International Journal of Marketing and Management Research
Vol. 10, Issue 2, February 2019, Impact Factor; 6.544 ISSN: (2229-6883)
www.skirec.org Email Id: skirec.org@gmail.com

EXPORT PROMOTION PROGRAMMES IN KERALA- FILLIP TO THE SECTORS NEEDED

Dr. K. S. Chandrasekar

Professor and Dean, IMK, University of Kerala, Trivandrum695581

ABSTRACT

Export promotion has been on the anvil of successive governments to ensure that there is foreign flow of money which is needed for socio economic development of the country. Realizing the country's export potential for achieving a rising level of exports and to generate exportable surplus and the need for providing adequate facilities and incentives to promote the growth of export trade, the Export Policy Resolution was made by the Govt. of India in 1970. Hence there were many committees constituted by the Government for ensuring increase in flow. The state of Kerala has seen exports of Spices, marine products, garments, Information technology services, tourism products etc.,. This article deals with the growth of various committees, their contribution, the role of the state in ensuring export promotion, various agencies which are involved in the process, the suggestions for improving the same.

KEYWORDS: *Export promotion, committees, agencies, Kerala*

I. INTRODUCTION

Due to factors like export pessimism of the Indian planners, export development was neglected in the first and second plans. Although several measures were taken since the third plan for export promotion, they were not adequate enough to provide the needed incentives for export. The first two Five Year Plans were formulated under the assumption that it would not be possible to achieve significant increase in exports during the early development of the economy. In the Third plan document admitted that the programme for exports has not been regarded as an integral part of the country's development effort under the First year plans. The export pessimism and the resultant indifference to export development in the earlier plans resulted in the neglect of several sectors with tremendous potential like cashew, coir and coir products, marine products, spices etc.

The period of 30 years, 1961-'91, extending from the beginning of the Third five year plan to the eve of the eighth plan, is characterized by import restriction and the adoption of a number of measures for export promotion. Many of the Import liberalization measures were made for export promotion. Institutional framework for promoting exports was broadened and strengthened and fiscal incentives were introduced during the third plan period. Importance was given to diversification, both country wise and product wise of export trade. Realizing the country's export potential for achieving a rising level of exports and to generate exportable surplus and the need for providing adequate facilities and incentives to promote the growth of export trade, the Export Policy Resolution was made by the Govt. of India in 1970. Since the emergence of oil price hikes in 1970s, export promotion assumed added importance. The committee on Import- Export policies (Mudaliar Committee), the committee on Import- Export policies and procedures (Alexander Committee), Committee on export strategies for the Eighties (Tandon committee) and the committee in Trade Policies (Abid Hussain Committee) were appointed to suggest strategies for export promotion.

II. EXPORT IMPORT POLICY

The Govt of India announced a Five year Export- Import policy on March31 ,1992 followed by the current Export –Import policy for 1997-2002 plan period with the main objective of deriving the maximum benefit from the expanding global market opportunities. This attitude is reflected in the statement of objectives of the new law, the Foreign Trade (Development and Regulation) Act1992, which has replaced the Import and Export (Control) Act of 1947. Accordingly, the export promotional organisations assume much responsibility in the light of the resources of exporters and are instrumental in:

1. Creating awareness about India's export potential
2. Impressing the Foreigners about the country's Capabilities
3. Improving the quality image of the product

In this regard, selling goods from Kerala to Foreign countries is fascinating as it is rewarding not only to Kerala, but to India as a whole. Kerala's export opportunities are so rich and reward is so attractive especially with regard to the traditional goods. But the exporters of Kerala can strike it rich if they are packed with proper guidance, assistances and wealth of information in different aspects of export trade and export promotion measures. Exporting a product is 'as-you-will' affair. He should go through a step by step drill of an export transaction. If the export promotion agencies lead the exporters of Kerala in the correct directions, especially for the export of Kerala's traditional thrust products, there is much scope for increasing the share of India's exports New Foreign Trade (Development and Regulation) Act of 1992 which came into being on June 19th 1992 was aimed at increasing the foreign trade from India using the conventional and resourceful commodities which are in abundance especially in southern states. More over the EXIM policy, since 1992 acknowledges that trade can flourish only in a regime of substantial freedom. Some of the salient literature on this area include the work of Gupta, where he cites that the exporting units should be supplied circuits raw materials at international competitive prices so that they could utilise the

International Journal of Marketing and Management Research
Vol. 10, Issue 2, February 2019, Impact Factor; 6.544 ISSN: (2229-6883)
www.skirec.org Email Id: skirec.org@gmail.com

unutilized capacity to the maximum possible extent, can be the top priority basis. It is also revealed on the study that there is a great need for reorientation of our export production for increasing our export productivity. This helps our exporting units to meet the growing needs of the developing Asian, African and Latin American countries, who were emancipated from foreign yoke. Dr. M. Saeed made an attempt to analyse the prospects of India's trade with Afro- Asian neighbours, in his study 'India's Overseas Trade with her Afro- Asian neighbours". The study showed that most of the countries are on the way to economic development which demands various intermediate components and end - protects and capital goods of intermediate technology. There is rarely and cheap supply of labour with the help of which labour intensive goods can be exported to foreign countries . Dr. J. P. Mittal in his study "India's Foreign Trade with USA since 1966 revealed that Indo - US trade especially Indian exports will increase at a faster rate if problems such as provision of generalized scheme of preference, protectionist measures prevailing in the US market, low quality and standard of Indian products, delayed delivery schedule, transport bottle needs, ineffective Indian publicity in US markets etc are solved .

III. LITERATURE REVIEW

In a study carried out by H.C. Sainy regarding "Foreign Trade and Economic Development of India" pointed at all issues that influence India's foreign trade. The study revealed the main problems faced in the implementation of scheme of export promotion, export finance and insurance, bilateral and multi-lateral trading arrangements, the regional trade groups, the operations in the state trading etc. The performance of Central Govt. Export houses is comparatively better than that of the State Govt. The study suggested that the performance of export houses can be improved by defining clearly its objectives and role it has to play without any doubt. The study also emphasised that more autonomy should be provided to export houses. The top level and operational level staff should be properly Selected and trained and their public accountability system should be restructured.

In a study carried out by Baby Jacob, he suggested that highest productivity, which can be achieved though the improvement of agro - techniques, cultivation of high yielding varieties and improved cultures practices, will reduce cost of production and helps to offer the products at competitive prices. It is also recommended in the study that immediate steps should be adopted for product modification, product innovation and quality upgradation. The study showed that by adopting pragmatic approach Govt's restrictive policies could be transformed into supportive policies .

In an analytical study conducted by Raj Deepak Moses on "Indo - Arab Trade since 1966" indicated that inspite of various promotional and development programmes adopted, India's export to Arab countries failed to achieve the desired result. The study observed that an important obstacle in the promotion of trade between the two countries is the lack of information about India's technological capabilities and credit worthiness in the international financial markets .V.R. Panchumukhi etal in the Study 'Export Financing in India,' made an attempt to evaluate the export financing mechanism in India. It helps to develop a comprehensive report on the origin and operation of the existing export finance system including an overview of the Export Promotion policies. The study identified the limitation on effectiveness of the export finance schemes as a critical tool for development of non - traditional export. The study Suggested to strengthen development of non - traditional export through supportive financing. The study made an elaborate attempt to review the export promotion measures also. It is found that the Export Promotion Expenditure as a percentage of India's total export was around 7% and it varies form 5.12% to 6.86% during the period of 1980 - 81 to 1989 – 90. Some of the measures that can be adopted to develop marine products as suggested by Panchamukhi include, immediate measures should be taken for the promotion of Marine exports, maintenance of proper co-ordination and monitoring of the activities of various agencies, opening of Trade Promotion offices by Marine Products Export Development Authority (MPEDA) for exploiting the vast potential of this market, improving the functioning of the Trade promotion offices at New York and Tokyo and necessary authority and more autonomy should be provided to MPEDA for carrying out its functions more effectively.

Globalisation is a two-way interactive process that results in mutually gainful repetitive exchanges provided (a) the country under consideration is willing and able to put its internal house in order, and (b) reasonably impartial policing arrangements of multilateral trade are provided by WTO. The nineteenth century record of acceleration in the volume of world trade prompted Robertson to coin the metaphor of international trade as an engine of economic growth. The growing autonomous external demand for foodgrains, primary raw materials and minerals in the then industrializing countries resulted in a faster utilisation of domestic unused natural resources (including land) in the underdeveloped countries and helped initiate the process of economic growth. Nurkse while conceding the external stimulus to economic growth provided by international trade during the nineteenth century, predicted the slowdown of the engine in the twentieth century mainly drawing on (what in retrospect turned out to be) the exceptional inter-war period and backed it up with a priori reasoning . His conclusion was that the predominant primary exports of low-income countries would be constrained by limited external demand in the twentieth century. His prescription for development was, therefore, to minimize the reliance on international trade in the development process and focus, instead, on the development of the domestic market through what he termed as the ‘balanced growth’.

It can be seen that India is compared with China on all accounts and also on the commodities export also this argument continues. As a brief background, it may be noted that both India and China had adopted inward-oriented growth strategies in the 1950s and consciously minimized the participation in the international division of labour. It has already been noted that the 1970s saw India’s reluctant entry into international exchange forced by the need to pay for a rising import bill of petroleum, oil and lubricants arising from steep oil price hikes. The same decade also recorded accumulation of foreign exchange reserves and government stocks of food grains. With the gradual relaxation of foreign exchange and wage-good constraints, India has undertaken since the late 1970s selective deregulation of industrial and import licensing combined with virtually across-the-board concessions for exporters and later a comparatively much more wide-ranging trade and industrial liberalization since 1991. As a result, the profitability of selling in the international markets has been gradually going up relative to selling in the domestic market. China also opened up its economy since the late 1970s when Deng initiated economic reforms and later accelerated the it by permitting private foreign investment under what he described as the strategy of market socialism.

In aggregate volume terms, India’s exports grew at 7.6 percent per annum during 1980-95 compared to 10 percent per annum for China over the same period. The difference in growth rate implies that after the fifteen year period China’s export volume was 4 times its level in 1980 whereas India’s was 3 times its (lower than China’s) level in 1980. It should, therefore, be obvious that judging by the volume of sales in the international markets, the pace of opening up has been much faster in China than in India. This had been associated with India coming out of the low (the so-called Hindu) growth syndrome of 3.5 percent annual real GDP growth till 1979-80 and recording 5.3 percent average annual growth between 1980-95. Over the same period, Chinese GDP in real terms grew at a much higher rate of 9.7 percent per annum.

IV. SUGGESTIONS AND CONCLUSION

While 'merchandise exports' have grown well, services exports have also been an important area of success reflected in net invisible inflows. India's share in world commercial services trade is larger than India's share in world merchandise trade. While software exports is a success story, India is now an important venue for many tasks in services such as financial accounting, call centres, processing insurance claims and medical transcription. However, even now India's exports account for less than one percent of world exports. During 1966 India's share was 1.04 percent of world export. Now it is around 0.6 percent only. During 2001-02 the commodities which contributed to the high growth rate are ores and minerals, engineering goods, gems and jewellery, ready-made garments of cotton including accessories, handicrafts, chemicals and related products, rubber manufactured products, glass/glassware and non-basmati rice. This scenario has undergone many changes and now it looks like the trend in exports is only on the way to improve.

Some of the steps that can be taken towards improving the export performance include that of prominent role by the state government, international markets where less competition is there, an understanding of the South Asian markets where such products could sell etc. The current state of affairs where the state government not having a role in the commodities exporting needs to change and the state government has to take initiative like that of Cashew Board, Coir Board etc. For the creation of additional exportable Surplus, Production strategy should be framed through improved production techniques and higher productivity. Market Developmental programmes in various world markets such as sales, delegations, contact programmes, buyer – seller meets, exhibitions or trade fairs, catalogue exhibitions etc. should be conducted. The State Govt. should set up Trade Information's and Exhibition Centres at a strategically important Centre in Kerala with facilities to exhibit all exportable products from Kerala. The Centre should be in a position to provide all information about import / export matters to both importers and exporters. More Industrial Parks will be set up for the thrust sectors identified for exports to make available all the infrastructure facilities at one place which would facilitate regular monitoring. Each park will make use of any one of the State's natural resources as raw materials. The Marine Park in Aroor, Alleppey, which is a joint venture between Kerala Industrial infrastructure Authority and MPEDA is a good example in regard to this. Kerala State Export Trade Development Council (KEREXIL) is the nodal agency for export promotion activities. KEREXIL needs to provide shelf space to exporters of the state whose annual export turnover exceeds Rs.20 lakh in the International Trade Fairs where the products of Kerala have been included as thrust items of exhibitions. For small-scale sectors units with no export turnover, but intends to enter into Foreign Market, their samples and exhibits will be exhibited in the Pavilion of KEREXIL free of cost. A full-fledged air cargo complex that is to be set up at all the airports by Kerala State Industrial Enterprises to facilitate export is yet to take off. The equity promised by KINFRA in export oriented companies has to be considered seriously to create a platform for efficient and effective export performance of our commodities and other products from Kerala.

REFERENCES

1. K. Varghese (1978), 'Export Assistance Policies and Export performance of India in the seventies'; Economic and Political weekly, Annual Number, February 1978 page.360.
2. T.A.S. Balagopal (1986), Export Management, (Bombay-Himalaya Publishing Hauza 1986) page.104.
3. Hemant Sanawas,(Ed) Export Business and Overseas Marketing (New Delhi 2000) Kanishka Publishers, Distributors P.165.
4. Menon Sreedhara. A.(2015), A survey of Kerala History, Sahitya pravartaka Co-operative Society Ltd., P-54.
5. Balassa, Bela. (1978) : " Exports and economic growth : Further evidence ", *Journal of Development Economics, 5, No.2, June, 181-189*.
6. Tyler, W.(1981) : " Growth and export expansion in developing countries : Some empirical evidence ", *Journal of Development Economics, 9, No.3,August, 121-130*.
7. Kavoussi, R.M. (1984) : " Export Expansion and Economic Growth : Some Further Empirical Evidence ", *Journal of Development Economics, Vol.14, No.1-2, Jan/Feb, 241-50*.
8. Gupts B.R.S. (1951), ""Trends in Foreign Trade and possibilities of Export Promotion in the Structural Basis of the Planned Economy in India", Doctoral Diss., University of Lucknow.
9. Saeed. M (1976), "India's Overseas Trade with her Afro-Asian Neighbours", Doctoral diss., University of Agra.
10. Mittal J.P (1982), "India's Foreign Trade with USA since 1966", Doctoral diss., University of Agra.
11. Sainy H.C (1979), "Foreign Trade and Economic Development", Doctoral diss., University of Sagar.
12. Baby Jacob (1985), "A Blueprint for Export Development of Kerala", Doctoral diss., Cochin University of Science and Technology.
13. Naveen Kumar (1986) "A critical Appraisal of India's Export Promotion measures (with particular reference to export potential)", Doctoral diss., University of Agra.
14. Athar Ahamad Khan (1989), "Indo Canadian Economic Relations (Trade and Joint Ventures)", Doctoral diss., University of Agra.
15. Dr.CA Francis (1991) on "Export Development: Process and potential," A study with special reference to the Marine Products industry in India," Doctoral diss., Cochin University of Science and Technology.

16. V.M. Manoharan (1996), "An Evaluation of the working of the Export Processing Zones in India- A Case study with reference to Cochin Export processing Zones ", Doctoral diss., Cochin University of Science and Technology.