

"INDIA'S IMPORT TRADE WITH SRILANKA"

India's imports from Srilanka started rising from 1977 due to trade-liberalisation in Srilanka and Tariff concessions given under the Bangkok Agreement of 1976<sup>1</sup>.

The extent of India's imports from Srilanka, however, is constrained by the low imports demand of the exportables available in Srilanka. Share of India's imports in total exports of Srilanka increased from 0.17 percent in 1977 to 3.30 percent in 1980. Then it has shown a continuous decreasing trend upto 1985. Such decrease was sharp from 1984 when the share stood at only 0.87 percent. In 1986, it has shown a slight increase but in 1987 it has reached to the lowest ebb at 0.46 percent as revealed in Table-6.1.

Conversely, share of Srilanka's exports in total imports of India during the reference period 1977 to 1987 has shown a very pitiable picture in Table-6.2. It is evident from the table that Srilanka's exports to India as percentage of India's total imports are always below the level of Unity. Its miserable position has been noticed from 1984.

The degree of Srilanka's exports share in India's total imports during pre-ethnic conflict period (1977-1982) and ethnic conflict period (1983-1987) has been depicted in Table-6.3. It shows a sharp decline in Srilanka's exports to India, i.e., India's imports from Srilanka as percentage of India's total imports from 0.14 percent to 0.07 percent on

average during ethnic conflict period as compared to pre-ethnic conflict period. So, the ongoing ethnic conflict in Srilanka has had an adverse effect on Indo-Srilankā Trade flows.

Table-6.1

Share of India's imports in total Exports of Srilanka(1977-1987

<u>Year</u>	<u>Share in percents.</u>
1977	0.17
1978	0.81
1979	1.28
1980	3.30
1981	2.93
1982	2.05
1983	2.63
1984	0.87
1985	0.49
1986	1.01
1987	0.46

Source: IMF - Direction of Trade Statistics Year Book  
(Various issues)

Table-6.2

Share of Srilanka's Exports in total Imports of India(1977-1987

<u>Year</u>	<u>Share in percents</u>
1977	0.02
1978	0.09
1979	0.13
1980	0.27
1981	0.18
1982	0.13
1983	0.17
1984	0.07
1985	0.04
1986	0.06
1987	0.03

Source: IMF - Direction of Trade Statistics Year Book  
(various issues)

Table-6.3

Degree of Srilanka's Exports share in India's total  
Imports during two distinct periods.

<u>Periods</u>	<u>Years covered</u>	<u>Av. percentage share</u> <u>of Srilanka's Exports</u> <u>to total Imports of</u> <u>India</u>
1. Pre-Ethnic conflict Period.	1977-1982	0.14
2. Ethnic Conflict Period	1983-1987	0.07

Source.: IMF - Direction of Trade Statistics Year Book  
(various issues)

COMPOSITION OF INDIA'S IMPORTS FROM SRILANKA

Since Srilanka is a primary producing country, India's primary imports from her have a lion's share of 88.20 percent (on average) for the reference period of 1977 to 1987 as revealed in Table-6.4. Such primary imports were the highest at 98.49 percent in 1979 and the lowest at 66.15 percent in 1987, values were being Rs. 3.92 crores (I.C.) and Rs. 6.75 crores(I.C.) respectively. On the other hand, India's manufactures imports from Srilanka for the same reference period have a percentage share of 11.25 percent (on average). Manufactures imports which were the lowest at 1.51 percent in 1979 and reached to the highest percentage share at 33.36 percent in 1987. Throughout the period the average annual growth rate for primary and manufactures-imports into India from Srilanka stood at 37.68 percent and 21.48 percent respectively. The correlation established between the two as moderate degree at +0.50.

Table-6.4

Primary and Manufactures imports of India from Srilanka.

<u>Year.</u>	<u>Primary imports - RITC</u> <u>(0-4) (in crores of</u> <u>Indian Rupees)</u>	<u>Manufactures imports RITC</u> <u>(5-8) (in crores of Indian</u> <u>Rupees)</u>
1977	0.20 (83.33)	0.04 (16.67)
1978	2.17 (95.60)	0.10 (4.40)
1979	3.92 (98.49)	0.07 (1.51)
1980	4.65 (86.30)	0.75 (13.70)
1981	10.82 (94.91)	0.56 (5.00)
1982	10.99 (95.57)	0.50 (4.26)
1983	11.65 (87.60)	1.64 (12.32)
1984	29.05 (92.49)	2.30 (7.32)
1985	8.16 (86.35)	0.82 (8.78)
1986	6.73 (83.40)	1.34 (16.48)
1987	6.75 (66.15)	3.40 (33.36)
a =	8.64 (88.20)	1.05 (11.25)
g =	37.68	21.48
r =	0.50	

Note: i) Figure in the parenthesis reveal percentages to total imports including RITC-9

ii) a = Annual average,

iii) r = Correlation

iv) g = Annual compound growth rate.

Source: DGCI & S - Calcutta-Statistics of Foreign Trade of India By Countries-Vol.II; March(Various issues).

COMPOSTION OF INDIA'S IMPORTS BY AGGREGATE(1-DIGIT LEVEL)  
TRADE CLASSIFICATIONS.

India's imports from Srilanka were of very limited variety of commodities with small values. Out of which "Food and live animals chiefly for food (RITC Section-0)" and "Crude materials, - inedible, except fuels (RITC Section-2)" are the two main commodity groups whose import values(on average) have shown a rise to some crores of Indian rupees. Other commodity groups have exhibited import values less than the levels of crore of Indian rupees, on average by RITC 1-digit level. Some of them have so small values to show on the Table-6.5, and hence neglected.

a) Import of "Food and live animals - chiefly for food (RITC Section-0)" :

This category of Indian imports from Srilanka have so high proportion to total imports as 55.60 percent on average. It was the lowest at 4.17 percent (Value being Rs. 0.01 crore I.C.) in 1977 and the highest at 93.33 percent (value being Rs. 10.64 crores - I.C.) in 1981.

b) Import of "Crude materials, inedible, except fuels (RITC Section-2)" :

This kind of Indian imports from Srilanka have the second largest percentage share (on average) at 25.75 percent for the same reference period. In value terms it was the highest at Rs.3.78 Crs.I.C.(percentage being 46.84) in 1986 and the lowest at Rs.0.10 crores I.C.(percentage being 1.85) in 1980.

c) Imports of "Animal and vegetable oils, fats and waxes(RITC Section-4)" :

Indian imports of this type of commodities from Srilanka were the highest at 48.90 percent of total imports in 1978 and the lowest at 0.11 percent in 1985 by registering 12.54 percent on average for the reference period. In 1977, 1981, 1982, 1986 and in 1987 imports of such commodities failed to attain the level of crore of Indian rupees.

d) Import of "Chemical and related products(RITC Section-5)":

Only 3.14 percent(on average) of this category of goods were imported into India from Srilanka for the same period. It has reached to the level of crore of Indian rupees of the value of -1.20 crore with percentage share of 11.74 percent.

e) Import of "Manufactured goods - classified chiefly by materials(RITC Section-6)":

Of the total imports of India from Srilanka this category of imports consitituted only 5 percent on average over years. It was highest at 11.45 percent (value being Rs.1.17 crore I.C.) in 1987.

f) Import of "Machinery and transport equipment(RITC Section-7)":

Only 3.32 percent (on average) has been imported of such items from Srilanka during the reference period. Throughout the period imports of such items were always below the level of crore of Indian rupees.

g) Import of "Miscellaneous manufactured articles (RITC Section-8)".

India imported from Srilanka only 1.59 percent of this category of goods (on average) with negligible values.

Table-6.5

India's Visible Imports from Srilanka by RITC Sections  
(Value in the crores of Indian rupees)

<u>RITC/Year</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>Average</u>
0	.01 (4.17)	.84 (37.00)	.80 (20.10)	4.51 (83.52)	10.64 (93.33)	8.75 (76.09)	7.24 (54.40)	24.91 (79.31)	6.79 (71.85)	2.95 (36.56)	5.67 (55.48)	6.65 (55.62)
1	-	-	-	-	-	-	-	-	-	-	-	-
2.	.19 (79.16)	.22 (9.70)	2.86 (71.87)	.10 (1.85)	.18 (1.59)	2.24 (19.48)	2.60 (19.53)	2.55 (8.12)	1.36 (14.39)	3.78 (46.84)	1.09 (10.67)	1.56 (25.75)
3.	-	-	-	-	-	-	-	-	-	-	-	-
4.	-	1.11 (48.90)	.26 (6.53)	.05 (.93)	-	-	1.82 (13.67)	1.59 (5.06)	.01 (.11)	-	-	0.81 (12.54)
5.	-	.05 (2.20)	.04 (1.00)	.08 (1.48)	.20 (1.75)	.09 (0.78)	.23 (1.73)	.79 (2.52)	.15 (1.59)	.53 (6.57)	1.20 (11.74)	.34 (3.14)
6.	-	-	-	.21 (3.89)	.25 (2.19)	.13 (1.13)	.38 (2.86)	1.26 (4.01)	.62 (6.56)	.64 (7.93)	1.17 (11.45)	0.58 (5.00)
7.	.03 (12.50)	.02 (.88)	.02 (.50)	.18 (3.33)	.08 (.70)	.08 (.70)	.71 (5.33)	.23 (.73)	.04 (.42)	.14 (1.73)	.99 (9.68)	0.23 (3.32)
8.	.01 (4.17)	.03 (1.32)	-	.27 (5.00)	.04 (.35)	.19 (1.65)	.32 (2.40)	.02 (0.06)	.02 (.21)	.02 (.25)	.05 (.49)	0.10 (1.59)
9.	-	-	-	-	.01 (.09)	.02 (.17)	.01 (.08)	.06 (.19)	.46 (4.87)	.01 (.12)	.05 (.49)	0.09 (0.86)
	<u>.24</u>	<u>2.27</u>	<u>3.98</u>	<u>5.40</u>	<u>11.40</u>	<u>11.50</u>	<u>13.31</u>	<u>31.41</u>	<u>9.45</u>	<u>8.07</u>	<u>10.22</u>	

Note: Figures in parenthesis reveal the percentages to total.

Source: DGCI & S - Calcutta - Statistics of Foreign Trade of India By Countries - Vol.II (various issues)

COMPOSITION OF INDIA'S IMPORTS BY DISAGGREGATE  
(2-DIGIT LEVEL) TRADE CLASSIFICATIONS.

Analytic view on the composition of India's imports from Srilanka at disaggregate level has been presented in the subsequent tables.

i) Table-6.6 shows India's imports from Srilanka by main categories under RITC Section-0 :

"Coffee, Tea, Cocos, Spices and manufactures thereof", "Vegetable and fruits", "Dairy products and birds eggs" and "Fish, crustaceans and molasses and preparation thereof", are the main categories of Indian imports from Srilanka with average import values of Rs. 602.37 lakhs (I.C), Rs. 74.70 lakhs(I.C), Rs. 1.73 lakhs(I.C) and Rs. 0:03 lakh (I.C) respectively.

ii) Table-6.7 shows India's imports from Srilanka by main categories under RITC Section - 2 :

"Crude rubber (including Synthetic and reclaimed)", "Crude fertilizer and Crude minerals (excluding coal, petroleum and precise stones)", Metaliferrous ores and metal scrape", "Hides, skins and furskins raw" and "Crude animal and vegetable materials n.e.s.", were the main five categories of India's imports from Srilanka during the reference period with average values of Rs.149.02 lakhs(I.C), Rs. 20.16 lakhs(I.C), Rs.12.13 lakhs(I.C), Rs. 10.09 lakhs(I.C) and Rs. 9.83 lakhs (I.C) respectively. Other important items under this section were -

"Textile fibres(other than wool tops) and their wastes(not manufactured into yarn of fabrics)," pulp and waste papers", and oilseeds and oleaginous fruits".

iii) Table-6.8 shows India's imports from Srilanka by main categories under RITC Section-4:

Here only two main categories have been found on the import list, viz. "Fixed vegetable oils and fats, " and "Animal and vegetable oils and fats", with average values of Rs.75.72 lakhs(I.C.) and Rs. 30.18 lakhs(I.C) respectively.

iv) Table-6.9 shows India's imports from Srilanka by main categories under RITC Section-5 :

"Inorganic chemicals", under this section have shown the highest values for India from Srilanka with - average import of Rs. 20.19 lakhs(I.C).

The second largest value under this section was "organic chemicals", value being Rs. 14.23 lakhs (I.C). The next important categories were "Artificial resines and plastic materials and cellulose, esters and ethers", essential oils and perfume materials, toilet polishing and cleansing preparation", "Medicinal and pharmaceutical products", "Chemical materials and products n.e.s. and "Dying, tanning and colouring materials", having average import values of Rs. 7.79 lakhs(I.C), Rs. 4.06 lakhs (I.C), Rs. 1.16 lakhs(I.C), Rs. 1.09 lakhs(I.C) and Rs.

0.99 lakhs(I.C) respectively.

v) Table-6.10 shows India's imports from Srilanka by main categories under RITC Section-6 :

Under this section, the first five imports categories to India from Srilanka were "Non metallic minerals manufactures n.e.s.", "Iron and Steel", "Non Ferrous metals", "Textile yarn fabrics, made up articles, n.e.s. and related products" and "Manufactures of metals n.e.s.", having average imports values of Rs. 19.22 lakhs(I.C), Rs. 16.83 lakhs(I.C), Rs. 10.46 lakhs (I.C), Rs. 9.25 lakhs(I.C) and Rs. 8.12 lakhs (I.C) respectively. Other categories of imports under this section has shown very small values.

vi) Table-6.11 shows India's imports from Srilanka by main categories under RITC Section-7:

"Other transport equipments", and "Electrical machinery apparatus and appliances n.e.s. and electric parts thereof(including non-electric counter parts n.e.s.) of electric household typed equipments", "Machinery specialised for particular industries", "Telecommunication and sound recording apparatus and equipments" and "General industrial machinery and equipments n.e.s. and machine parts n.e.s., having average imports values of Rs. 9.45 lakhs(I.C) , Rs. 8.28 lakhs(I.C), Rs. 4.25 lakhs(I.C), Rs. 3.59 lakhs(I.C) and Rs. 3.13 lakhs(I.C) respectively. Other categories of imports values under this section have shown the amount less than the levels of a lakh of Indian rupees.

vii) Table-6.12 shows India's imports from Srilanka by main categories under RITC Section-8:

Under this section the most important categories of imports of India from Srilanka were "Professional, Scientific and controlling instruments and apparatus n.e.s." and "Miscellaneous manufactured articles n.e.s." with average values of Rs. 6.33 lakhs (I.C) and Rs. 3.44 lakhs(I.C) respectively. Other items with smaller values were "Photographic apparatus, equipments and supplies, and optical goods n.e.s., watches and clocks", "outer garments men's and boy's of textile fabrics".

Table-6.6

India's imports from Srilanka by main Categories under RITC Section-0  
(Value in lakh of Indian rupees)

<u>Commodity Description</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>Average</u>
Dairy products and birds eggs	-	-	-	-	-	-	-	-	1.73	-	-	1.73
Fish, crustaceans and molasses and preparation thereof :	-	.01	.04	-	-	-	-	-	-	-	-	.03
Vegetable and fruits	-	-	20.13	53.17	1.22	11.22	.81	404.26	165.24	12.28	3.98	74.70
Coffee, Tea, Cocos, spices and manufactures thereof:	.96	73.27	60.00	397.59	1062.89	863.75	723.33	2086.32	512.48	282.83	562.69	602.37

Source: DGCI & S - Calcutta - Statistics of Foreign Trade of India by Countries, Vol. II (various issues)

Table-6.7

## India's Imports from Srilanka by main categories under RITC Section-2

(Value in the lakh of Indian rupees)

Commodity Description	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	Average
Hides, skins and furskins raw	1.90	3.45	0.29	0.95	0.83	-	-	11.10	13.51	38.04	20.77	10.09
Oilseeds and oleaginous fruits -	-	1.50	-	-	-	-	-	-	-	-	-	1.50
Crude rubber(including synthetic and reclaimed)	-	-	277.64	0.50	-	201.07	192.08	149.78	60.14	276.79	34.18	149.02
Pulp and waste papers	-	-	-	-	5.19	2.93	0.92	-	-	0.37	-	2.35
Textile fibres(other than wool taps) and their wastes (not manufactured into yarn of fabrics).	-	-	-	-	5.36	-	1.27	-	-	1.55	-	2.73
Crude fertilizers and crude minerals(excluding coal, petroleum, and precise stones)	17.11	14.88	7.72	8.10	4.28	0.72	37.58	72.26	23.39	11.96	23.76	20.16
Metalliferous ores and metal scrap -	-	1.27	-	0.01	2.06	17.73	24.89	14.62	21.27	4.86	22.44	12.13
Crude animals and vegetable materials, m.c.s.	-	0.47	0.36	0.48	-	1.27	-	7.24	17.16	44.24	7.41	9.83

Source: DGC &amp; S - Calcutta - Statistics of Foreign Trade of India by countries, Vol.II(various issues)

Table-6.8India's Imports from Srilanka By main categories under RITC Section-4(Value in the lakh of Indian rupees)

<u>Commodity Description</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>Average</u>
<u>Fixed vegetable oils and fats -</u>	-	111.47	26.28	4.68	-	-	181.96	129.17	0.75	-	-	75.72
Animal and vegetable oils and fats -	-	-	-	-	-	-	-	30.18	-	-	-	30.18

Source: DGCI & S -Calcutta- Statistics of Foreign Trade of India By Countries - Vol.II(Various issues)

Table-6.9

## India's Imports from Srilanka By main categories under RITC Section-5

(Value in the lakh of Indian rupees)

Commodity Description	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	Average
Organic Chemicals	0.02	-	-	2.09	14.77	-	0.84	0.17	7.98	0.80	87.19	14.13
Inorganic Chemicals	-	-	-	-	-	3.84	7.54	70.50	-	-	1.76	20.91
Dying, tanning and colouring materials	-	-	0.14	-	-	-	2.23	1.37	0.20	-	-	0.99
Medicinal & Pharmaceutical Products	-	-	0.20	-	-	-	1.19	0.21	-	2.71	1.50	1.16
Essential oil and perfume materials - toilet, polishing, and cleansing preparations	0.38	4.01	2.69	6.00	4.65	5.26	3.22	4.66	4.33	3.40	6.04	4.06
Artificial resins and plastic materials and cellulose, esters and others -	-	0.92	0.74	0.13	0.05	0.26	5.87	2.14	1.08	45.28	23.24	7.97
Chemical materials and products n.e.s.-	-	-	-	-	0.04	-	1.83	-	1.27	1.21	-	1.09

Source: DGCI &amp; S-Calcutta Statistics of Foreign Trade of India by Countries; Vol. II (Various issues)

Table-6.10

India's Imports from Srilanka by Main Categories under RITC Section-6  
(Value in the lakh of Indian rupees)

<u>Commodity Description</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>Average</u>
Leather, leather manufactures n.e.s. and dressed furskins-	0.06	-	-	-	-	-	-	1.22	0.77	-	1.26	0.83
Rubber manufactures n.e.s.	-	-	-	-	0.31	7.09	1.48	5.79	3.29	1.01	0.09	2.72
Paper, paper board, and articles of paper, pulp of paper or of paper board.	-	-	-	0.02	1.00	0.07	5.13	0.02	1.82	1.46	0.08	1.20
Textile yarn fabrics made up articles n.e.s. and related products -	-	-	-	-	-	0.08	-	-	18.42	-	-	9.25
Non-metallic minerals manufactures. n.e.s.-	-	-	0.01	-	-	2.75	9.87	66.86	21.11	15.36	18.60	19.22
Iron & Steel -	-	-	-	-	-	2.56	18.31	39.59	-	-	6.85	16.83
Non-ferrous metal -	-	-	-	20.24	19.11	-	2.34	0.13	-	-	-	10.46
Manufactures of metals, n.e.s.-	0.04	-	0.10	0.08	4.17	0.62	1.23	12.40	16.19	46.37	0.01	8.12

Source: DCCI & S - Calcutta-Statistics of Foreign Trade of India by Countries - Vol.II (Various issues)

Table-6.11

India's Imports from Srilanka by main categories under RITC Section-7  
(Value in the lakh of Indian rupees)

<u>Commodity Description</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>Average</u>
Power generating machinery and equipment-	0.35	-	-	-	0.09	-	0.39	-	0.24	-	-	0.27
Machinery specialised for particular industries-	1.61	0.01	-	10.10	-	0.62	3.02	0.20	2.88	8.00	11.85	4.25
Metal working machinery	0.91	-	-	-	-	0.80	0.04	-	-	-	-	0.58
General Industrial Machinery and equipments. n.e.s. and machine parts u.e.s.	-	0.16	1.34	5.44	6.83	5.41	3.59	1.01	0.34	4.29	2.92	3.13
Office machine and automatic data processing equipments-	-	1.58	-	-	-	-	-	0.07	-	0.10	-	0.58
Telecommunication and sound recording apparatus and equipments -	-	-	0.06	-	0.04	-	10.67	-	-	-	-	3.59
Electric machinery apparatus and appliances n.e.s. and elec. parts thereof (including non-elec. counter parts n.e.s. of elec. household type equipments)	-	-	0.23	0.10	0.11	0.98	52.25	4.45	-	1.62	6.47	8.28
Road vehicles (including air cushion vehicles)-	-	-	-	0.26	0.27	0.14	0.21	-	0.06	0.27	3.42	0.66
Other transport equipments-	-	0.26	0.54	2.37	0.95	0.25	0.81	14.61	0.68	0.05	74.00	9.45

Source: DGCI & S-Calcutta-Statistics of Foreign Trade of India By Countries - Vol.II(Various issues)

Table-6.12

India's Imports from Srilanka By main Categories under RITC Section-8(Value in lakh of Indian rupees)

<u>Commodity Description</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>Average</u>
Outer garments mens and boys		-	-	-	-	-	0.01	-	-	-	-	0.01
Professional scientific and controlling instruments and apparatus n.e.s.	-	-	-	22.22	-	0.05	14.78	0.27	0.41	-	0.55	6.33
Photographic apparatus, equipments and supplies and optical goods n.e.s watches and clocks-	-	2.70	0.24	1.27	3.68	5.69	3.21	0.75	0.66	0.26	0.64	1.91
Miscellaneous manufactured articles, n.e.s.-	0.4	0.31	0.03	3.71	0.16	13.66	13.71	0.72	0.59	1.09	3.77	3.44

Source: DGCI &amp; S-Calcutta-Statistics of Foreign Trade of India By Countries vol.II(Various issues)

COMMODITY INTENSITY OF INDIA'S IMPORT TRADE WITH SRILANKA

To "estimate commodity intensity of India's import trade with Srilanka", indices of Srilanka's commodity intensity of export trade with India have been calculated by using the same formula as used in Chapter V of this thesis. Symbolically the formula is: 2

$$\frac{X_{ij}^h}{X_{ij}} / \frac{M_{ij}^h}{M_j}$$

Where,  $X_{ij}^h$  = Srilanka's exports of particular commodity by SITC Section to India(i.e. India's imports of particular commodity by SITC Section from Srilanka).

$X_{ij}$  = Srilanka's total exports to India(i.e. India's total imports from Srilanka).

$M_{ij}^h$  = India's imports to particular commodity by SITC Section from all sources of supply.

$M_j$  = India's total imports.

Such indices, however, are expected to reveal the extent to which Srilanka's exports had met the pattern of India's import trade.

With the available data for the years 1980 to 1986, the commodity intensity indices of India's import trade with Srilanka has been depicted in Table-6.13. It shows the highest average values at 16.52 for (i) "Food and live animals(SITC:-0)" indicating highest potentialities of 1-digit level, similarly,

the other commodity groups with higher average values and greater potentialities would be the following :

- ii) Miscellaneous transactions and commodities, n.e.s.(SITC-9)
- iii) Crude materials, inedible, except fuel(SITC-2)
- iv) Animal and vegetable oils and fat-(SITC-4)
- v) Miscellaneous manufactures articles(SITC-8).

But since the SITC-9 comprises mainly the adjustment items, India's actual import potentiality lies in the commodity groups under category SITC-2, SITC-4 and SITC-8.

It follows from the above investigations that the composition of India's imports from Srilanka is very small, only three agricultural products of Srilanka, Viz. tea, rubber and coconut, have found their prime importance in her global export trade.<sup>3</sup>

And India is a stiff competitor in the international export market in trading with these items of export interest of Srilanka. India is also competing with Srilanka in their global exports in marine products.<sup>4</sup>

Moreover, most of the Indian joint ventures(JVs) operating in Srilanka are confined in the manufacturing sector and due to the competitive character of these two neighbour economies the output of such JVs got little scope of sale in Indian market.<sup>5</sup>

The low level of imports into India from Srilanka warrant a close investigation into the potential areas of India's imports from that country and to establish joint ventures with buy-back policies in some selected industries having import demand in India. This is all the more important to

bridge the wide gap of Indo Srilanka merchandise trade over years. It is more so, particularly after the formation of SAARC to strengthen the economic cooperation in the South Asia Region to help solve the basic problems of poverty, inequility illiteracy and the like of the people of the region.<sup>6</sup>

Table-6.13

Commodity Intensity of India's Imports Trade with Srilanka(1977-1987)

<u>SITC</u> <u>Sections</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>Ave</u> <u>rage</u>	<u>Poten-</u> <u>tiality</u> <u>Rank</u>
0	n.a.	n a	n.a.	27.56	18.41	16.98	8.28	18.53	16.07	9.80	n.a.	16.52	1
1	"	"	"	-	-	-	-	-	-	-	-	-	
2	"	"	"	0.41	0.25	3.50	3.24	1.84	1.88	5.80	-	2.33	3
3	"	"	"	-	-	-	-	-	-	-	-	-	
4	"	"	"	0.16	-	-	2.71	0.86	0.03	-	-	0.94	4
5	"	"	"	0.14	0.18	0.11	0.19	0.18	0.11	0.50	-	0.20	7
6	"	"	"	0.22	0.11	0.06	0.14	0.23	0.34	0.37	-	0.21	6
7	"	"	"	0.23	0.05	0.04	0.27	0.04	0.02	0.06	-	0.10	8
8	"	"	"	2.96	0.19	0.81	0.98	0.03	0.08	0.07	-	0.73	5
9	"	"	"	-	3.00	5.67	2.00	3.80	18.79	0.27	-	5.59	2

Source: DGC I & S - Calcutta-Statistics of Foreign Trade of India By Countries - Vol.II, and U.N.Statistical Year Book for Asian and Pacific (various issues).

Note: n.a. = not available .

SUMMARY

India's imports from Srilanka were very low. After the Bangkok Agreement of 1976, India's imports from Srilanka started rising. India's imports in total exports of Srilanka increased from 0.17 percent in 1977 to 3.30 in 1980, then it was continuously declining upto 1987 except in 1986 during the reference period of 1977 to 1987. In terms of Srilanka's exports in total imports of India it was always below the level of Unity. India's imports from Srilanka as percentage of India's total imports were decline from 0.14 percent to 0.07 percent on an average during ethnic conflict period as compared to pre-ethnic conflict period. So, the ethnic codnflct has an adverse effect on Indo-Srilanka trade.

Srilanka has very limited capacity to offer goods of exportables to India. In fact, the importables are easily traceable from the import list of India from Srilanka. The composition of primary and manufactured goods imports into India from Srilanka was 88.20 percent and 11.25 percent respectively.

The following five categories of goods imports of India from Srilanka have shown higher commodity intensities:

(i) Food and live animals(SITC-0); (ii) Miscellaneous transactions and commodities n.e.s.(SITC:9); (iii) Crude materials; inedible, except fuel(SITC-2); (iv) Animal and vegetable oils and fats(SITC-4); (v) Miscellaneous manufactures articles(SITC - 8).

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