

Chapter - 5

Trend of Trade during 1907-26: Export

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Though the Bhutanese trade with India had been in a flourishing state during the sixteenth-nineteenth centuries, it got added impetus at the debut of the twentieth century because of successive international and domestic events in this Himalayan kingdom. We have already narrated that political activities around Bhutan, especially by Russia, made the British interested to forge a trade relation of India with that country. While an outside impetus had thus been burgeoning for her trade to make a break through, the election of the Tongsa *Penlop*, Ugyen Wangchuk in 1907 as the first Maharaja of Bhutan added further fuel to it as he was a supporter of trade and development in the domestic economy. It is, therefore, expected that trade flourished in Bhutan under the reign of Ugyen Wangchuk (1907-1926). Our objective in this chapter is to analyse this trend of trade in general, and that of export trade in particular.

The organization of the study is as follows. In section 5.1 we analyse the trend of merchandise export of Bhutan to British India during the reign of Ugyen Wangchuk. Section 5.2 deals with the destination of export trade of Bhutan. Section 5.3 makes an attempt to analyse the composition of exports. The main findings are summarized in section 5.4.

5.1. Trend analysis for 1907-25

We present the export series for 1907-08 / 1924-25 in Table 5.1 along with its 3 yearly moving averages.

Table 5.1: Export trade of Bhutan during 1907-1925

(in Rs.)					
Year	Merchandise	Merchandise Exports	Year	Merchandise	Merchandise Exports
		3-yearly moving average			
1907-08	341,452	-	1916-17	1,328,103	1,622,861.00
1908-09	300,377	278,643.33	1917-18	1,938,250	1,391,217.33
1909-10	194,101	229,404.33	1918-19	907,299	1,123,004.67
1910-11	193,735	359,582.33	1919-20	523,465	867,849.33
1911-12	690,911	801,113.33	1920-21	1,172,784	849,936.33
1912-13	1,518,694	1,425,861.00	1921-22	853,560	1,145,393.00
1913-14	2,067,978	1,918,924.67	1922-23	1,409,835	1,076,580.33
1914-15	2,170,102	1,946,770.00	1923-24	966,346	1,043,850.67
1915-16	1,602,230	1,700,145.00	1924-25	755,371	-
Total				18,934,593	

Source: Various issues of Accounts Relating to the Trade by Land of British India with Foreign Countries for twelve months, April 1907 to March 1925

For better understanding of the series, the above series are plotted in Fig 5.1

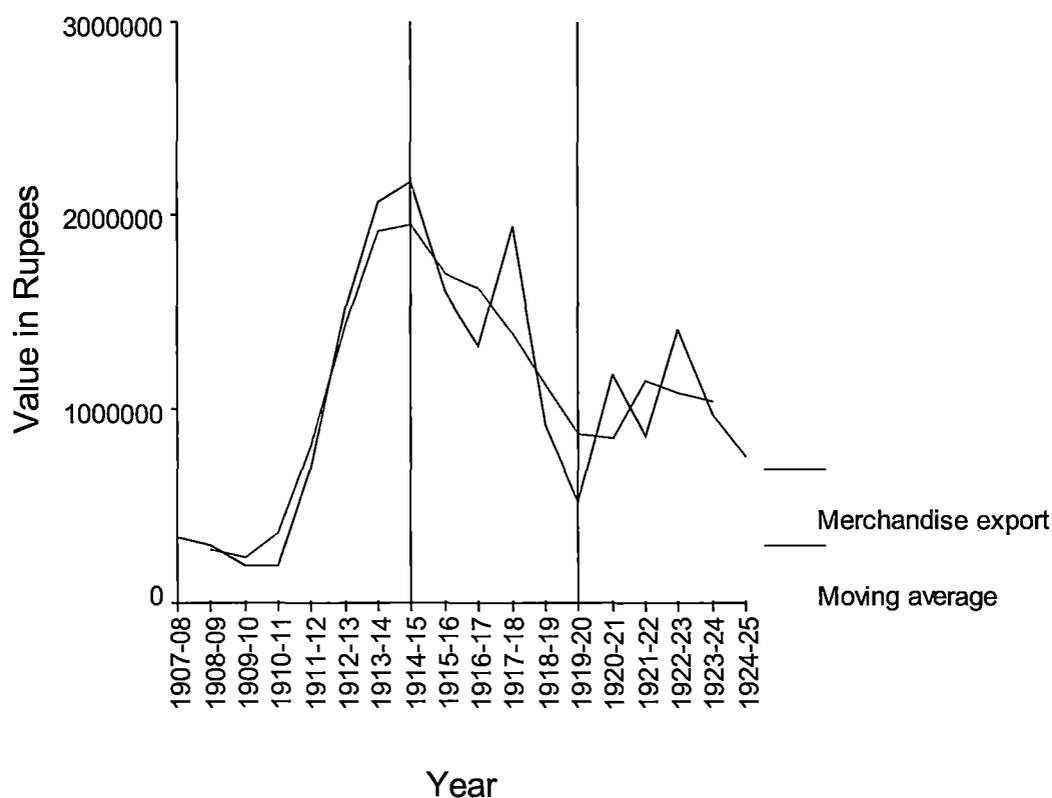


Fig 5.1: Bhutan's export trade during 1907-25

Three distinct phases are discernable in the series, i) 1907-08 / 1914-15, ii) the war period of 1914-15 / 1919-20, and iii) the post-War period of 1919-20 / 1924-25. The first sub-period clearly witnessed a more-or-less steady expansion of Bhutan's export business. In Rupee terms, it underwent as much as 76.51 per cent annual rate of growth on the average for seven consecutive years. Achieving such a high rate of growth, her export touched at two million rupees in 1914-15 from a meagre base of about Rs.341 thousand in 1907-08. There should not be any dispute, therefore, against the hypothesis that the King Ugyen Wangchuk's regime gave a boost to Bhutan's export trade in the early twentieth century.

World War I, however, applied a break to this development possibly because most of Bhutan's traditional products were no felt-need articles in war zones. War needs having then predominated over civilian requirements, Bhutan's export to British India decelerated by more than 15 per cent per annum during 1914-15 / 1919-20.

The post-War period, however, gives some relief to Bhutan in this respect. From Rs.523 thousand in 1919-20 her export trade to British India increased to Rs.1.17 million in 1920-21 and further to Rs.1.41 million in 1922-23. Falling trend is visible thereafter. During the Post-War period under study Bhutan could not therefore attained her pre-war peak of export, viz. Rs.2.17 million.

Intra-period oscillations in the actual series are, however, removed in the series of moving averages presented in column 3 of Table 5.1. This series points out that Bhutan's export rose steadfast from Rs.279 thousand in 1908-09 to Rs.1.95 million in 1914-15, and then decelerated again steadily to Rs, 868 thousand in 1919-20. The series finally revived to Rs.1.04 million in 1923-24. This moving average series, which has iron out annual

fluctuations to a good extent, shows that about 18.31 per cent annual rate of growth was achieved in Bhutan's export during 1907-08 to 1924-25. This high rate of growth in export indicates that the King Wangchuk was able to introduce dynamism in Bhutan's external business.

There is, however, poor goodness of fit for the time series over the entire study period 1907-25. We have, therefore, fitted one time trend for each sub-period. The following linear trend model has been tried to this end.

$$X_t = \alpha + \beta t + u_t \dots\dots\dots(5.1)$$

where X_t represents Bhutan's merchandise export, t denotes year and u_t is the disturbance term. While the above model is fitted well for the data of the pre-war period 1907-08 / 1914-15 and war period 1914-15 / 1919-20, the goodness of fit is poor from the view point of R^2 and F statistics when fitted on the data for the Post-War period. For this period we suppress the intercept to try the model

$$X_t = \beta t + u_t \dots\dots\dots(5.2)$$

and the observed trend is found significant from the viewpoint of relevant statistics.

In fine, Model 5.1 is fitted for the pre-War and the War period and Model 5.2 for the post-War period. We present below the estimated models along with relevant statistics.

$$\hat{X}_t = -592.901 + 0.311 t \dots\dots\dots(5.3)$$

(S.E.=120.655)	(S.E.=0.063)	$R^2 = 0.801$
(t = -4.914)	(t = 4.922)	F = 24.224 (Sig = 0.003)
Sig = 0.003)	Sig = 0.003)	DW = 0.793

$$\hat{X}_t = 532.985 - 0.277 t \dots\dots\dots (5.4)$$

(S.E.=176.364)	(S.E.= 0.092)	$R^2 = 0.694$
(t = 3.022	(t = -3.014	F = 9.085 (Sig = 0.039)
Sig = 0.039)	Sig = 0.039)	DW = 2.448

$$\hat{X}_t = 0.00049 t \dots \dots \dots (5.5)$$

(S.E. = 0.000)	$R^2 = 0.917$
(t = 7.410)	F = 54.915 (Sig = 0.001)
Sig = 0.001)	DW = 2.192

\hat{X}_t represents the estimated value of X in period t

Equations 5.4 and 5.5 have been found not to suffer from the problem of autocorrelation from the viewpoint of the Durbin-Watson (DW) statistic. Since the observed DW value is here more than 2, we have tested negative autocorrelation for Estimations 5.4 and 5.5. Their values of (4- DW) are 1.552 and 1.808 respectively as against the range of 0.390-1.142 for d_L-d_U . The Durbin-Watson Test is, however, inconclusive with regard to Estimation 5.3 as its observed value, viz. 0.793, falls within the inconclusive range of its tabulated value of 0.497-1.003. To settle the issue we opt for the von Neumann test of autocorrelation. This value is worked out at 0.91 as against the appropriate tabulated value of 0.79.

The values of R^2 and F are, however, found highly significant for the estimated time trends of all sub-periods. While R^2 is found at 0.801 for the trend of the pre-war period, 0.694 for that of the War period and 0.917 for that of the Post-War period, their respective observed F statistics attain the level of significance at 0.003, 0.039, and 0.001. The estimated relationships are, therefore, highly reliable.

The estimated slope coefficients, however, indicate that the export trade of Bhutan annually increased at a rate of 41.02 per cent during 1907-08 /1914-15 but decelerated at 19.63 per cent during World War I. A growth rate of 0.05 per cent per

annum prevailed during the Post-War period. This growth rates are calculated at the mean export values of the respective periods.

5.2. Destination of export

Bhutan's exports were destined to two regions, viz. i) Bengal, and ii) Assam and Eastern Bengal. Her destination-wise exports during 1907-08/ 1924-25 are presented in Table 5.2.

Table 5.2: Destinations of Bhutan's merchandise exports

(in Rs.)					
Year	Bengal	Eastern Bengal and Assam	Year	Bengal	Eastern Bengal and Assam
1907-08	9,738	331,714	1916-17	367,263	960,840
1908-09	8,029	292,348	1917-18	568,985	1,369,265
1909-10	7,266	186,835	1918-19	349,011	558,288
1910-11	14,873	178,862	1919-20	308,535	214,930
1911-12	28,030	662,881	1920-21	342,126	830,658
1912-13	90,495	1,428,199	1921-22	545,458	308,102
1913-14	301,342	1,766,636	1922-23	743,019	666,816
1914-15	311,414	1,858,688	1923-24	807,889	158,457
1915-16	379,617	1,222,613	1924-25	718,516	36,855
			Total	5,901,606	13,032,987

Source: Various issues of Accounts Relating to the Trade by Land of British India with Foreign Countries for twelve months, April 1907 to March 1925

In the period under study, Assam and Eastern Bengal predominated over Bengal in the export trade of Bhutan. In aggregate, the former absorbed her products worth of Rs. 13.03 million in this duration as against an absorption of Rs.5.90 million by Bengal. This indicates an important aspect of the export strategy during the tenure of war (1914-1919). We have narrated above that Bhutan's trade routes were historically developed with Assam and Eastern Bengal. During the eighteenth-nineteenth centuries, the destinations of those routes were confined to Hajo in Assam and Rangpur in Eastern Bengal. Our findings indicate that the new administration of Bhutan sought to promote her export on the basis of traditional markets without much effort for market diversification. It should, however, be noted that changes began to take place from 1919-20 onwards. In that year, Bengal's intake was about Rs.94 thousand greater than that of its counter part. The gap rose rapidly in the years to follow. In 1924-25 Bengal shared about 95 per cent of Bhutan's export to British India. It thus seems that Bhutan sought to diversify her export trade from the traditional markets during the post World War period.

While Bhutan's aggregate series of export received a setback on account of World War I from 1915-16 onwards, this adverse effect was delayed in her export to Bengal. Column (2) of Table 5.2 shows that her export to Bengal increased almost steadily up to 1917-18. Remaining depressed only for two consecutive years, viz. 1918-19 and 1919-20, it bounced back in 1920-21, and attained the pre-war peak within a year thereafter. The story was different for Assam and Eastern Bengal. The relevant series got depressed from 1915-16 in conformity with the movement in the aggregate series. It was not able to revive any further. Initially it was the adverse effect of World War I; later on, Bengal prevailed over it in the export map of Bhutan.

5.3. Composition of exports

Commodity composition of Bhutan's export trade is shown in Table 5.3.

Table 5.3: Commodity-wise Bhutan's exports to British India

Year	(in Rs.)				
	Live animals and allied products	Forest products	Manufactured Goods	Agricultural products	Miscellaneous**
1907-08	102,104 (29.90)*	183,158 (53.64)	37,343 (10.94)	656 (0.19)	18,191 (5.03)
1908-09	109,090 (36.32)	119,200 (36.68)	56,936 (18.95)	2,513 (0.84)	12,638 (4.21)
1909-10	69,774 (35.95)	91,483 (47.13)	21,453 (11.05)	1,097 (0.57)	10,294 (5.30)
1910-11	77,252 (39.87)	82,054 (42.35)	13,067 (6.74)	2,391 (1.23)	18,971 (9.79)
1911-12	206,942 (29.95)	83,910 (12.14)	268,672 (38.89)	32,037 (4.63)	99,350 (14.38)
1912-13	263,122 (17.33)	106,365 (7.00)	857,505 (56.46)	220,534 (14.52)	71,168 (4.69)
1913-14	486,833 (23.54)	205,243 (9.92)	951,648 (46.02)	320,997 (15.52)	103,257 (4.99)
1914-15	571,317 (26.33)	169,991 (7.83)	973,426 (44.86)	355,819 (16.40)	99,549 (4.59)
1915-16	482,653 (30.12)	157,924 (9.86)	658,687 (41.11)	168,735 (10.53)	134,231 (8.38)
1916-17	533,477 (40.17)	224,276 (16.89)	314,732 (23.70)	144,992 (10.92)	110,626 (8.33)
1917-18	842,681 (43.48)	292,308 (15.08)	423,269 (21.84)	183,836 (9.48)	196,156 (10.12)
1918-19	366,039 (40.34)	131,625 (14.51)	104,758 (11.55)	243,632 (26.85)	61,245 (6.75)
1919-20	207,368 (39.61)	162,398 (31.02)	15,035 (2.87)	104,726 (20.01)	33,938 (6.48)
1920-21	351,403 (29.96)	335,378 (28.60)	296,088 (25.25)	143,467 (12.23)	46,448 (3.96)
1921-22	177,668 (20.80)	438,911 (51.37)	37,723 (4.42)	155,789 (18.23)	43,469 (5.09)
1922-23	408,464 (28.97)	652,017 (46.25)	128,129 (9.09)	144,103 (10.22)	77,122 (5.47)
1923-24	232,782 (24.09)	593,397 (61.41)	18,754 (1.94)	85,366 (8.83)	36,047 (3.73)
1924-25	152,427 (20.18)	468,912 (62.08)	5,752 (0.76)	64,433 (8.53)	63,847 (8.45)
Total	5,641,396 (29.79)	4,498,550 (23.76)	5,182,977 (27.37)	2,375,123 (12.54)	1,236,547 (6.53)

Source: Various issues of Accounts Relating to the Trade by Land of British India with Foreign Countries for twelve months, April 1907 to March 1925

N.B. *The bracket terms represent the percentage share in aggregate.

** It includes tea, precious stones etc.

In the aggregate export for the duration 1907-08/1924-25, the product groups live animals, forest products and manufactured goods predominated with their respective shares at 29.79 per cent, 23.76 per cent and 27.37 per cent. This export composition signifies a primitive profile of the Bhutanese economy in the period under study. Her export activities in the early twentieth century show that her people enjoyed comparative advantage in rearing domestic animals, and in the collection and gathering of forest products.

Figure 5.2 exhibits relative importances of the above three products over the period 1907-08/1924-25.

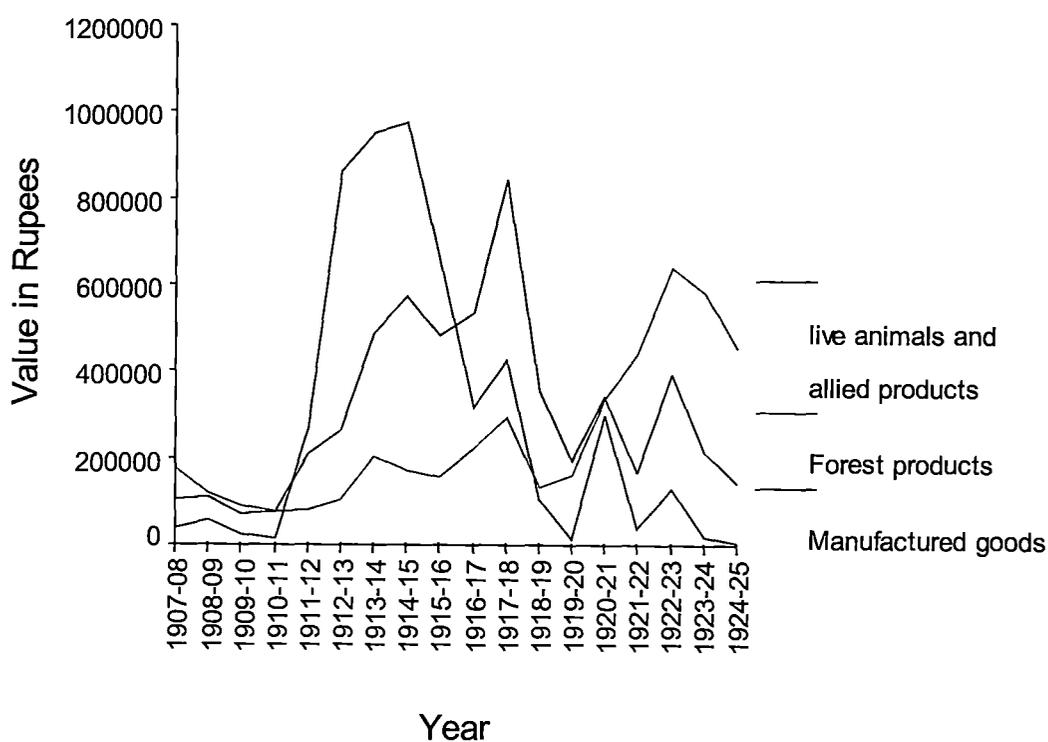


Fig 5.2: Bhutan's export of live animals, forest products and manufactured goods

The above diagram shows that forest products occupied the most prominent position in Bhutan's export during 1907-08/1909-10, and again during 1921-22/1924-25. The product group, live animals and allied products, occupied the place of prominence during 1916-17/1920-21, and the manufactured goods during 1911-12/1915-16. It should also be noted that in all periods when live animals failed to be the most prominent item of export, they occupied the second position of prominence. Importance of this product lines was thus clearly visible in the entire period of study. The nature of manufactured goods' export should also be emphasized here. They occupied the place of prominence only for five years after the Punakha Treaty, notably during 1911-12/1915-16. For the remaining years their export series was very erratic. It was, for example, about Rs.423 thousand in 1917-18, Rs.15 thousand in 1919-20, Rs.296 thousand in 1920-21 and Rs.38 thousand in 1921-22.

Table 5.3 also gives us insight into the nature of changes that took place in the composition of export during the study period. For the first three years of this period the annual average share was highest for the forest products, viz. 45.82 per cent, followed in order by the export of live animals (34.06 per cent), manufactured goods (13.65 per cent), miscellaneous products (4.85 per cent) and agricultural products (0.53 per cent). Similar average for the last three years of the study period confirms that forest products retained their place of prominence, and that their share in the country's aggregate export got up by about 11 per cent. Also, the export of live animals retained their second position in the latter period. These signify that Bhutan geared up her export promotion during the reign of Ugyen Wangchuk on the basis of her age-old comparative advantage with British India.

We now turn to discuss product-wise importance in each classification. Among the live animals and allied products Bhutan exported horses, ponies, mules, cattles, sheep and goats, other animals, provisions, musk and hides and skins. Product-wise value and quantity of export in this classification are given in Table 5.4.

Table 5.4: Export values of live animals and allied products

Year	(in Rs.)						
	Horses, Ponies, Mules	Cattle	Other animals	Sheeps and goats	Provisions	Musk	Hides and Skins
1907-	48,598	5,018	8,894	-	11626	25,172	2,796
08	(596)*	(286)*	(3,003)*	(-)*	(291)**	(582)***	(221)**
1908-	46,908	4,561	8,654	-	16,342	27,624	5,001
09	(525)	(217)	(2,871)	-	(399)	(692)	(231)
1909-	33,109	6,638	9,691	-	6,283	12,507	1,546
10	(545)	(233)	(3,486)	-	(202)	(335)	(142)
1910-	39,258	3,748	14,942	-	6,809	11,847	648
11	(618)	(87)	(4,301)	-	(151)	(318)	(154)
1911-	62,153	4,735	33,374	-	56,370	47,714	2,596
12	(891)	(153)	(10,435)	-	(1,685)	(992)	(382)
1912-	102,765	9,583	20,968	-	48,264	77,223	4,319
13	(1,372)	(297)	(8,096)	-	(1,235)	(1,440)	(1,043)
1913-	126,546	46,964	75,951	-	106,463	117,189	13,720
14	(1,131)	(2,284)	(8,862)	-	(2,042)	(1,955)	(2,043)
1914-	173,033	57,792	74,861	-	85,766	155,139	24,726
15	(1,496)	(3,110)	(8,936)	-	(2,057)	(2,870)	(1,126)
1915-	87,574	84,267	112,496	-	78,715	88,612	30,989
16	(657)	(3,394)	(11,226)	-	(1,804)	(1,770)	(1,045)
1916-	151,777	71,755	94,644	-	65,922	103,773	45,606
17	(1,239)	(2,534)	(9,454)	-	(1,237)	(1,924)	(1,294)
1917-	207,422	72,288	230,589	-	83,927	104,090	144,365
18	(1,959)	(2,995)	(11,299)	-	(1,535)	(1919)	(1,417)
1918-	108,421	18,663	93,268	12,912	51,649	56,459	24,667
19	(601)	(660)	(7,951)	(2,177)	(982)	(845)	(951)
1919-	37,097	17,050	39,112	14,922	33,296	12,714	53,177
20	(155)	(321)	(4,993)	(1,312)	(615)	(238)	(682)
1920-	91,607	18,405	28,343	12,182	22,616	164,063	14,187
21	(584)	(370)	(4,601)	(1,173)	(335)	(2,255)	(1,009)
1921-	53,270	17,720	20,351	10,648	21,733	42,943	11,003
22	(385)	(457)	94,367)	(1,242)	(314)	(685)	(1,015)
1922-	105,455	73,683	32,327	15,110	54,299	88,512	39,078
23	(921)	(1,395)	(5,573)	(1,746)	(672)	(1,339)	(1,312)
1923-	74,594	21,967	41,930	21,562	50,513	16,505	5,711
24	(581)	(6090)	(7,058)	(2,961)	(716)	(461)	(1,726)
1924-	46,625	22,270	27,656	12,510	32,885	5,727	4,754
25	(254)	(707)	(4,574)	(1,556)	(426)	(103)	(1,454)
Total	1,596,212 (14,510)	557,107 (20,109)	968,051 (121,086)	99,846 (12,167)	833,478 (16,698)	1,157,813 (20,723)	428,889 (17,247)

Source: Various issues of Accounts Relating to the Trade by Land of British India with Foreign Countries for twelve months, April 1907 to March 1925

N.B. *The bracketed terms represent quantity in number

** The bracketed terms represent quantity in cwt.

*** The bracketed terms represent quantity in oz.

Horses, ponies and mules appear to be the most important item of export in this category. We have already mentioned that the *Bhutia Tangun*, a very high quality breed of pony, was reared in Bhutan. Also crossbreeding the Bhutanese pony and the Tibetan ass, it obtained a variety of mules that was in great demand in the plain. During the War, these animals were extensively used for the transportation of materials, which created an extensive export market for Bhutan. From Rs. 46 thousand during the pre-war period (1907-08/1911-12), the annual average export value of this article increased to Rs.146 thousand during 1914-15/1918-19. This represents a growth of as high as about 31 per cent per annum. The cessation of war, however, cast a depression in the series which rolled up annually by about 9.68 per cent.

The next in importance comes musk that grew in export rightly from 1911-12 onwards, and got further acceleration during the war period. Compared to an annual average of Rs.46 thousand for 1907-08/1913-14, its export rose to Rs.102 thousand per annum during the war period with an annual growth rate of 20.15 per cent. In the post-War period, the average export value was Rs.55 thousand which was still greater than the pre-War average level.

The export of other animals, provisions and cattle came then in order of importance, and their export series behaved in a very similar way as the previous ones, namely a more-or-less steadfast growth from 1911-12 through the period of War and then a perpetual decline. Relative to their pre-war levels, their annual exports expanded respectively by 65.29 per cent, 17.20 per cent and 70.86 per cent during the War but retarded by 13.44 per cent, 9.27 per cent and 9.68 per cent after the War. Even after the

post-War debacles, however, all these series could retain their bottom lines above their respective pre-war levels. The importance of these articles in Bhutan's export trade may be rationalized by her comparative advantage in animal husbandry on the strength of her pastoral society. It also generated competitive edge to provisions such as butter, ghee, dry fish etc. as they were by and large the bye-products of this sector. Another bye-product of animal husbandry, viz. hides and skins, was not, however, a regular article of export during the study period. Prior to 1913-14, they were not at all exported. The Great War created their market in British India, and once the War was concluded, their exports again went into oblivion. It should be noted that the export series of cattle excluded sheeps and goats, which are shown separately in Table 5.4 and their export was stable only during the seven year period of 1918-19/1924-25 (vide column 8 of Table 5.4).

Among the forest products Bhutan exported fruits, vegetables, nuts, lac, firewood, wax, timber, and caoutchouc. Table 5.5 reports their values and quantities of exports. The exports of fruits, vegetables, nuts, lac, and firewood are seen to have increased in all three phases of the pre-War, the War, and the post-War. In the case of fruits, vegetables, and nuts, the annual average value of export rose from Rs.51 thousand in the pre-War period to Rs.101 thousand during the war period, and further to Rs.280 thousand during the Post-War period showing annual growth rates of 16.16 and 32.11 respectively. Similarly for lac, the growth rate is observed at about 0.63 per cent per annum during the War period and 17.29 per cent during post-War period, and for the firewood these were 87.90 per cent and 64.81 per cent in the respective periods.

Table 5.5: Export values of forest products

Year	(in Rs.)						
	Fruits, vegetables and nuts	Lac	Firewood	Wax	Timber	Caoutchouc	Bamboos
1907-08	67,150 (33,737) ¹	68,215 (2,850) ²	880 (163) ³	17,798 (369) ²	20,930 (18,832) ⁴	8,185 (60) ²	- (-) ¹
1908-09	46,211 (22,715)	25,229 (1,515)	1,220 (224)	24,112 (492)	22,250 (18,317)	178 (2)	-
1909-10	46,716 (19,996)	20,824 (1,595)	670 (86)	11,264 (242)	11,509 (17,774)	500 (7)	-
1910-11	26,996 (12,926)	19,236 (1,515)	2,254 (363)	15,197 (309)	10,752 (11,791)	7,619 (65)	-
1911-12	32,495 (11,438)	25,525 (1,907)	1,492 (220)	11,977 (257)	9,838 (14,929)	2,583 (45)	-
1912-13	43,367 (10,154)	31,417 (1,589)	2,032 (3,975)	20,134 (318)	6,430 (6,769)	2,985 (32)	-
1913-14	96,628 (12,099)	45,105 (2,461)	6,316 (503)	25,155 (409)	30,287 (44,537)	1,752 (15)	-
1914-15	97,036 (10,924)	14,298 (722)	7,855 (642)	22,011 (407)	28,251 (33,595)	540 (5)	-
1915-16	81,427 (6,195)	17,988 (957)	8,863 (723)	22,770 (474)	26,876 (115,450)	-	-
1916-17	92,217 (11,120)	69,790 (2,489)	14,962 (1,156)	26,833 (536)	20,474 (32,086)	-	-
1917-18	192,094 (10,750)	35,248 (1,187)	8,030 (725)	13,040 (246)	43,896 (85,061)	-	-
1918-19	43,102 (5,497)	37,299 (1,116)	26,900 (810)	9,001 (185)	15,323 (13,440)	-	-
1919-20	111,830 (4,214)	613 (13)	36,200 (1,330)	4,930 (97)	8,825 (6,915)	-	-
1920-21	115,174 (5,874)	142,484 (3,272)	37,200 (1,323)	10,765 (303)	29,755 (21,595)	-	-
1921-22	304,921 (6,450)	72,661 (1,566)	36,075 (1,741)	14,705 (302)	10,549 (12,125)	-	-
1922-23	394,562 (10,572)	138,109 (1,427)	67,737 (1,567)	8,778 (160)	27,556 (30,962)	-	15,275 (73,500)
1923-24	421,101 (5,353)	49,453 (872)	88,250 (1,722)	6,618 (205)	13,960 (11,980)	-	14,015 (76,150)
1924-25	331,487 (4114)	5,516 (31)	99,400 (1,826)	3,735 (101)	15,544 (12,670)	-	13,230 (73,500)
Total	2,544,514 (204,128)	819,010 (27,084)	446,336 (19,099)	268,823 (5,412)	353,005 (508,828)	24,342 (231)	42,520 (2,231,150)

Source: Various issues of Accounts Relating to the Trade by Land of British India with Foreign Countries for twelve months, April 1907 to March 1925

N.B. ‘-’ indicates nil.

1 The bracketed terms represent quantity in number

2 The bracketed terms represent quantity in cwt.

3 The bracketed terms represent quantity in tons

4 The bracketed terms represent quantity in cft.

An opposite direction of change, however, occurred in the series of wax. During the pre-war period, its export value was Rs.18 thousand per annum on the average. It rose about 0.73 per cent per annum during the war period and fell about 10.17 per cent per annum during the Post-War period. Timber export, on the other hand, grew steadily during the War period, but it could not be sustained thereafter. As against a growth rate of

11.42 per cent per annum during 1907-08/1913-14, it decelerated annually by 6.25 per cent during the post-War period. There were also certain articles of irregular trading in this list. For example, caoutchouc was exported only during pre-War period (1907-08/1914-15), and the bamboos during the last three years of the study period.

In so far as manufacturing goods were concerned, Bhutan's trade largely involved transit trade. Table 5.6 shows that Bhutan's export of manufactured goods concentrated mainly on cotton and woollen piece goods.

Table 5.6: Export of manufactured goods

Year	Cotton Goods		Woolen piece goods		Arms and Ammunitions
	Value (in Rs.)	Quantity (in cwt.)	Value (in Rs.)	Quantity (in cwt.)	Value (in Rs.)
1907-08	18,212	134	19,131	5,600	-
1908-09	30,346	185	26,590	7,235	-
1909-10	4,444	29	17,009	5,294	-
1910-11	-	-	13,067	3,777	-
1911-12	6,792	54	261,880	55,974	-
1912-13	1,111	16	856,394	191,905	-
1913-14	8,309	71	943,339	190,871	-
1914-15	9,645	78	963,781	198,008	-
1915-16	6,155	53	652,532	151,188	-
1916-17	1,082	8	313,650	45,432	-
1917-18	206	2	423,063	29,259	-
1918-19	1,884	9	101,314	9,679	1,560
1919-20	3,120	13	10,705	347	1,210
1920-21	61,015	112	223,084	18,869	11,989
1921-22	141	2	34,767	-	2,815
1922-23	21,258	53	97,641	-	9,230
1923-24	344	-	18,350	-	60
1924-25	-	18	5752	-	-
Total	174,064	837	4,982,049	913,438	26,864

Source: Various issues of Accounts Relating to the Trade by Land of British India with Foreign Countries for twelve months, April 1907 to March 1925

N.B. '-' indicates nil.

The source confirms that most of the exported cotton piece goods were of Indian and foreign origins. The woollen piece goods were, however, domestically produced. This industry got raw materials from domestic sources since, as we have noted, animal rearing was the mainstay of livelihood in this country. There were also exports of arms and ammunitions during 1918-19 to 1923-24 up to an amount of about Rs.12 thousand per annum.

Bhutan exported some agricultural products also to British India, but not in a great significant way. Table 5.7 shows Bhutan's export of agricultural goods. Agricultural products shared only 12.54 per cent in the country's total export value. The central reason behind the poor state of agriculture was, indeed, her hostile physiographic and climatic conditions. Among various agricultural products, spices were the most important article, followed by grain, pulse and seeds (vide Table 5.7). This table shows that only spices could Bhutan export throughout the period of study. In the initial phase up to 1914-15 there was a steady upward trend in its export peaking at Rs.355 thousand. But it gradually fell in importance thereafter. In later years, other commodities came into the fray; for example, seeds from 1918-19 onwards, wheat, gram and pulse from 1922-23, and rice since 1924-25. Bhutan's agricultural exports thus started diversifying at the fag-end of the study period.

Table 5.7: Export values of agricultural products

(in Rs.)							
Year	Spices	Seeds	Wheat	Gram and pulse	Rice husked	Rice unhusked	Other rain crops
1907-08	656 (38)*	-	-	-	-	-	-
1908-09	2,513 (185)	-	-	-	-	-	-
1909-10	1,097 (86)	-	-	-	-	-	-
1910-11	2,391 (156)	-	-	-	-	-	-
1911-12	32,037 (2,376)	-	-	-	-	-	-
1912-13	220,534 (16,903)	-	-	-	-	-	-
1913-14	320,997 (26,416)	-	-	-	-	-	-
1914-15	355,819 (23,427)	-	-	-	-	-	-
1915-16	168,735 (9,074)	-	-	-	-	-	-
1916-17	144,992 (7,629)	-	-	-	-	-	-
1917-18	183,836 (7,529)	-	-	-	-	-	-
1918-19	217,827 (5,915)	25,805 (1,812)	-	-	-	-	-
1919-20	84,516 (3,523)	20,210 (752)	-	-	-	-	-
1920-21	107,915 (4,590)	35,552 (1,698)	-	-	-	-	-
1921-22	103,822 (3,424)	51,967 (2,086)	-	-	-	-	-
1922-23	117,094 (3,324)	22,269 (1,664)	140 (10)	1,117 (156)	-	-	3,483 (362)
1923-24	41,013 (1,494)	31,783 (1,803)	250 (16)	3,177 (367)	1,169 (146)	-	7,974 (778)
1924-25	13,536 (450)	35,427 (2,271)	-	3,255 (358)	2,360 (327)	495 (121)	9,360 (1,378)
Total	2,119,330 (116,539)	223,013 (12,086)	390 (26)	7,549 (881)	3,519 (473)	495 (121)	9,360 (2,518)

Source: Various issues of Accounts Relating to the Trade by Land of British India with Foreign Countries for twelve months, April 1907 to March 1925

N.B. '-' indicates nil,

* The bracketed terms represent quantity in cwt.

5.4. Conclusion

We are thus inclined to conclude that during the reign of Ugyen Wangchuk, Bhutan's export expanded significantly attaining an annual growth rate of 77 per cent during 1907-

08/1914-15. Although the growth was checked during World War I, it took again an upturn since 1920-21.

There are three other major observations in this respect. Firstly, Bhutan promoted export during this period on the basis of her traditional line of comparative advantages. This follows from the fact that her traditional item of export, viz. live animals, continued its place of prominence, and that its share improved by 11 per cent. Secondly, the direction of her export underwent changes during the study period. As against a clear predominance of Assam and Eastern Bengal in her trade prior to 1920, Bengal became the most favourite direction thereafter. Thirdly, exports of all articles did not move uniformly during the study period. This was mainly due to the World War I which altered the demand pattern for those products in British India. For the requirement of War, certain articles were in high demand, for example, horses, ponies, mules, and other animals. Certain other products such as cotton goods fell in demand in view of resource crunch during the emergency of War.