1.1 Theoretical formulations and empirical findings fully conform with the view that exports accelerate the process of economic growth. Export multiplier has been helpful in promoting growth in many countries during the 18th, 19th and the 20th centuries in Europe, the U.S.A., Japan and other countries.

1.2 Import multiplier which relates absolute growth or increases in the rate of growth to imports of necessary capital goods is facilitated by export earnings. Reduction in import propensity through the policy of import restriction need not clash with the policy of export orientation of the economy for economic development. A severe cut in imports is likely to retard the rate of growth since the import content of investment in the initial stages of growth process is very high. The only way of overcoming the foreign exchange constraints during this phase is to promote export earnings.
1.3 Import substitution has helped many countries in their process of rapid industrialisation but the extent of its achievement is ultimately limited by the comparative cost constraints. Import substitution as a viable growth strategy depends on its capacity to lower the average import coefficient. But the real cost of growth achieved by import substitution is measured by the difference between the point on the utility-possibility function that is actually reached and the one that could be achieved if the factors engaged in import substitution were directly or through factor substitution engaged in export industries. Import substitution helps economic growth but such a growth itself will produce further demand for imports. Imports substitution has inflationary consequences by reducing the import competition. This may be simultaneously a cost inflation and a demand inflation and the effect would be pressure on foreign exchange rates which may lead either to devaluation or to overvalued exchanges, discouragement of export and the pressure on imports. The ultimate solution to solve the problem of industrial development, through facilitation of imported inputs and technical know how, is through export earnings.
1.4 Foreign aid as a source of foreign exchange for financing development cannot always be considered as a dependable source. The uncertainty of foreign aid puts a brake on the investment activities and the process of development.

1.5 Export-led growth in the twentieth century is short circuited in the present day world according to Nurkse. This contention is untenable. The growth of international trade during 1950s and 1960s was twice as fast as in the half century before 1914. It is expected that during 1970s international trade would be closer to the world's experience since 1950s than its experience between 1914 and 1945. This provides all the scope for exports of developing countries.

1.6 A few countries did not experience the export-led growth in their economies during the nineteenth century. This however does not invalidate the thesis that export sector is a leading sector in the process of economic growth. The failure of these countries was mainly due to their late integration into the world economy.
Indian economy has been helped by the export sector to a very great extent in her process of industrialisation under her five year plans. The rate of export growth, no doubt, has been slow in the initial phase of planning. This is mainly due to the inward looking industrial policy followed in our country. Import substitution rather than export promotion influenced the planners till recently. This led to foreign exchange shortages in the wake of increasing import requirements, mounting debt repayments and intermittent suspension of foreign aid. Exports were almost stagnant during the third and the fourth plan period. A steep rise in exports from 1972-73 onwards outstripping even the plan targets has, however, been mainly due to world inflation which has raised the unit value of our exports rather than due to quantitative expansion of our exports. The overall picture of exports either in terms of their annual growth rate or as a percentage of world exports is far from satisfactory. This however does not mean that export sector has not been a vehicle of expansionary process in the country. They have almost covered our import payments during the plan period. A greater thrust to our export front could have been given had the planners and the government given necessary attention and prepared a proper plan of development of this crucial sector from the beginning.
1.8 Export planning and export orientation involve identification of products, identification of markets and development of a proper institutional machinery. In these respects we have made good progress but some of the constraints mentioned in the thesis need to be removed for a further thrust to the export sector. Export planning needs proper estimates of certain interdependent variables viz., import requirements for planned development, aid inflow during the plan period, debt repayment obligations and the extent of import substitution which can be achieved. In the light of these the export protentials of the production units has to be properly identified and promotional measures should be taken. Plan target of 7.5 per cent per annum is quite inadequate. If export sector is to give a real propulsion to the growth of our economy a target rate of at least 10 per cent per year or above is quite essential.

2.1 Structural analysis of India's exports sector suggests that significant achievements have been made in the direction of market and product diversification during the plan period. The predominance of traditional goods viz., jute, tea and cotton textiles has been reduced considerably. Industrial goods have
made their appearance in our export trade reflecting the impact of industrialisation on the export trade. Significant achievements are made in the direction of engineering goods, chemicals and pharmaceuticals, iron and steel, and a host of other capital and consumer goods. This has helped in giving resilience and stability to our export earnings. A break through in non-traditional exports is a heartening trend but at the same time it is suicidal to ignore the importance of traditional exports. These items bring in a substantial amount of foreign exchange even to-day.

2.2 World demand for minor exports is expanding faster than for the major items of exports. India has got all the advantages to increase the production and exports of such items. This trend in world demand should be fully exploited by our exporters.

3.1 Marketwise too our achievements in our exports trade are substantial. Our severe dependence on traditional markets in Western Europe, particularly United Kingdom and the U.S.A., is substantially reduced. Rapid growth of our export trade towards the Eastern European region particularly the U.S.S.R. is notable in this respect.
3.2 We have been able to make good progress in the markets of Asia, Latin America and African region. But the growth of our exports towards these region is very slow while others have made rapid inroads in these regions. India is in an advantageous position to meet the requirements of these developing regions. The countries of these regions have launched their plans for industrialisation. India can meet their requirements of capital equipments involving intermediate technology which is more suited to them than equipments involving sophisticated technology. The oil crisis has further created opportunities to supply the needed equipments to the oil rich countries of the gulf region.

3.3 The break through in the region of Eastern Europe is to be viewed with a bit of caution. This is because of the diversionary effect on our exports due to switch deals of these countries with their western European neighbours. The expansion of our exports to this region may actually cost the country valuable free foreign exchange due to such practices indulged in by the Eastern European countries. Steps will have to be taken to prevent such practices indulged in by our trade partners in this important new market for our exports. Such steps involve a proper estimation of the demand for
Indian goods in each market in the region, persuading the third countries to buy directly from India, insisting on the use of Indian ships to carry goods to these countries and strict vigilance on the part of the Indian embassies and trade missions in those countries over such trade practices.

4.1 Growth rate of Indian exports is stunted due to some internal and external constraints. Production inadequacies are the major hurdles in this respect. Export oriented industries face the problems of inadequate production capacity on the one hand and existence of idle capacity on the other. Both these factors reduce the exportable surplus. Production constraints reduce our capacity to meet the growing world demand in certain directions. Inadequate supplies of raw materials, technical deficiencies in the production units, labour unrest, and shortage of power and fuel are some of the factors causing idle capacity to exist in the export oriented industries. Inadequate production capacity is due to lack of adequate investment in the export oriented industries. In the wake of ever expanding domestic market export oriented industries need greater investment and larger capacity to meet both the internal
and external demand. Growing world demand could be adequately met by not only expanding the organised sector of the export oriented industries but by identifying and associating the small scale industries with the export market. Japan provides an excellent example in this direction. Production constraints are to be overcome through expansion as well as fuller utilisation of the production capacity and through raising the level of productivity in export oriented sectors of the economy.

4.2 Credit inadequacies and fiscal hurdles present another set of constraints towards export orientation of our economy. Credit requirements are substantial particularly in our efforts towards selling of capital goods to developing countries. Sales on deferred payment basis to these countries will help boost our exports. Credit facilities are given on a substantial scale by our competitors from the advanced countries. Our competitive position depends upon our capacity to provide credit facilities to our exporters. The existing institutions meet only a fraction of the actual requirement. It is therefore essential to establish a separate export bank for India on the lines of Export-Import Bank in the U.S.A. and Japan to meet the credit requirements of exporters in an adequate manner.
4.3 An analysis of the fiscal policy and tax burden on our exports suggests that our export trade is heavily burdened with the tax imposts at various levels. Tax remissions and tax incentive measures have been taken in recent years. But a comparative analysis shows that our government's policy in this regard is quite inadequate. Taxation policy with regard to our export trade needs further liberalisation and rationalisation.

4.4 Transport bottlenecks still present a formidable obstacle to our exports. The magnitude of its impact is felt more with regard to inadequate port handling facilities and inadequate carrying capacity of our railways with regard to mineral ores. Modernisation of ports and mechanisation of loading at major ports is an urgent need.

4.5 Export orientation efforts must be directed towards removal of certain other hurdles viz., poor quality of exports, bad packaging, procedural hurdles at the official level, inadequate market information, price instability and overall failure to enhance productivity in export oriented units.
4.6 External constraints in the direction of export orientation stem from tariff and non-tariff barriers to the export of countries like India. Developed market economies have been protecting their agriculture and industry from the competition from less developing countries. Developed countries are tending to trade more amongst themselves. United Kingdom's entry into the European Common Market and the removal of Commonwealth preference have hard hit the export prospects of India and many other developing countries of the Commonwealth. India should try to prevail upon the advanced countries to liberalise their trade policies through international forums like the United Nations Conference on Trade and Development (UNCTAD) and the GATT. She should simultaneously try to expand her exports towards the Asian, Latin American and the African countries.

5.1 Institutional approach for export orientation in India has taken a new dimension in recent years. The institutional structure comprises of export promotion councils for major items of exports, and commodity boards, with representation for the industry and trade with export interest. Their main function is to secure the active association of growers, producers
and exporters in the country's drive for export promotion. An export promotion council also acts as a source of market information, helps in quality control, tries to seek solutions for problems of exports and also acts as a link between the exporters and the government. These councils however need streamlining in their functioning to make them achieve better results. Their organisational structure is inadequate to bring about full co-ordination among themselves. Even the institution of Federation of Indian Export Organisations and the Board of Trade has not been adequate in this direction. Secondly the autonomous character of these councils is being encroached by the Government more for closer supervision of these councils. This move will make these councils bureaucracy ridden and almost as the subdepartment of the Ministry. Thirdly the financial resources of the councils are also inadequate for organisational work and staffing.

5.2 Export houses face another set of problems in our country. The size of these houses is very small from international standards. Every manufacturer is an exporter in our country. The volume of exports handled by them is very small. These factors deny the scale economies in export marketing done by these houses.
It is therefore necessary for the manufacturers to consort together to set up large scale export agencies in related products. An export house should provide economic overhead service to hundreds of different units.

5.3 Export orientation efforts have brought into existence a plethora of public sector units to promote export trade. These units — both commercial and non-commercial — need changes in their organisational structure, programmes and methods of work. Major institutions like STC and MMTC* etc., are required to make a continuous review of their organisational structure, their communications and accountability systems and their boundary relationships with government, industry and the public at large. Larger agencies like the STC, should try to have internal review committees and decentralise activities by creating new subsidiaries instead of over burdening the activities of their divisions.

5.4 The Ministry of Foreign Trade at the Central Government level has created eight divisions, each division looking after a separate function of

* STC: State Trading Corporation.
MMTC: Minerals and Metals Corporation.
promoting India's foreign trade. The composition of the divisional structure of the Ministry shows a well thought out decentralisation of the foreign trade functions. Export aspect of the trade has been given proper attention as it is clear from the fact that separate divisions like (i) export products division (ii) export industries division (iii) export services division and (iv) policy planning and co-ordination division have been created to look after the specific functions relating to these aspects. This ensures a greater amount of efficiency and gives scope for identifying the appropriate areas for making them export oriented. The role of policy planning and co-ordination division particularly is more important since the entire range of formulation of export policy, planning of export strategy and bringing about proper co-ordination between various divisions is entrusted to it. What is more relevant in making the divisional structure at the Ministerial level is the choosing of specially trained and experienced staff in the field of export trade. Only such personnel can implement the policies and plans of export promotion with utmost efficiency.
6.1 Historical analysis of India's export policy reveals that it has been ad hoc, inconsistent and very much general. There appears to be a divorce between the economic and investment policy and the export policy. The Government of India did not realise the basic fact that export promotion is a crucial factor in financing the development programmes of our country.

6.2 In the early phase after independence the Government considered exports as incidental to the foreign trade picture. Exports were considered as marginal to the general economic landscape. The accumulated reserves of Sterling during the Second World War created a complacency on the part of the Government of India. The result was that a dynamic export policy did not emerge.

6.3 In the period of early fifties again the problem of foreign exchange shortage did not arise due to the Korean boom. The first plan approach to export policy did not have a long term perspective. Industrialisation process which started from the second plan onwards has been more inward looking. Mahalanobis plan frame was more influenced by the ideology of import substitution. The second plan merely suggested the
need for promotion of exports without spelling out a concrete plan for export production and investment in export industries. Similarly, the third plan approach towards exports was again superficial since it only suggested some measures for reducing the fiscal hurdles and to take up cost reduction measures in export industries.

6.4 A real appreciation of the role of exports in promoting development was made in the fourth plan. The planners stressed the need for an integrated policy of export promotion, investment targets for export oriented industries and a proper fiscal policy to give a thrust to the export trade. The fifth plan laid emphasis on multipronged efforts to achieve a target rate of 7.6 per cent growth in exports. It emphasised the need for adequate production of exportable commodities. A priority for exports over domestic consumption was stressed. It has rightly pointed out the need for a forward looking export strategy with a reorientation of the production structure towards items with rapidly expanding world market.

6.5 The import policy of 1976 has provided for various incentives for export promotion viz., subsidies, import replenishments, preference in industrial
licensing, liberal import of input for production and for expansion of capacity.

6.6 Economic policy of the country is oriented towards regulation of imports through fiscal and administrative means. There is no basic conflict between such a policy and a policy towards promotion of export sector. Government should consider exports as an exceedingly important element in the external component of development and this should reflect in our economic planning and industrial and other policies.

6.7 The world economy is positively responding to the needs of the developing countries like India in building up their export sectors. This is clear from the fact that world commerce is growing since the early fifties providing ample opportunities for exports of less developed countries. Even the oil crisis has created opportunities for increased exports to oil exporting countries from India and other countries with capacity to meet the import requirements of these countries in the direction of capital goods and other equipments needed for their programmes of industrialisation. It is possible for India to create export surplus in many fields since the level of consumption is growing very
slow. In the advanced regions of the world there is good market for our products due to their high incomes and affluence with larger propensity to import. Indian goods with less labour costs have good prospects in those countries. The recent export policy resolution has stressed various aspects to make the private and public sector units export oriented. It has tried to stress the need for a proper identification of products, markets and institutional machinery for making the economy export oriented. In spite of all these healthy trends our policy internally has some elements of a conflict with the policy of export orientation. The policy of promoting production is sometimes followed with measures like putting restraints on the expansion and diversification of activities of the big industrial houses under the provisions of Monopolies Act. Such a policy goes against the efforts of the private enterprise to create export surplus. Fiscal hurdles still operate dampening the competitiveness of exports. All these policy constraints need to be removed and a positive outward looking export oriented policy should be evolved and implemented so that the vast export potential of the country is fully utilised in our programmes of planned economic development.
In brief, the entire analysis of the structural dimensions of India's exports during the plan period has helped in identifying the markets and product mix and also the problems and prospects of the export sector in the growing economy of the country. Major constraints areas within the economy have been pinpointed and remedial measures to overcome them have been suggested. The analysis has been able to identify the existing institutional and policy measures along with their deficiencies. This macro analysis of India's efforts towards export orientation of the economy has been done within the theoretical framework provided in the early part of the thesis. It is felt that the impact of industrialisation under India's five year plans has given a sufficient thrust towards the development of a dynamic export sector within the limits set by the constraints -- both internal and external. With concerted efforts -- both on the part of the government and the private sector it is possible to overcome the constraints to export sector and make further headway towards export orientation of the Indian economy.