

As had been the case with many other products the exports of footwear had taken a back set during the 1970s and a part of 1980s due to the estranged relationship between India and United States. During those years, the majority of footwear exports went to the European countries like United Kingdom, Italy, France, Germany and the Eastern European countries like Russia. In the mid 1980s these countries nearly had the entire share in the India’s exports of footwear. But with the downfall of USSR and the policy shift of India in 1990s, the direction its trade with United States took a positive turn which led to the growth of footwear exports from India and eventually increased the
share of the United States in Indian footwear. In the year 1994, the footwear exports from India were to the tune of US $98 million and it increased to US $102 million in the year 1996. The year 1997 witnessed an increase of 17% over 1996 with the total exports standing at over US $117 million. In the year 1998, there was a decrease in the exports of footwear and the total figures were US $104 million with a decrease of 11% from the previous year. After a brief period of decline, the exports further increased in the year 2000 with the marked sales of US $119 million. The exports from 2001 to 2003 ranged between US $101 million and US $116 million before going in for another increase of 14% in 2004 over the 2003 exports and the total exports aiming at US $133 million. In addition to this the current seems to be a promising year for the footwear exports with the exports till June 2005 ranging to US $76 million.

The footwear exports from India have been marked with the highest quality leather use along with the higher standards of production of latest style footwear in the world. The low overall costs of the footwear have attracted numerous international customers over the decades. The United States previously had a lower share of the Indian trade but that share is consistently increasing over the year. Thus it is imperative for India to enhance its own capacity and capability to increase the production of high quality world class footwear so that it is able to meet the increasing demands of more and more international customers without having to compromise on the quantity or quality of the export product.
Handicrafts have the cultural representative of India everywhere in the world. For past many centuries, Indian handicrafts have indisputably depicted the culture of India in the world. The Indian handicrafts have included the items like woollen carpets, paintings, rugs, druggets with namdhas, art metalwares, imitation jewellery, Ladakh shawls, scarves, sarees, zari, printed textiles, gold jewellery, ivory products and jewellery of other precious metals. Handicrafts were the real foreign exchange earning category for India. The Indian handicraft exports stood at Rs. 24 crores in 1964-65 with the exports to the United States at Rs. 4 crores and at Rs. 75 crores in 1968-69 with the exports to the United States at Rs. 13 crores. Of the total exports to the United States, the major handicraft items were precious, semi-precious and synthetic stones which were at Rs. 125 lakhs in 1964-65 and at Rs. 450 lakhs in 1968-69 with other items including woollen carpets, paintings, rugs, druggets with namdhas, art metalwares, imitation jewellery, Ladakh shawls, scarves, sarees, zari, printed textiles, gold jewellery, ivory products and jewellery of other precious metals.\textsuperscript{73}

United States was the second biggest market for Indian handicrafts since 1964-65 when the substantial growth of handicraft exports started except in 1965-66 when United States occupied the first place in this category. Other top importers of Indian handicraft were United Kingdom and Belgium.\textsuperscript{74} This was the most dynamic category as new items were added to the list every year. Other items that came into being with time were Agarbattis, embroidered goods, postal packages, musical instruments, dolls and toys and other works of art.
The metal wares also formed an important constituent of the Handicrafts exports. The exports of metal ware to United States increased at a very fast rate because of the advanced stage of industrialisation and expensive labour costs resulting in the emphasis on mechanized production rather than on labour intensive items. But the share of the Indian art metal wares export. The major reason included stiff competition from Pakistan and other countries like Egypt, Korea, Hong Kong, Persia and Morocco as the articles produced by them were ingenuous. The high cost of production in India was another major reason coupled with the issues related to the timely delivery of the articles. Moreover India did not focus on production of art metal wares out of iron, steel and aluminium for export purposes and the brass and copper being scarce items increased the overall cost of procurement and production which were responsible for overall low exports of the metal ware.

Wood wares were another major export items under the handicrafts and required specialized and high level of skill to carve out different items out of wood. The major factor governing the good level of wood wares exports to United States was the competitive edge of Indian wood wares, although the overall percentage of Indian wood wares was only about 1% in the 1960s. Japan was the main competitor of the wood wares in the international market. The other players with good share of US imports of wood wares were China and Philippines.

In the case of handicrafts there has really been no competition between any nations because the items covered under this category have always been inspired from the culture of the country the items are produced in. As such it is a general notion that the
handicrafts usually do not form a major exporting category which becomes the source of high end revenue generation in the international market. However the importance of handicrafts cannot be undermined either because of the specialised skill attached to it which in fact has no monetary value but can be appreciated as an art. Even in the current times, the handicrafts from India are not the top dollar earning items but they are fairly appreciated in the tourist places across the globe.

In today’s international trade, India is one of the growing trading powers in the world. India has made considerable progress after independence and has become an exporting nation after starting as an importing nation. Although India still continues to import high technology and space exploration items in addition to daily use items, its capability has increased tremendously in relation to its exports. Today India is exporting various goods to countries like Singapore, Hong Kong, Russia, Germany, France, Holland, Canada, Mexico, Brazil, Argentina, United Kingdom and United States. But the exports to United States have reached higher than to any other nation. The exports from India to United States have undergone a change in composition and the current scenario includes the exports items like Biotechnology, Information Technology outsourcing and e-commerce solutions. As per expert estimates, these export items alone will become a major revenue earning source for India in the years to come and the Information Technology Outsourcing segment alone will bring in US $50 billion by 2008. With the high-end technology items in trend combined with the low cost solutions provided by India and exceptionally high demand of the European countries and United States, the export opportunities for India are growing faster than ever and these new items of export along with traditional items have made a new spectrum of the exports domain a niche for
India which is expected to grow further and make India a major player not only in the Eastern countries but in the entire world.
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