CHAPTER-IX

INDO-RUSSIAN TRADE AFTER THE DISINTEGRATION OF THE USSR

The Indo-Russian relations received a serious blow after the collapse of the erstwhile Soviet Union.Russia moves closer to the USA and it has changed its perception towards many of its former adversaries. Russia has become sympathetic towards China and Pakistan and it has already sought the cooperation of China in various fields and endorsed Pakistan's proposal for a nuclear weapon free zone in South Asia.And some persons think that Russia could reverse its long standing position on Kashmir by emphasizing on human rights[1]. All these steps go against India. With this changed environment,India has reshaped its relation with Russia being based on the fact that there can be 'no permanent friends only permanent interest'.So, efforts have been made to increase the volume of two-way trade simultaneously with giving emphasis on economic cooperation in both the military and civilian sectors.

Indo-Russian trade had collapsed along with the Soviet Union.The system could not take the volatile changes in the new setup.From a high point of Indian exports of Rs.5,255 crores to the then Soviet Union in 1990-91, exports declined to about Rs.1,700 crore in 1992-93.Naturally, Indian trade suffered a jolt in the aftermath of the upheavals in the Russian economy.The world literally seemed to fall apart with the breakup of the USSR in 1992.The erstwhile Soviet Union was India's major trading partner accounting for 40 per cent of the country's tea,jute,coffee and unmanufactured tobacco exports,85 per cent of woolen knitwears,40 per cent of spices, 24 per cent of cotton textiles,25 per cent of chemicals,33 per cent of basic chemicals and 15 per cent of cashew kernels. The dependence of Indian exports on the Russian economy proved to be the proverbial case of putting most eggs in a single basket[2].It proved fatal when the empire collapsed. However India has been trying to revive the situation because of its historical ties with Russia in general and because of its tremendous business prospect with Russia.As Russia accounts for 17 per cent of world's oil production,30 per cent of natural gas, 33 per cent of diamonds, 8 per

cent of coal, 14 per cent of commercial iron ore, roughly 20 per cent of nonferrous and precious metals and 70 per cent of minerals, and it constitutes the fifth largest consumer group in the world of people starved of basic consumer goods.

One year after the disintegration of the Soviet Union,both India and Russia had to face a similar type of situation in their respective domestic fronts in implementing their economic reforms.At the end of 1992, Russian President,Mr.Boris Yeltsin,cut short his visit to China and returned to Moscow where his government and the economic reform he had initiated came under serious threat from the 'Communists. Around the same time,the government of India was also under severe pressure from fundamentalists of a different type who sparked a bitter communal conflagration. In a sense,the Russian government found itself being prevented from pursuing its radical economic reform owing to the pressure from 'economic fundamentalists'. The Indian government,it was argued, led by Mr.P.V.Narasimha Rao,on the other hand,was prevented from implementing the economic reform measures by the 'political fundamentalists'[3].It was,perhaps,for the first time since July 1991 that forces outside the bureaucracy had begun to stall the implementation of the reforms.

COLLAPSE OF RUPEE TRADE

In the context of conflict between the socialist and the capitalist systems,Rupee trade came into existence in the early 1950s.The coutries belonging to the former block were trying to evolve new international economic principles and to attract the newly independent countries of the third world to follow a non-capitalist path of economic development.India was also moved by the ideas of anti-imperialism and anti-colonialism.Moreover,India and the former Soviet Union had common problems : shortage of hard currency,lack of expansion of trade with the west,mounted adverse balance of payments etc.These factors led the two countries to adopt Rupee trade and to by-pass hard currency.The salient features of the Rupee trade were bulk orders,protected markets,assured and prompt payment,less marketing hassles etc.

After the collapse of the earstwhile Soviet Union both the countries did not want to continue Rupee trade.Immediately, after the August coup of 1991, the then External Affairs Minister Madhavsingh Solanki visited Moscow in November.The time of visit was

prevented normal trading activities.

Fifthly,the Russian government has made rouble convertable from August 1,1992.And Russia started trading in hard currency with all countries,including former CMEA members and China.India was an exception.So,Russian policy makers seemed to have decided to discontinue the rupee trade arrangements.

There were also some reasons for which India also wanted to discontinue rupee trade:

First,rupee trade led to switch trade.Continuation of rupee trade meant outflow of hard currency from India to the former Soviet Union in export of several items.

Secondly,after disintegration,a situation was developing where the Soviet government had lost control over enterprises in persuading them to export to India under the Rupee trade agreement.

Thirdly,continuation of rupee trade with an artificially high rouble-rupee exchange rate has been disadvantageous for India.

Fourthly,the former Soviet Union and subsequently the Russian government stressed that defence equipments would have to be purchased by India in hard currency.

So,it was a divorce by mutual consent. Some other criticisms that were levelled against Rupee trade were the lack of complementarity and competitiveness.

A high level Indian delegation visited Russia in January,1992. During this visit,three options were considered[9]. The first option was for a two-year transformation period for switching over from rupee-trade to convertible currencies.

Immediately after the disintegration of the Soviet'Union,the 'escrow trading arrangement'[10] took an important role in developing trade between India and Russia.This arrangement bailed out the foreign exchange-starved government in getting crude oil and petroleum products and thus bridging to some extent the demand-supply gap.The newly-born republic of the erstwhile Soviet Union wanted to exchange its crude oil,petrolium products and kerosene in exchange of food products and edible oil under the escrow trading arrangement[11].But due to shortage in the country,export of edible oil was banned.Ultimately,this commodity had to be imported and then it was exported to Russia,

and for which India had to spend hard currency.In spite of that,India gained by this deal,because the country had to spend only 25 per cent of the foreign exchange needed to import the same quantity of crude oil, petroleum products and kerosene.

On December 27,1991,India closed the centralised account through which all trade with the former Soviet Union were conducted. In the absence of progress on rupee-rouble tangle at the Moscow talks in January,1992 between Indian and Russian officials, it was decided to value Russia's exports to India in US dollar terms, which India would have to pay for the same in rupees calculated at the prevailing rate for the US dollar.

Disintegration of the Soviet Union freed India of contractual restrictions relating to the production of Soviet defence equipment in India.This has enabled New Delhi to sell these equipment and spares to third countries in line with the policy of armament export[12].

India and Russian federation signed treaty on 22 February 1992 in New Delhi, the first-ever trade protocol envisaging a total turnover of Rs.7500 crore during 1992.India also signed on the same day,a five-year frame-work agreement with Kazakhstan in cooperation in trade and science and technology.As a transitional 'arrangement, the trade protocol provided for continuing with the rupee payment arrangement in 1992.Both import and export contracts were scheduled to be designed in freely convertable currencies at internationally competitive prices,while payments to be made in Indian rupee at the prevailing exchange rate between that international currency and the Indian rupee[13].

The main items of imports from Russia earmarked were crude oil, kerosene, diesel, nonferrous metal, polyethyline, synthetic rubber and newsprint.On the other hand,exports included tea, coffee, textiles black pepper, soyabean extractions, castor oil, medicines, shoe uppers, paints, cosmetics, detergents and plastic products. Further, Russian side agreed to delink trade issues from financial ones, like rupee-rouble exchange rate and estimating India's debt to the erstwhile Soviet Union. It was believed that the 1992 trade protocol between India and Russia was at best an interim arrangement and that the country was mentally preparing itself for trade only in hard currencies in the future[14].

This trade protocol helped the hosiery units in Ludhiana.These hosiery units had been the worst hit as the former Soviet Union failed to lift the quantity contracted as per the terms of the 1991 trade protocol.These problems would not have arisen had India agreed to

make available goods to Russia against the Rs.1,600 crore of the Rs.3,200 crore outstanding technical credit that the former Soviet Union owed this country until 1991 end[15].

Another important feature of this trade protocol was that the Russian federation promised to guarantee supply of goods under the protocol.For this purpose,it had permitted Russian enterprises to retain 25 per cent in foreign currency from supplies made to India.The Russian federation imposed quotas and licences so that goods meant for India are not diverted to other countries.Besides, the federation used its regulatory authority through acts to compel the enterprises to supply goods to India.

In addition to bilateral rupee clearing arrangement, the protocol provided for all internally recognised forms of trade and business cooperation between business enterprises or the two countries,including trade in hard currency,barter,buy-back and counter trade.

In order to make the trade protocol viable, a Banking Arrangement between the Bank of Foreign Trade of Russian Federation and the Reserve Bank of India was concluded on February 28,1992. But Liberalised Exchange Rate Management System (LERMS)[16] came into force with effect from 1st March, 1992. So the above trade agreement needed to be amended. Accordingly,two more agreements remaining force till December 31,1996 each with five year validity were signed on 4th May,1992 in New Delhi. The first agreement on trade and economic cooperation envisaged most-favoured-nation treatment to each other in all matters of trade and commercial cooperation,stipulating all payments in freely convertable currencies[17]. The two countries agreed to find 'mutual advantageous solutions to outstanding problems including the supply of defence spares and rocket technology by Moscow.The understanding was arrived at a discussion between the then Minister of State for power, Mr.Kalpanath Rai and his Russian counterpart on the possibility of exploring further cooperation in the fields of power.

According to the first agreement, 15 commodities, viz. oil, steel product, nickel, copper, newsprint etc were scheduled for exports from Russia to India during 1992. And for the same period, 30 commodities were earmarked for exports from India to the Russian Federation.The main items were tea, coffee, tobacco, fruit products, medicines, leather etc. It was also decided that any natural and juridical persons of both the countries would be free to import and export goods and services from each other on the basis of counter-trade, commodity exchange, barter, buy-back operations or any internationally recognised form

of business cooperation[18]. For this purpose, the RBI allowed opening of Special Escrow Accounts designed in US dollars in the name of Russian exporter with commercial banks in India.

The second agreement was signed on setting up an inter-governmental commission on trade,economic,scientic and technical cooperation. In this context, Mr.Gennady Burbulis, head of the Russian delegation visiting India said that out of 148 agreements signed between India and former Soviet Union under Indo-Soviet treaty,67 had been ratified by the Russian Federation as a successor state[19].

Though the intensions of the 1992 trade protocol was good,but the later study showed, it had virtually collapsed. The review during the visit of the Russian Vice-Minister for Foreign Economic Relations,Mr.V.D.Shibayev,from January 6 to 8, 1993 showed that the 1992 clearing mechanism was a failure because of Russia's inability to export goods to India as per the protocol[20]. Russian enterprises had no motive or incentive to export goods to India under the clearing mechanism. Because, against the export of every one dollar worth to India, the Russian enterprises had to surrender 50 per cent of their earnings to the government. The enterprises resented this arrangement as they wanted a large share of export earnings, particularly in foreign exchange.On the other hand, there was no such fifty-fifty arrangement when these enterprises traded with companies in the hard currency area. Though Russia was to export $650 millions worth crude to India, the shipments did not exceed $100 millions. Russia was to supply India defence spares worth $400 millions; but only $40 worth such goods were exported.While the total exports from Russia to India might have been just over $100 millions,Indian exports to Russia were five times the Russian exports. Russia could supply only 20 lakh tonnes of crude against the contract for 1.1 million tonnes.

The failure of trade protocol of 1992 ultimately plunged the two countries to take advantage of the global free trade market, based on freely convertable currencies. India's exports to the rupee payment countries including the former Soviet Union went down by 21 per cent in rupee terms and 42.3 per cent in dollar terms in 1991-92. India's trade with former Soviet Union hovered around 80 per cent of India's total trade with the East European countries including the former Soviet Union. Therefore, the major setback in trade with Rupee Payment Area countries was due to the decline in trade turnover with Russia.

Studies reveal that Russo-CMEA trade had declined by 46 per cent, Russia'a trade with the republics of fromer Soviet Union by 50 per cent and with hard currency areas by 25 per cent. In this context, the decline in Indo-Russian trade was but natural.

With a view to fostering trade between India and the Republics of the erstwhile Soviet Union, some steps were taken in the last part of 1992[21]:

(i) Goods may be imported into India from any of the Republics of the erstwhile USSR and vice versa against payment in any freely convertible currency; provided the goods are not included in the negative list of import/export.

(ii) Goods may be imported or exported regardless of whether they are included in the Trade Protocol or Trade Agreement between the two countries except goods included in negative list.

(iii) Preferably trade would be conducted through counter trade arrangement and this counter trade would be carried out through ESCROW accounts opened with authorised dealers in India in the name of the exporters of the Republics of the erstwhile Soviet Union.

Alexandre E Granovski, counsellor of Russian embassy pointed out while giving an overview of Indo-Russian economic relations to members of the Associated Chamber of Commerce and Industry of India,that there was considerable potential for Indo-Russian counter-trade as both nations were short of hard currency[22].

In 1992, a large part of India's exports, estimated to be over $1 billion were traded in hard currency while about $ 650 million worth of goods were exported through the Escrow account. In this year, trade between the two countries took place through three routes, consisting of a central account where Russia exported $1,100 million worth of oil, oil products and defence equipments; barter cum counter-trade track and hard currency track.In rupee terms, Indo-Russian trade fell by more than 40 per cent in 1991-92 as compared to Rs.5,254 crore in the previous year.

On 28th January,1993, four agreements were concluded on Indo-Russian Trade. Sri Pranab Mukherjee,the then Commerce Minister wrote four letters to Mr.S.Yu Glaziev,Minister of Foreign Economic Relations of the Russian Federation. Mr.Mukherjee concluded every letter by writing[23],"This letter and your confirmatory reply thereto shall constitute an Agreement between our Governments"In these letters-cum-agreements, main

things were:[24]

(i)agreement signed on May 4 1992, was more or less maintained. In addition to that, assurance was given that special accounts in US dollars with commercial banks in India would be opened which were scheduled to be used by the Russian exporters for purchase of goods and services from India.

(ii) Starting from 1st January 1993, the repayment of the credits by Indian organisations including payments against overdue liabilities,if any, would be made in Indian rupees directly into the special accounts of successor Russian organisations in commercial banks in India.

(iii) Payments to Indian exporters, who had actually shipped goods to Russia till 31st December 1992, but did not receive payments either under the technical credits granted to the erstwhile Soviet Union or to Russia in 1992, might be made out of the repayments by India of the State credits granted by the erstwhile Soviet Union.

(iv) The Russian side could utilise till May 31,1993,the technical credit granted by India in 1992, for opening of Letters of Credit and making shipments from India.

At the time of sending the reply of Mukherjee's letters and concluding agreements with India, Mr.Yeltsin said[25],"Russia and India were natural partners and need each other both politically and economically".

Memorandum of understanding was signed on 21st May,1993 between Indian and Russian sides in New Delhi on issues relating to implementation of the Agreements contained in the Letters of Exchange signed on January 28,1993 in New Delhi, in connection with bilateral trade and repayment of credits. This MOU contains that in terms of the agreement of 28 January,1993, for the Indian side to grant to the Russian side the remaining technical credit of US $85 million out of the technical credit granted under the Trade Protocol of 1992, for utilisation in 1993, for making payments for purchase of goods specified in the Trade Protocol of 1992.

In the first part of May,1993, the Russian government drastically slashed import duties on foods,agricultural produce and pharmaceuticals imports from India,besides extending overall duty concessions to Indian goods which was a boon for Indian exporters. This relaxation in import duties facilitated trade under the debt repayment agreement.

From June 3,1993, a 14-member delegation led by Mr.Amiya Goopta,President of the Indo-CIS Chember visited Russia and Uzbekistan. After this visit, the Chamber appealed to the government of India to grant incentives to select industries, particularly in the eastern region of the country, in order to revamp export potentials to the CIS countries to take advantage of liberalisation.

The most important event in mid-1993 was the Cryogenic deal with Russia. At the very outset, the United States objected to the deal,so Russia was hesitant to give cryogenic rocket engine. This deal was formalised by the former Soviet government and which the US wanted Russia to scrap. American fears of India diverting the cryogenic engines to military purposes were simply hogwash. Space scientists explained that the cryogenic engines would be very cumbersome and inconvenient to transport and use for military purposes. But the US was not ready to accept this view, because once in possession of cryogenic engine technology, India would pose a threat to it in the commercial space market. The US had strong commercial motives to block India's space programme[26].

Russia's adoption of free market economy created a peculiar type of unofficial trade, which estimated to be $150 million to $400 million in mid-1993. Following Glasnost, the breakup of the Soviet Union and the economic downturn in Russia, thousands of tourists rushed to New Delhi in order to purchase various types of consumer goods. These tourists came through private agencies. They used to buy from leather jackets to tea,from jewellery to sweaters. In January-February,1992, total 5,059 tourists from Russia came to India while in the same period in 1993, 7930 toursits visited - an increase of 56.7 per cent. For them, India is not just a sellers' market but a buyers' market as well. Russian tourists can be seen selling cameras, shirts, toys etc in the streets of various cities of India. Behind this unofficial trade,the government of India has a tacit support. Custommen have been told that 90-95 per cent of foreign travellers can go through the green channel without checks[27].

In October,1993,India proposed to buy defence, steel, power and mining equipment from Russia on counter-trade.The decision marked a departure from the previous practice when Russia used to supply such equipment against deferred payment arrangements. Russian enterprises were not prepared to make supplies under the protocol. They rather preferred direct trade through counter trade/barter or hard currency.

According to the DGCI & S data, Indo-CIS trade in January/November 1992 totalled $850 million. On the other hand, going by the statistics released by Russia and communicated through the Indian embassy in Moscow, the two-way trade was around $1440 million. This was partly because some trade had taken place through third countries in hard currency[28].

In the context of international trade, some important events occured in Indian economy. First,the amendments to FERA 1973 came into force with effect from 8th January,1993. Secondly, the Union budget of 1993 announced the convertibility of Rupee. Thirdly,the LERMS which became effective from 1st March, 1992, had been modified with effect from March1,1993.

After the disintegration of the USSR, the important event is Russia's formal admission into the IMF as a member on June 1,1992. Though the USSR participated in the Bretton Woods conference in 1944 in order to setup IMF,but it did not become a member on the quota issue. Being a member of IMF, Russia has become automatically a member of the World Bank from middle of June,1992. This helped Russia in getting loan amounting $4 billion in 1992 from multilateral lending institutions. But Russia's entry into the IMF was not thronless. It created debate and criricism among the politicians and academics in Russia. Specially,in this juncture, Russian economy was passing through a crisis. Yeltsin tried to prevent this criticism and controversy by saying that his government would not allow western governments or the IMF to dictate the pace of reforms in Russia[29].

The direct outcome of the IMF-Yeltsin reforms was a sheer disastrous. In 1992, the consumer prices increased by more than one hundred times. The 'price liberalisation programme' as proposed by the IMF, did not resolve the distorted structure of relative prices which existed under the Soviet system. The price of bread increased from 13-18 Kopeks in December,1991 to over 20 roubles in October,1992. During this interval,the price of television set had risen from 800 roubles to 85,000 roubles. But,in contrast,wages increased ten times.Real earings declined by more than 80 per cent. The IMF claimed that the standard of living had gone up since the beginning of the economic reform programme[30]. The Russian Ministry of Economy maintained,"wages are now growing faster than prices". The consumer prices index computed with the technical support of IMF, pointed to a 15.6 times increase in prices. But the people of Russia did not believe this statistics.

Huge budgetary deficit is the main feature of the post-coup Russia. After disintegration Russia has been suffering from hyper-inflation, widespread shortages, growing unemployment, adverse balance of payment, steep decline in production and so on. The government of Russia has not been able to overcome this crisis, though she tries to get rid of this situation. Reviving barter system is one of the ways by which Russia manages its economic activities today. V.Nesterovich[31],the deputy director of the Institute for Research of Goods Transport and Conjecture of Wholesale Trade,is of the opinion that the barter trade transactions have an important role in the period of economic transition of Russia to a market economy. He also argued for the creation of barter trade centres in Russia with a view to promoting barter transactions.But the problem is that among economists and policy-makers, there is no unanimity and they are very much in doubt whether these proposals will be relevent in the long run.

It is true that the barter system of transactions is not a new feature in Russia, it was in vogue in the Soviet socialist system, though officially the barter system was prohibited and was considered illegal in the former Soviet Union by the then government. Gidadhubli[32] remarked,"..barter system was considered a necessary evil for the functioning of the imperfect socialist economy. In fact,officials in charge of supplying materials in enterprises known as 'tolkachi' were well oriented in the operation of this illegal market...".Gorbachev, through Perestroika, legalised barter trade by reducing centralised control of ministries and self-management.

As rouble has been fast losing its role,barter transactions has been saving the total collapse of the Russian economy. In 1992, about 40 percent of foreign trade was accounted for by barter transactions. On October 11,1994,the rouble lost over 20 per cent of its value against dollar in panic selling.It hit a low of 5,130 per doller on April 29,1995. And in December,1995, it stood at 4,650 per dollar. And a new corridor of 4,550 to 5,150 was created for Presidential election of 1996.

The trade which collapsed in 1991, remained virtually stagnant for the next two years. However,in 1993, it grew by about 40 per cent over the 1992 figures. This was poor consolation as the growth in 1993 was over a low base of 1992. The amount available to Russia for imports during 1993 was about Rs. 1,300 crores, after offsetting its short-term liabilities to India on account of technical credit and outstanding payments to Indian ex-

porters. Of this amount,letters of credit were opened for utilisation of about Rs.700 crores[33]. India's exports and imports of Principal commodities to Russia are shown in the following tables.

TABLE -I

INDIA'S EXPORTS OF PRINCIPAL COMMODITIES TO RUSSIA

(Rs. in million)

Items	*April '92 to March '93*	*April'93 to March '94*
Tea	3165.94	2622.36
Coffee	995.45	822.34
Tobacco unmanufactured	969.14	1510.70
Tobacco manufactured	288.98	119.90
Spices	80.97	172.62
Oil meals	197.00	631.10
Castor oil	—	253.42
Fruits & Vegetables	22.17	23.40
Process foods & Juices	89.59	270.16
Misc. processed items	60.53	80.10
Leather & manufacture	1139.94	504.00
Foorware of leather	1186.46	725.33
Marine products	6.10	11.61
Drugs,phrmctls & fine chems	1347.11	2829.66
Cosmetics	637.19	800.75
Plastic procducts	300.99	1642.92
Machinery & instruments	1469.47	516.67
Cotton yrn.fabrics	176.64	556.50
Man-made yrn.fabrics	43.70	482.36
RMG cotton/accessories	767.31	915.86
RMG man-made fibres	123.41	375.14

RMG wool	643.97	610.88
RMG of other textile	147.15	176.88
Total including others	***17587.13***	***20045.18***

Note: Figures for Aril '92 to March '93 correspond with unified USSR as no date were generated seperately for each of the Republic in respect of 1992-93.

Source: JBCI Delegation of India to Russia in 1994.

TABLE-II

INDIA'S IMPORTS OF PRINCIPAL COMMODITIES FROM RUSSIA

(Rs. in millon)

Items	***April '92 to April '93 to***	***March '93 March '94***
Pulp & waste paper	28.72	171.85
Essential oil cosmetic prep.	2.40	52.03
Metalliferous ores & metal scrap	15.85	53.90
Organic chemicals	40.70	171.30
Inorganic chemicals	776.63	46.95
Newsprints	212.33	1153.28
Nonferrous metals	365.98	2248.51
Machine tools	77.84	63.76
Machinery except elec.tools	253.68	481.87
Transport Equipments	103.35	250.64
Project goods	727.56	374.92
Medicinal & phar.products	14.96	52.85
Artificial resins	18.42	95.00
Iron & steel	1.52	147.12
Total including others	***7372.74***	***8097.98***

Note: Same as in Table-I

Source: Same as in Table-I

The Indo-Russian trade after showing downward trend for several years picked up again in 1994-95 touching the figure Rs.4,100 crore. And there was a dramatic increase in Indian imports from Russia during this year. These imports were up by 95 per cent to Rs.1,500 crore.India,on the other hand,exported goods worth Rs.2,500 crore to Russia,80

per cent of which were accounted for by exports made against India's rouble credit repayment obligations. India is required to make annual repayment of about Rs.3000 crore for the past rouble debt. These repayments are required to be made by exports of Indian goods. In 1994-95,Rs.2000 crore of these repayments could be utilised for this purpose.

Since 1994, the debt repayment channel continued to be the principal track for India's exports to Russia, because Russian economic situation became chaotic, rouble kept fluctuating violently against the hard currencies. Under debt repayment channel, exports were transacted as non-convertible rupee business against letters of credit to be confirmed by the Reserve Bank of India in each case. The Russian government cleared a list of 48 items to import from India.Russia reduced import duty on certain goods to step up imports from India in mid-1994. In the meeting of Indo-Russian Federation of Joint Business Council in June,1994, the Russian Deputy Prime Minister Mr.Y.F.Yarov referred to the increased frieght for consignments exchanged between India and Russia which had affected the two-way trade.

The total bilateral trade between India and Russia during the financial year 1993-94 was Rs.28406341273 registering a 42.92 per cent increase over the bilateral trade in 1992-93. India's exports to Russia during this period stood at Rs.20344067244 registering a growth of 36.08 per cent, compared to the fiscal year 1992-93. Exports from Russia in 1993-94 stood at Rs.8062274029 which is a whopping 59.24 per cent growth when considered against imports in 1992-93. The total trade with the erstwhile Soviet Union was Rs.69247303165 in 1990-91. After the disintegration,the total bilateral trade with the CIS and Baltic nations fell to Rs.5,839 crore. It plummeted further to Rs.2,438 crore in 1992-93. However,1993-94 experienced a revival with the total trade figure with these countries standing at Rs.3,567 crore. The following table shows the Indo-Soviet/Russian trade in different year:

Table-III

Indo-Soviet/Russian Trade

Year	*Export*		*Import*	
	Quantity	*Value*	*Quantity*	*Value*
88-89	515277659	26081732553	323566833	7215645786
89-90	1063542849	44582110149	212267138	14600078758
90-91	1196109984	52503036012	282554211	16744267153
91-92	912644633	40400800472	190377426	12744961650
92-93	341748564	17550168150	233021727	7372744137
93-94	343225534	20344067244	180762304	8062274029
94-95	713535702	25343297565	252771682	15837642414
upto August 1995	303975503	13121119111	135108123	11488646239

Source: DGCI & S, Ministry of Commerce, Government of India.

During Mr.P.V.Narasimha Rao's four-day visit to Russia beginning on 29th June,1994, a number of agreements was signed envisaging enlarged cooperation between the two countries on a number of issues including science and technology, space exploration and industry and trade. On September 13,1994, in the meeting of the Indo-Russian Joint Commission, India and Russia reached an understanding to introduce the system of tendering in the work of the commission, in regard to the repayment of the Indian debt to Russia. In this meeting ,a protocol was also signed by the two countries. This Indo-Russian talks on bilateral cooperation concluded without being to work out modalities for the utilisation of Rs.3,200 crore received from India as debt repayment instalment in 1994. In 1993-94, against a debt repayment availability of Rs.1,700 crore, Russia imported Indian goods worth only Rs.850 crore. And in 1994-95, Indian officials had expected exports to Russia to touch Rs.4000 crore,with the debt repayment amount fully utilised.

During Rao's visit in June,1994, India and Russia initialled a mind-boggling eleven seperate agreements on subjects as diverse as politics and the environment, economy and

defence. The most significant announcement made by President Yeltsin was that Russia would extend 180 days' credit to all importers wishing to buy goods from India. India and Russia agreed to step up work of the Joint Commission and announced the setting up of six working groups for this purpose in the fields of trade and economy,power and non-conventional energy, mining, science and technology, oil and coal. The most significant agreement was the Moscow Declaration on the protection of the interests of pluralistic states. This document embodies the practical readjustments necessited by the end of of the cold war and the advent of a unipolar world-religious states to chart out an independent and self assured path of development, stressing the equality of nations in the age of rampant capitalism. Without explicitly saying so,'India and Russia have today served notice on the West and America in particular that regional powers can not be pushed around taking advantage of their economic, political and ethnic difficulties. The days of "Hindi-Russia bhai bhai" which hit the twilight zone during the Gorbachev and early Yeltsin years, appeared to have downed again[34].

During this visit of the then Prime Minister Rao, a wide range of commercial issues on bilateral cooperation were also discussed. It was decided to work out a perspective three years plan for imports of tea,tobacco,soyabean and pharmaceuticals from India against the debt repayment route. The Russian Prime Minister Mr.Victor Chernomyrdin visited India from 23rd December,1994 leading a high level delegation. During his visit, eight agreements and other documents weresigned which include agreements for promotion and mutual protection of investment, merchant shipping and long-term plan to purchase tea, tobacco, soyabean meals and pharmaceuticals.

A high-level 18-member Business Delegation sponsored by the Joint Business Councils (FICCI and ASSOCHAM) visited Russia from November 15-18,1994. The Delegation was led by Mr.Niraj Bajaj,Chairman, India-Russian Federation Joint Business Council. The Russian delegation was headed by Mr.Sergey N Katyrin,Vice-President, Russian Federation Chamber of Commerce and Industry. The objective of the JBC Delegation were[35]:

(i) To encourage establishments of contacts between Indian businessmen and Rusian counterparts so as to assess the business potential and opportunities of bilateral trade, joint ventures, technology transfer and joint collaborations in the new Russian economic regime.

(ii) To assess the economic situation arising after the change over from a system Rupee

trade to trade in freely convertible currencies.

(iii) To enhance understanding about the debt repayment route for payments for bilateral trade. Approximately,Rs.3,000 crore is available under the debt repayment scheme to finance Indian exports to Russia. Mr.R.Rajagopalan,Consal General of India,St.Petersburg, briefed the Indian delegation on 17th November,1994,that potential of direct dollar business was better than that under the debt repayment and escrow account. In 1994,Indo-Russian bilateral trade was carried out on the following three tracks:

(i) Hard-currency - the normal trade track as provided under the framework agreement on trade and economic cooperation.

(ii) Counter-Trade and its variants - it tended to overcome the difficulties of hard currency scarcity though its utilisation remains sluggish.

(iii) Debt Repayment Route - for the near future,perhaps the most important channel for Indian exports to Russia.The amount available would be about Rs.3000 crores or more annually.

Since 1991,both the countries are running parallelly on economic reforms. But question arises - who is doing better? In both the countries, there is a political outcry against privatisation and globalisation of their economies as a sell-out from the radicals. The latest reports indicate that the Soviet Union is having a march over India in attracting foreign investments. The World Development Report 1994 shows that the long-term public and publicly guaranteed external capital disbursments in Russia have jumped from a mere $741 million in 1980 to $12,495 million, while for India,the increase was from $1,857 million to $6,134 million in the same years[36]. Since Russia has begun to go to International capital markets recently, the repayment burden is less. As a result, the net inflow of public and private external capital in 1992 was only $231 million for India whereas for Russia, it is five times higher at $10,894. China is doing better compared to India and Russia in this regard.

TRADE - 1995

In the first half of 1995, the two-way trade showed signs of weakness because of stagnancy in Indian commodity exports. So,thrust to Indian commodity exports was on the top of the agenda. While visiting India in July 1995, the Russian Deputy Prime Minister Youri F Yarov reiterated the demand made by his government that part of the funds for

repayment of rouble debt by India could be used for contributing to equity of joint ventures in both India and Russia. The funds were to be utilised initially by the Russians for importing from India[37].

Indo-Rusian Joint Commission meeting was held in July, 1995, where the target for 1995 trade turnover was set to the tune of Rs.5000 crores. During the Aril-June quarter of 1995, Indo-Russian trade turnover was about Rs.1,505 crore which showed a nearly two-fold increase over the level of Rs.797 crore reached in the corresponding period in 1994. Russia fixed the target of imports of four major import items from India for 1995:

a) Tea - 30,000 tonnes
b) Tobacco - 20,000 tonnes
c) Soyameal - 10,000 tonnes
d) Medicines - $100 million

Tobacco is among the four products identified by the two countries for trade under the rupee trade.Tobacco exports in 1995-96 show a significant increase because of a shortage of this product in global markets. It is true that performance in trade volume has become better as compared to the steep decline in trade in 1992-93 to only Rs.1,700 crore consequent upon the dinintegration of the USSR. But this should not lead to the complacency on the two sides if the trade relations between India and Russia are to be developed on rational and normal commercial basis from the point of view of the long-term benefit.

In October, 1995, second meeting of the India-Russia Intergovernmental Joint Commission on Trade, Economic, Scientific, Technical and Cultural Cooperation was held in New Delhi. In this meeting, Mr.Pranab Mukherjee announced the setting up of the 10th Working Group on pharmaceuticals, and about $50 million worth of Indian medicines were sent for survivors of the Chernobyl nuclear disaster of 1985 through the rupee repayment route.

On December 13, 1995, the Russian ambassador to India, Mr.Anatoly Drukov announced in a press conference in Calcutta that the Russian government has set up eight seperate working groups to look into different aspects of bilateral trade relations between India and Russia.

Russia wanted India to reconsider the value-addition norms for imports through the debt repayment route of Rs.3,000 crore every year. India had placed a 100 per cent value addition norms for all exports on rupee repayment account and 50 per cent value-addition for hard-currency exports. However,Mr.Pranab Mukherjee,the then External Affair Minister, said that it would be difficult to provide for a 50 per cent value-addition norm for rupee exports from Russia since a lot of exports to Russia were import-intensive[38].

To survive the changing Russian market and take on a growing competition from Sri Lanka and Indonesia, Indian trading organisations in December,1995 proposed a tea auction centre at St.Petersburge. The move was initiated to do away with a chain of middlemen associated with tea imports in Russia. The auction house proposal rested on two things[39]:How far the local tea packaging and marketing industry can be revived and secondly, to what extend the system is acceptable to the Indian tea growers. On the other hand, the Union Commerce Ministry proposes to utilise the consignment exports route for meeting the targeted level of 20,000 tonnes fixed for the problematic area of tobacco exports under under debt repayment route to Russia[40]. Under the consignment route, goods are exported and kept in a bonded warehouse from where immediate delivery is given to the buyers.

It was viewed that Russia wanted to set herself free from the influence of the west, so in January,1996, President Boris Yeltsin appointed Yevgeny Primakov as Russia's new foreign minister by replacing Andrei Kozyrev who has been accused in Russia of being too pro-western. On March 28,1996, IMF Managing Director Michel Camdesus said that IMF would suspend a new $10.1 billion loan it approved for Russia if new Russian leadership took a communist approach to the economy,as Russia needed to meet certain conditions to keep the loan, and these conditions were not consistent with a communist style planned economy[41]. The three year loan is designed to help transform Russia from Communism to Capitalism and was negotiated by Russia's leadership under President Boris Yeltsin. However,Russia agreed to abide by all the conditions laid down by the IMF.

TECHNICAL CREDIT

The question of technical credit assumed importance in the last few years of the Soviet Union, when this country was unable to generate enough rupee resources through export of goods. Unlike with other countries of the rupee trade area, such as Poland,

Czechoslavokia and Romania where there was a ceiling on technical credit equivalent to 15 per cent of three years' average annual exports, there was no ceiling in case of the Soviet Union. The quantum of technical credit was large for the Soviet Union. Under the annual trade protocol signed between the erstwhile Soviet Union and India for 1991,there was no limit on technical credit. The technical credit utilisation by the former Soviet Union since 1989 started moving up in an unprecedented manner, because of its inability to export to India sufficient value of commodities to pay for imports. Consequently,the technical credit arrangement came to be treated as medium-term soft loan from India. For instance,India had extended technical credit for about Rs.3,500 crore in 1991 as against Rs.1,872 crore in 1990. The technical credit extended to Russia in 1991,included a component of Rs.1,312 crore that was paid following the reopening of the Soviet Central account in February 1992 allowing payments of Letter of Credits or advance payments received before December 31,1991 and goods shipped prior to March 31,1992.

The Russian negotiators expressed their displeasure over India unilaterally calling off trade deals in the last part of 1991. But the Indian officials pointed out that technical credits were meant as a facilitating device but had been turned into a financial mechanism for Russian imports.India could not agree to this, since it resulted in a larger budgetary deficit for the the government[42]. At the end of 1991, the outstanding technical credit stood at Rs.2,160 crore. Russia wanted the technical credit to be adjusted against the debt India had to pay to Russia, the legal successor of the erstwhile Soviet Union[43].

Under the trade protocol signed between these two countries on February 22,1992, India offered a technical credit of Rs.850 crore to Russia to facilitate flow of trade. India came down from its earlier stand of not allowing the technical credit in favour of Russia to go beyond Rs.150 crore in 1992. But,on April 12,1992, India refused to give this technical credit amounting Rs.850 crore. The Commerce Ministry sources said that as the Russian enterprises had not started supplying goods to India in terms of the protocol of 1992 envisaging a turnover of Rs.7,500 crore,India would not offer technical credit[44]. In case, India offered a technical credit of the above-mentioned amount or even a part of it, it would amount to paying off Indian exporters from the government's exchequer for supply made by them to Russia; and it would also affect the budgetary deficit.

Again,on May 5,1992, India agreed to extend a Rs.250 crore technical credit to Russia to enable it to import Indian tea, coffee, spices among other things. And within October 1992, the Indian government released a major portion of the $285 million technical credit to the exporting community, as desired by the Yeltsin administration, and upto December 31,1992, India released $200 million technical credit.

India decided to do away with the provision of technical credit in its two-way trade with Russia from January 1, 1993. In effect, all trade was conducted in hard currency. During President Yeltsin's visit in the last part of January,1993, it was decided that Russia would not get any technical credit to purchase goods from India in 1993. Instead, Russia was permitted to use the technical credit amounting to $200 million extended to it under the 1992 bilateral trade protocol till May 31,1993, to open letters of credit to finance its purchases from this country. Russia was also allowed to use during 1993, the balance technical credit of $85 million of the total $285 million made available to it in 1992 to buy goods listed in the protocol. And ultimately, India released this amount on April 19,1993. The breakup of this amount is as follows[45]:

ITEMS	*US $ (MILLION)*
i)Medicinies & Pharmaceuticals	26.00
ii)Tea	22.50
iii)Shoe uppers and materials for production of shoes	11.50
iv)Tobacco	16.00
v)Dyestuffs	4.00
vi)Spices	2.00
vii)Lac 'Terebac'	1.50
viii)Fruit pulp concentrates & extracts	1.00
Total	***85.00***

But this amount of technical credit could not clear up the market. For example,$16 million technical credit for Tobacco lifted just about 6,400 tonnes out of a huge backlog of 10,000 tonnes.So, the Chief Minister of Andhra Pradesh and West Bengal urged for more technical credit for Tobacco and Tea exports respectively[46]. On May 21,1993,one agree-

ment was signed in Moscow by which India provided rupee credit worth Rs.1000 crore to Russia so that the latter could purchase tobacco. And this credit was adjusted with India's first instalment of debt repayment.

A Russian demand for converting the "swing" credit that India had offered into a "technical" credit for immediate use had been turned down by New Delhi in August,1993. Russia had interpreted the swing credit as technical credit in the hope that it would be readily available for purchasing of Indian goods[47].

RUPEE AUCTION

Rupee aucton heralded a new part in emerging Indo-Russian economic relations. Because of the settlement of the Rupee-Rouble controversy and according to debt repayment mode, since 1993, India has been paying Rs.3000 crores per year to Russia. But,after several months, Russian government could not work out a mechanism by which the accumulated rupee funds could be utilised. Because,Russia lacked the experience of handling the issues of debt receipts of this kind as India being the first case, and existence of multiple lobbies dealing with this problem,such as the Central Bank of Russia,Ministry of Finance, Ministry of Foreign Economic Affairs and industrial trading lobby. All these caused delay in utilisation of rupee funds[48]. In 1993,few Western trading firms operating in Moscow,offered to purchase a part of rupee funds for dollars at the rate of $2 for Rs.100 against official rate from several Russian trading houses both state and private[49].In the face of mounting pressure on Russia for use of funds during the visit of P.V.Narasimha Rao in June-July,1994, two proposals were mooted by the Russian government:

(i)auctioning a part of rupee funds in Moscow;
(ii)investment of a part of rupee funds in equity capital in India;

By these two proposals, Russia mainly has two-fold aims: to boost Indo-Russian trade and to earn dollars.Mentioning two newspaper reports, Gidadhubli[50] pointed out two possibilities in rupee auctions by Russia. First,rupees may be auctioned at 20 per cent discount (Indian Express,July 7,1994). Secondly,clearing rupees are to be auctioned at 80 per cent of the rupee-rouble cross rate through the US dollar(The Hindu,June 29,1994). The commodities which were centrally purchased from India in 1994 against repayment of

State credits granted by the former USSR is shown in Appendix-I.

IMPLICATIONS

A number of implications regarding this rupee auction can be mentioned[51]:
First,rupee auctions encourage 'switch trade'.
Secondly,if no guidelines/conditions are specified by the Russian government regarding the use of the auctioned funds, rupee auction may not be helpful for the export of engineering and hi-tech items. Russia may prefer to import these items from the West.
Thirdly, thoughRussian authority laid down in its conditions that rupee auction would be confined to the Russian buyers and rupees could be used only for import of commodities from India.But the internal administration is not fit to implement this rule like other several decrees or laws which could not be implemented due to administrative faults. The Russian agencies could be used as a cover by the foreign firms for participating in the auctions,and these trading agencies may be exploited by mafia groups.

Fourthly, Rupee trade between India and erstwhile Soviet Union contradicts the concepts of rupee auction.

Fifthly, Russian government declared the rupee auctions to be the internal matter of Russia which is against the spirit of Indo-Russian economic ties.

Sixthly, by auctioning of rupee funds,rupee value would be depreciated. And it would deny India to cultivate or capture Russian market.

From the point of view of the Indian trading community,some demands were placed before the Russian authority[52]:

(i) There should be a limit fixed by Russia with the knowledge of the Indian government on the quantum of rupee auctioning in Russia.
(ii) The Indian government should not allow Russia to auction rupee funds for dollars as this will result devaluation of Indian rupees and encourage switch trading.
(iii) The Russian government should specify and notify items which will be allowed to be imported from India from the auctioned rupees.
(iv) Clearing rupees auctionned by Russia should be utilised for importing manufactured Indian goods which were imported before the Sovet disintegration and for which necessary capacities were specially created in India.

(v) Joint ventures of these two countries and Indian export agencies with established track record of trading with the erstwhile Soviet Union and present Russia should be allowed to participate in rupee auctions in Moscow.

The Russians are of the opinion that the rupee auctioning is the only way to keep trade link with India alive.A 180 days deferred payment facility to Russian importers of Indian products has been proposed by Indian side by which blow from the rupee auctioning would be softened. Pranab Mukherjee,the then External Affair Minister of India, is of the opinion[53] that Rupee auction is the internal affair of Russia.And so, it can not be stopped.Rupee auction may lead to switch trade. Mr.Mukherjee also said that the government of India will tolerate this switch trade if it happens within the CIS countries.

A 'tender committee' to oversee all debts owed to Russia by various naions was set up in the first part of September,1994, under the chairmanship of Russian Minister for Economy, Alexander Shokhin. This committee was entrusted to hold these rupee auctions. Initially,it was decided that between $100 - $200 million of the $1 billion instalment that India owed Russia annually was likely to be auctioned as an "initial experiment"[54], and lots worth about $10 million would be auctioned at a time. C.Narendra Reddy remarked[55] that the Russian proposal to auction the debt would definitely go against India, if the rupees were allowed to be freely traded with other countries,as at present the rouble has steeply depreciated against the US dollar. The Russian proposal of full convertibility of rupee debt would make Indian goods to be undersold in other countries apart from India losing its otherwise normal free currency earnings from these countries.

Regarding rupee auction C.V.Gopalakrishnan[56] said, "Unless it is going to be vigilant,the proposed auctions of the rupee debt to Russia could have many pitfalls for India". What is galling for India is that the currency switch in favour of dollars means unstable and declining demand for some of India's exports: tea and tobacco, specially the latter which hurts the farmer.

Both India and Russia agreed to use a portion of India's debt repayment in equity capital in India for the utilisation of rupee funds. This decision seemed to be motivated, because Russia,when it required huge investment, wanted to invest in India with an expectation of high and secured returns. Russia's economy is in disarray and inflation is high. India considers that there is no immediate possibility of outflow of capital of the said investment of the

rupee funds in Indian equity.For this cause,it is also agreed to amend the existing bilateral agreements to provide for this new channel of investment out of debt repayment in rupees.

PROBLEM OF INDO-RUSSIAN TRADE

After the disintegration of the former Soviet Union,the economic links between these two countries became withered.Since December,1991, India had not been getting Russian crude and petroleum products. Newsprint,fertilisers and non-ferrous metal supplies were ceased. India had stopped exporting tea,soaps, shampoos, garments and a variety of consumer goods to Russia and the other republics. The immediate cause of the collapse in India's trade with Russia and other republics was the subsidence of the Soviet bank handling foreign trade transactions with India[57]. The collapse of the centralised foreign trading and banking agencies following the withdrawal of the state from the economy, had not spawned successors under privatisation.

Behind the fall in the two-way trade of the two countries, India's decision to hold back the payments to Indian exporters despite confirmed letters of credit of the Bank of Foreign Economic Affairs from December 26,1991, is a vital one. India had her own logic.The 1991 protocol between India and the Soviet Union envisaged only a Rs.750 crore trade surplus in favour of the former. But the surplus went up mainly because of the Soviet failure to ship their quota of exports. Not only that, since the middle of 1991, they insisted on dollar payment against nonferrous metal sales to India. Being dollar starved, they preferred to sell their products elsewhere, violating the spirit of Indo-Soviet protocol[58]. So, India decided to put an end to the one-way traffic. Indian exporters' contention was that the decision would encourage the importers in the splintered republics of the Soviet Union to shop in the west for their needs and forget India and the debts they owe. On the other hand,the Russian Deputy Minister for trade is understood to have communicated his displeasure over the issue of RBI's refusal to honour confirmed letters of credit. The letter to the Indian Commerce Minister reminded the Indian government of the 'help' that the erstwhile Soviet Union had extended to India over the decades since independence[59].

Though first trade protocol, after the disintegration fo the Soviet Union, with Russia was signed on 22 February,1992 for the year 1992, but Russia could not start exporting till 2nd week of April. India was forced to withdraw the offer of technical credit amounting

Rs.850 crore as proposed in the protocol. With virtually no export from Russia, Indian exporters were finding it difficult to honour their commitment of supply to it.Thus the two-way trade became at a standstill. Trade protocols signed with other republics also experienced the same catastrophe.

In April,1993, Russia restricted a number of imported items from India. Following the quota imposition, Russian importers were forced to narrow down their shopping list of consumer goods from India to accomodate government imports.In case of escrew account transactions, the Russian government liberalised rules allowing private Russian traders to import goods and commodities for 100 per cent of the value of the escrew account in counter-trade deals with India. With majority of trade transactions going through the escrew account route, Indian exporters yielded rich dividents[60].

Another Russian internal legislation that affected the international trade of the country was that the Russian traders were under the obligation to sell 50 per cent of the hard currency obtained to the Russian government[61].

In the first part of 1993, the bilateral trade between India and Russia was under threat from a new and unexpected factor: the Russian "mafia"[62]. This relatively new terror network spread its tentacles in the realm of Indo-Russian trade, with Russian authorities showing little signs of controlling it. The modus operandi was somewhat like this: as soon as Indian industrialists landed in Moscow, he was contacted and any deal had to be necessarily struck with or through the mafia. In March,1993, some Indian businessmen were jolted out of their ship at midnight and threatened by a voice, speaking in perfect English,not to conduct business directly with retailers[63]. Following the takeover of trade by the powerful mafia, Indian businessmen with extensive trading interests in the republic had started hiring ex-KGB officials as their agents in Russia, because, most of those who comprised the mafia were from the secret service agency, the KGB and lower-rung communist party of the Soviet Union officials.

The Russian mafia systematically infiltrated the whole distribution network, whereby they formed part of a typical distribution chain comprising agent, importers, wholesalers and retailers. Compounding the mafia problem in the underdeveloped Russian banking system, which was unable to engage effectively in increasingly complex international trade transactions, involving letters of credits and the like.

Trade between India and Russia had to face a stagerring blow in the first half of 1993, because Ukrain had prevented Russia from using the Black Sea port of Odessa and Estonia was also creating difficulties over the port of Riga[64]. As a result of the Ukraine's decision, freight costs on shipments to Russia became too high to be borne by Indian exporters. If Russia was able to use its two smaller ports, shipments were to be sent on smaller vessels, which again resulted in higher freight costs. The only available port was Vladivostok which is far away to be considered for trade with India.

Indian goods faced the challenge posed by the goods manufactured in the US and Europe, the Indian government was not providing the same kind of support to the private sector companies which were doing business in Russia in 1993. The Indian government declined to provide such benefits which might have given a further fillip to exports. "The toughest obstacle to Indian business in Russia," said Mr. Hari Vasudevan[65], "is the lack of government support". Russian companies started choosing US, European and Japanese firms as their partners,because of the support provided by their respective governments.

In July,1993,a trade and industry delegation of Indo-CIS Chamber of Commerce visited Russia. According to its reports, the countries which had a very negligible presence in the erstwhile Soviet Union were now cashing in on the opportunity provided by the opening up of this vast market. The report observed that more positive support was needed from the various ministries of the Indian government to supplement the untiring efforts of the Indian mission in CIS[66]. The gap created by India's indifference has been filled up by countries like South Korea,Japan,Germany,Singapur and even Pakistan which started exporting textile to CIS.

In the Commerce Ministry's view, the principal reasons for this fall in exports were due to far reaching socio-economic and political developments in former Soviet Union and the successor states and the ongoing process of major economic restructuring in their countries.On the other hand, Russia's global imports came down drastically in the past couple of years. In order to reverse the declining trends in the export trade, New Delhi took several measures to ensure that Indian exports to Russia and the CIS were revived. Among the medium and long term measures being pursued were the promotion of joint ventures and economic cooperartion in sectors of mutual interest,agreement on repayment of India's debt to former USSR through export of goods and services from India to Russia and a

liberalised regime of counter trade with CIS countries."In spite of the declining foreign exchange reserves of the Russian states",said Rajat Bhattacherjee[67],"there is ample scope for Indian exporters to avail of barter and counter trading routes through the escrow account".

The hosiery exporters of Ludhiana lodge complaint that at the very initial stage of disintegration of the Soviet Union, the government of India adopted a lukewarm attitude towards Russia and local suppliers were not encouraged to supply goods to Russia.Rather there was discouragement as some of the incentives which were being given to them were withdrawn, with the result that many new countries have now entered into the Russian market .New countries which entered Russian markets are China, Turkey, Korea, Vietnam and Pakistan[68].

In November,1995, India imported Muriat of Potash (MOP) fertiliser from Russia, which was found to be 'non-standard' by the Central Fertiliser Quality Control and Training Institute (CFQCTI). So,the import of this item was stalled by the Minister of Chemicals and Fertilisers. Some Russian importers of Indian jute goods used Indian bottoms as floating godowns on the Black Sea ports causing delay to turn around time for these vessels. The "State of Orissa" of Shipping Corporation of India was detained at Illychevsk, a Russian port on the Black Sea, for more than a month in the months of March-April,1996, for unloading its jute cargo[69]. Although reasons for the delay in unloading jute goods from Indian vessels by the Russian importers are not known, a section of Indian Jute industries and traders believe that the downtrend in prices of jute goods might have prompted the importers to use vessels as floating godowns. Russia, China, UAE, Soudi Arabia etc put up various non-tariff barriers to trade with India in 1995-96.

Ram Sampath Kumar[70] has observed the following problems regarding Indo-Russian trade:

(i) The Russian entrepreneurs are not familiar with the basic rudiments of private business. They are not able to issue a simple letter of credits.

(ii) They lack of necessary infrastructure like banking, communication etc.

(iii) A large portion of Russian trade is controlled by organised criminals which hinder foreign direct investors and private parties.

(iv) Indian exporters face problems of shipping to Russian ports since there are complications and inconveniences caused by container landing in the Odessa port which is now in Ukraine, which adds to the cost of transport to destinations in Russia.

Under the process of economic liberalisation taking place simulteneously in the two countries, there are a number of complexities and contradictions for increasing exports to Russia - among them, the multiplicity of trade channels, the lack of transparency in the release of debt repayment rupee funds through so-called tenders, the uncertainties and irrationalities of Russia's import regulations and tax structure and the activities of 'fly-by-night' operators out to make quick profits[71].

MULTIPLICITY OF TRADE CHANNELS

Now, there are four trade channels. Each channel having subroutes operates simulteneously. These channels are:

(i) Debt Repayment Rupee Account (DRA)

(ii) Escrow Account

(iii) Hard Currency Account and

(iv) the Unofficial or Semi-legal trade channel.

Two sub-routes operate under DRA. In the first route, four commodities have been identified : tea, tobacco, soyameal and pharmaceuticals. In order to import these commodities, the Russian government has allocated funds. The second sub-route is operative for importing other commodities. The main advantage for DRA account is that rupee funds are offered at a discount of 20-30 per cent. In this way, one Russian firm gets Rs.38-41 per US dollar. This difference,on the one hand, makes imports from India profitable, on the other, the Indian rupee is devalued in the Russian market.

Escrow account is another form of barter trade system.Under this account, what India exports is paid by the Russian funds accumulated through previous exports to India. Escrow account may be of two types : dollars or rupees. What type of it will be depends on the nature of funds held by the Russian organisations. Initially, rupee escrow account was prominent. But, now, dollar account is gaining importance.

For hard currency trade account, there is almost no restriction for exports to Russia. The unofficial or semi-legal trade channel is a new form of trade channel after the

disintegration of the USSR. This form of trade is carried out mainly by 'fly-by-night' operators from India and also by 'shuttlers' from the Russian side[72]. Mr.Pranab Mukherjee[73],the then External Affair Minister of India, said that his government had not recognised this Semi-legal trade channel.He is of the openion that there are only two concepts: legal and illegal. There can be no such semi-legal one.

It is interesting to note that exports of certain goods such as tea or medicines may go simultaneously through more than one channel by same or different agencies which adds to the complexity of trading with Russia. Due to multiplicity of trade channels, the exact amount of Indo-Russian trade can not be known. With it, through some non-Russian ports such as Nikalaevsk in Ukrain, trade is taking place between these two countries. This also causes not to get acurate figure of trade volume[74].

The share of hard currency exports could be about 5-7 per cent. But through other channels, i.e. debt repayment and Escrow account, share of trade might be about 40 per cent each. The quantum of semi-legal trade could not be measured, but it is flourishing. Rupee funds for imports are released in Russia, unlike erstwhile Soviet Union, amount and quantity of imports are not predetermined; it is irregular and uncertain. Over and above, there is lack of transperancy in the release of rupee fund allocation for imports, since only designated banks participate in the tender. So,many back-door dealings with kikbacks etc continue which affect healthy competition.

Regarding exports of pharmaceutical products to Russia, India has to face many difficulties[75]. So far as India is concerned, the registration of products for imports into Russia takes at least five-six months where as for USA, it takes only one or two weeks. Regarding quality checking for medicines imported into Russia, a clear case of discrimination is observed. Indian products have to undergo random checking in Russian laboratories; but this checking is not done for the US products and even for the products of European countries. So, these conditions add to the cost and delays in India's exports of medicines to Russia.

Russian banking sector is not well-developed and hence many of them carry out speculative and unhealthy banking practices. One Moscow-based Indian trading firms had deposited the money with a Russian bank for payment for imports from India. This bank was closed down due to bankruptcy in the last week of August 1995 in the wake of the

Russian government policy of extending the period of 'corridor' for exchange rate of rouble to the dollar.

Russia's irrationality in custom and import regulations has created complexity in India's exports to Russia. The Russian authorities has tried to apply revised rates of value added tax(VAT) even for the transactions which were already finalised and settled and for which shipments were already made on the basis of the prevailing VAT rate. This affected the deal and cut down earnings. In 1994,in one instance, one consignment of goods was exported to Russia after paying all the necessary taxes and these goods were kept in some godown in Moscow.After a few months, when these goods were brought out for sale,the Russian authority demanded VAT afresh inspite of providing proof of payment of VAT.

In tax structure, some irrationalities are found in Russia. For example, it is cheaper to import readily packed tea in small packs from India rather than bulk import of tea.

Some non specialists traders who are known as 'brief-case-traders' has entered the Russian market for specialised products such as medicines. They deal in any product as they are not interested in cultivating Russian market for a long period. These traders have a tacit link with unscrupulous and often fake firms in Russia for making instant and maximum profits by selling goods disregarding quality or standard. Some Russian traders who are known as ' shuttlers' have damaged the image of India as they buy cheap and substandard goods in India and sell them at high prices back in this country.

After the disintegration of the Soviet Union,some former network of import continue,e.g. Sovelektro, Rosvrashtrog; and they are allotted quota for importing specific commodities. They act as intermediaries and some of them continue to act in a monopolistic fashion and try to get maximum cuts and kickbacks for their services which increases the cost of Indian goods to the Russian buyers.

Some multinational firms like Siemens, Panasonic, Philips etc have entered the Russian market for exporting their products and for establishing joint ventures in Russia,side by side some Indian firms have withdrawn from Russia. For example, HMT and Tata Tea have closed their offices in Moscow. But some engineering firms such as Thermax and Bharat Forge are making all efforts to survive against all odds.

"The seriousness of this issue lies in the fact that in the past, capacities were created in India for producing many of these products - consumer goods, machinery and equipment, pharmaceutical products and so on - for meeting the needs of the former Soviet market", Gidadhubli[76] said, "at present the policy-makers in both the countries do not seem to be much concerned about them". He also pointed out that selection of four items for special allocation for use of debt repayment funds is highly unrealistic, as inclusion of tobacco has not served the purpose. It consists of only 1.5 per cent of total exports to Russia in 1994-95. Again the amount of $100 million earmarked for imports of medicine for India is too low as compared to the volume of imports in the past. On the other hand, demand for some engineering items such as boilers, forging equipment show an increasing trend and for this, exports can be increased if debt repayment rupee credits are made available to them as in the past.

Another major problem of Indo-Russian trade is switch trading. Since Soviet era, this has been continuing to be the crux of the problem.

SWITCH TRADE

Under the Switch trade arrangement, certain unscrupulous traders or trading companies in the former Soviet Union over-imported from India certain goods or commodities, like tea , coffee, under the rupee trade and then export the surplus quantity to some of the West European countries against hard currency at a lower price[77].

Also, Indian businessmen and traders without any manufacturing facility, imported SKD kits of electronic items like TV, VCR and calculators through hard currency and then exported to the Soviet Union or other East European countries under the rupee trade arrangement. The historic political agreement between India and Russia over the rupee-rouble exchange rate to estimate the total debt to be repaid to the latter led to a revival of switch trading[78]. In 1990, the V.P. Singh government took steps to curb this practice and in 1992, the Russian government issued import licences to stop switch trading, under pressure from various countries.

In the way of Indo-Russian debt repayment arrangement, the Russian foreign trade organisation "Exportkhleb" signed an order on August 18, 1993 to negotiate with India for the purchase of cattle feed and soyabeans worth of $200 million for re-export. The leading

Russian business weekly 'Commersant' warned that the prime minister's decision was in violation of the Indo-Soviet agreement which had banned the re-export of commodities purchased in India against repayment of debts and in retaliation India could stop the repayments[79].

Economic disarray in Russia is impinging on trade relations with India. Indo-Russian trade is not going the intended way. This is seen from a rise in switch trade which has led the Indian government to issue an 'alert' to Russia. Indian exports to it are being increasingly diverted to countries which can pay Russian traders in hard currency. The diverted supplies to Germany, which is believed to be an important switch destination, cuts into direct Indian exports to it and others. There are mainly two reasons which inspire this switch trade[80], first one is the firmness of the rupee in the open market abroad, which enebles the Russian traders to buy more dollars per unit of Indian goods than the domestic exporter gets at the official exchange rate. Secondly,the Russian trader does not want the roubles he would get by selling Indian goods in his country. He prefers hard currency to roubles. By diverting Indian exports, the Russian traders are moving their earnings into a safe currency. The reason for Russian preference is simple. The rouble is being devalued against dollar. The rouble quoted on the interbank market around 4,505 per dollar in September, 1995, down from 2,631 in October,1994.

The larger the accumulaton of hard currency - whether from sales of goods from India or any other country - the greater the gain for the Russian trader from eventual conversion into the rapidly devaluing rouble. For these reasons,the switch trade has become a substantial component of Indo-Russian trade.

In the first Indo-Russian Joint Commission meeting in Moscow in September,1994, problems of switch trade was discussed vividly[81]. The Commerce Ministry alerted the Russian authority about the spate of complaints received on "Switch trade" under the escrow and debt repayment routes and urged Moscow to take immediate steps against its exporters . In several cases received by the Ministry, it was found that goods shipped to Russia had changed their course in high seas[82].

Switch trade was made possible by the rupee firming up against the dollar while the rouble fell against it. It was accentuated by easy market conditions to procure hard currency commodities.

Since India has to pay a massive sum of over $ 1 billion annually, the possibility of procuring rupee in the Russian auction for purchasing commodities has opened the doors for switch trade. The shipments from India have been diverted to countries of Western Europe where the goods seemed to have a hard currency potential. The exporters realised higher prices in the western markets.

In one case received by the Ministry, it is alleged that Avia Exports in Russia, along with its Bombay-based Indian importers, resorted to switch trade and redirected the shipments meant for Russia to Germany[83].

ECONOMIC COOPERATION

During the visit of the Russian Premier, Mr.Viktor Chernomyrdin, India and Russia signed an agreement in December 1994 for a long-term programme on military and technical cooperation. India and Russia agreed in principle to use debt repayments fully for investment in joint venture projects in both the countries as part of efforts to build market oriented economic ties. Two such projects were a cargo-handling facilities at the congested Black Sea port of Novorossysk and an Intourist hotel expansion scheme in Novgord. On returning from a three-day official visit to Moscow, Mr. Pranab Mukherjee, the then External Affair Miister, said on the floor of the parliament on August 7,1995, that the first cryogenic engine would be delivered to India in the last quarter of 1996 as per schedule under the revised agreement. All the six engines would be delivered at an interval of every six months thereafter[84]. On the issue of repayment of rupee-rouble credit by India to Russia, Mr. Mukherjee said the entire amount could not be utilised for joint ventures. He said a part of it was being utilised in both countries in areas for cooperation identified by the two sides.

In October,1995, Russia asked India to extend recognition to its bank counter-guarantees as Russia got this ficility from the western countries. Mr. Yarov sought equal opportunities for Russian businessmen in India through creation of favourable conditions for promotion of joint business. He said,"common efforts from both the sides would be helpful in overcoming difficulties in opening up of credit for taking up joint projects[85]. He also suggested setting up of joint Indo-Russian banks in Russia.

The Russian ambassador to India,Mr.Anatoly Drukov, at the press conference in Calcutta on December 13, 1995 said[86] that the Russian government had already intimated

the Government of India about its intention to take part in renovating and modernising all steel plants which had installed Russian Technology and machinery when they were commissioned. Incidentally, during the second session of the Indo-Russian federation working group on ferrous and nonferrous metallurgy held in Moscow in July, 1995, the role of Russian Technology in the development of the iron and steel industry in India was discussed at length. A number of MOUs were also signed between the two sides to collaborate in joint ventures and to utilise the vast technology and engineering capabilities of the two countries.

On March 1, 1996, India has signed an approximately Rs.1,100 crore contract with Russian aircraft building companies to upgrade and modernise 125 MIG-21 fighter jets for the Indian Air Force.

COMMODITY COMPOSITION

With a view to examining commodity composition of the Indo-Soviet trade, total export-import data for seven years from 1988-89 to 1994-95 have been consulted from the DGCI & S, Ministry of Commerce, at four digit level according to Indian Trade Classification. During this period, at four digit level, total 810 heads of commodities have been traded. Total commodities have been classified into three categories seperately for export and import. In the first category, commodities were identified which were exported to the Soviet Union/Russia in total time period considered. Disintegration of the Soviet Union could not stop the exports of these commoditeis. These commodities are shown in Appendix-II . In this category, total 169 heads of commodities were exported. Similarly, 66 heads of commodities have been identified which were imported to India throughout the period, which are shown in Appendix-III.In the second category, commodities have been identified which were exported/imported only before the disintegration. And after the break-up of the USSR, these commodities were not exported/imported. Appendix-IV shows that 149 items were exported from India to the Soviet Union before the disintegration. These commodities were not exported after disintegration; and 109 items were imported before the disntegration which are shown in Appendix-V. Total 136 items were exported to Russia from India after the disintegration. These commodities are imported by Russia from the point of view of their use, as these commodities are new in their import list from India. These are shown in Appendix-VI. Similarly, 116 new items were included in the import list

Table-IV

COMMODITY COMPOSITION OF EXPORTS TO RUSSIA

(Rs.in Crores) Share in total exports(%)

90-91	*93-94*	*94-95*	*94-95*	*95-96*	*Commodities*	*90-91*	*94-95*	*94-95*	*95-96*
			April to January					*April to January*	
296.7	282.1	280.5	230.3	221.2	Drugs,pharmtls	.5.63	11.04	11.78	7.39
600.2	313.4	273.7	191.6	442.2	Tea	11.40	10.77	9.80	14.77
358.6	80.0	166.2	135.5	102.5	Cosmetics/toilts.	6.81	6.54	6.93	3.42
56.4	49.0	158.1	117.3	175	Procsd.minerals	1.07	6.22	6.00	5.85
145.4	82.0	130.5	90.9	285.9	Coffee	2.76	5.13	4.65	9.55
173.5	66.8	107.2	98.6	52.4	Elcctn.goods	3.30	4.22	5.04	1.75
84.6	188.0	94.6	64.5	79.1	Plastic & Linoleum	1.61	3.72	3.30	2.64
11.9	30.0	94	53.7	20	Manmade Yarn fbc.	0.23	3.7	2.75	0.64
188.9	26.0	92.3	57.8	255.5	Cashew	3.59	3.63	2.95	8.54
220.3	53.3	88.5	70.1	67.1	Machinery & indust	0.00	3.48	3.58	2.24
209.3	45.7	87.1	91.7	91.1	Cotton yarn facr.	4.18	3.43	4.69	3.04
0.7	88.8	86.9	65.5	103.5	RMG Cotton &accss	3.97	3.42	3.35	3.46
0.0	64.2	77.1	87.4	58.8	Footwear & leather	0.00	3.03	4.47	1.96
275.2	0.0	71.8	51.6	45.1	Computer softwear	0.01	2.83	2.64	1.51
0	68.9	69.1	51.1	27.4	Oil meals	5.23	2.72	2.61	0.92
119.9	67.2	64.6	52.7	101.8	RMG wool	2.28	2.54	2.69	3.4
104.8	2.9	54.2	41.3	24.3	Paints,vernishes	1.99	2.13	2.11	0.81
20.6	25.3	47.6	34.1	44.1	Castor oil	0.39	1.87	1.74	1.47
65.7	23.4	46.8	27.5	26.8	Spices	1.25	1.84	1.40	0.89
0	6.9	43.9	37.3	42.5	Leather	0.00	1.73	1.92	1.42
1.5	0.2	31.7	22.5	8.8	Gems & jewlr.	0.03	1.25	1.15	0.29
315.8	43.0	30.7	24	27.5	Leather manufactrs	6.00	1.21	1.23	0.92
149.9	4.0	25.9	19.2	107.3	Jute manufactrs	2.58	1.02	0.98	3.58
90.3	5.6	23.8	21.3	48.7	Inor/or/agr. chml.	1.71	0.94	1.09	1.63

22.4	41.0	22.7	22.5	33.3	RMG manmade fibres	0.43	0.89	1.15	1.11
3512.6	1657.8	2269.3	1760.1	2492	Total of above	66.70	89.29	89.98	83.24
1753.7	378.8	272.1	195.9	501.8	Others	33.30	10.02	16.76	16.76
5266.3	2036.6	2541.4	1956	2993.8	Total exports	100.00	100.00	100.00	100.00

Source: Economic Intelligence Service

Monthly Review of the Indian Economy,May,1996

Centre for Monetoring Indian Economy Pvt.Ltd., Bombay.

Table- V

COMMODITY COMPOSITION OF IMPORTS FROM RUSSIA

(Rs.in Crores) Share in total exports(%)

90-91	*93-94*	*94-95*	*94-95*	*95-96*	*Commodities*	*90-91*	*94-95*	*94-95*	*95-96*
			April to January					*April to January*	
36.6	226.31	417.19	313.54	522.04	Nonferrous metals	4.96	26.53	26.57	22.24
428.25	245.98	231.34	215.06	472.31	Fertilizer manufac	58.09	14.71	18.23	20.13
72.76	36.93	167.66	139.32	40.63	Project goods	9.87	10.66	11.81	1.73
21.23	111.59	138	94.32	230.43	Newsprint	2.88	8.78	7.99	9.82
0.15	11.47	136.08	80.05	366.36	Iron & steel	0.02	8.65	6.78	15.61
25.37	41.38	129.78	97.75	142.59	Non-elect machnr	3.44	8.25	8.28	6.08
4.08	16.82	80.25	48.45	99.91	Organic chemicals	0.55	5.1	4.11	4.26
10.34	21.34	57.28	39.41	51.06	Transport equipmt	1.4	3.64	3.34	2.18
0	4.25	49.71	26.37	81.04	Pry.steel pig irn	0	3.16	2.28	3.45
2.87	17.18	22.74	18.21	74.76	Pulp & waste paper	0.39	1.45	1.54	3.19
77.66	4.64	17.1	16.7	5.15	Inorganic chemica	110.53	1.09	1.42	0.22
1.58	8.85	16.2	14.82	28.42	Met ores & met scr	0.21	1.03	1.26	1.21
0.5	1.33	12.41	12.11	18.13	Cotton raw & waste	0.07	0.97	1.03	0.77
2.43	2.6	12.19	10.69	12.58	Synthetic rubber	0.33	0.78	0.93	0.54
0	0	10.69	0	0	Crude fertilizer	0	0.68	0	0

1.84	8.89	8.81	7.04	14.39	Artfl resin & pls	0.25	0.56	0.6	0.61
7.78	1.22	6.46	4.94	25.95	Machine tools	1.06	0.41	0.42	1.11
1.35	2.47	5.74	2.91	6.3	Manufactured of ma	0.18	0.36	0.25	0.27
0	2.18	5.55	4.6	4.91	Electronic goods	0	0.35	0.39	0.21
0.21	0.05	5.55	2.41	21.11	Raw wool	0.03	0.35	0.2	0.9
1.5	6.17	5.39	3.69	4.75	Med & phar product	0.2	0.34	0.31	0.2
0	0.27	2.49	1.86	2.81	Raw silk	0	0.16	0.16	0.12
1.49	0	2.46	0	5.69	Sulphur & iron	0.2	0.16	0	0.24
0.06	0.46	2.36	2.27	2.62	Non-met mineral ma	0.01	0.15	0.19	0.11
698.05	772.37	1543.42	1157.29	2233.89	Total of the above	94.68	98.16	98.08	95.1
39.23	34.33	28.94	22.68	112.92	Others	5.32	1.84	1.92	4.81
737.27	***806.69***	***1572.37***	***1179.97***	***2346.8***	***Total imports***	***100.00***	***100.00***	***100.00***	***100.00***

Source: Economic Intelligence Service

Monthly Review of the Indian Economy,May,1996

Centre for Monetoring Indian Economy Pvt.Ltd., Bombay.

STUDY OF INSTABILITY OF INDIAN EXPORTS

This exercise is an extension of Pronab Sen's[87] work which has elaborately been discussed in Chapter-IV. The same methodology has been applied in this version to measure export instability; and almost all the commodities, considered by Sen, has been included in this study. Only a few commodities have to be excluded due to their irregular export to Russia after disintegration. There is one vital difference between this study and Sen's one. The data used in Sen's analysis were collected primarily from Soviet sources from 1970 to 1985. So, all the values appeared in his study was in roubles. But, this study is completely dependent on Indian data collected from the DGCI & S at four digit level according to Indian Trade Classification. The time period considered for this study is from 1988-89 to 1994-95. So, all the values appear in this analysis are in rupee. The reason for the choice of Indian data is two-fold: first, the analysis with the data collected from Indian source will facilitate similar type of study for the other CIS countries in future. Secondly,

after the disintegration of the Soviet Union, rouble was depreciated to a large extend, and a sharp change has occured in the Indo-Russian trade by opening a number of new trade routes. So, a clear picture can only be emerged if this could be done using Indian data.

Another improvement over the Sen's analysis is that, this study covers a time period which consists of pre-coup and post-coup Russia. Disintegration has ushered in a sea change in the trade pattern. A good number of commodities was not traded after disintegration. And a new set of commodities was included in the Indo-Russian trade after the disintegration. But the commodities considered for the present study did not have any break of supply to Russia in the time period considered.

In the context of stability, total commodities have been grouped into two categories which are shown in Table-VI and Table-VII.

Table-VI

COMMODITY HAVING HIGH VOLATILITY

	R^2s	*a-alphas*	*b-betas*	*t(beta)Inst*	*Index*	*b-trans*
Spices	0.57560	-1.171	0.0000005097	2.60	0.5321	0.509742
Electrl. Apparatus for telecom.	0.59501	-1.158	0.0000000551	2.71	0.4915	0.055053
Medicines(sterile type)	0.65591	-1.297	0.0000001196	3.09	0.4511	0.119615
Leather Jackets,gloves etc..	0.65390	-1.286	0.0000000023	3.07	0.4378	0.002253
Various types of nuts.	0.57521	-0.949	0.0000000009	2.60	0.3355	0.000950
Machine tools (hammer type)	0.64289	-1.276	0.0000001317	3.00	0.3182	0.131750
Motor cycles	0.73648	-1.222	0.0000003608	3.74	0.2687	0.360839
Motor car	0.69409	-0.989	0.0000002112	3.37	0.2403	0.211228
Rice	0.80185	-1.214	0.0000000012	4.50	0.1903	0.001227
Electro-diagnostic apparatus	0.71814	-0.909	0.0000000046	3.57	0.1447	0.004553
Footwear having textile matrl.	0.74322	-1.133	0.0000000254	3.80	0.1300	0.025396
Offset printing machinery	0.69489	-0.780	0.0000000032	3.37	0.1127	0.003169

Aluminium oxide	0.74489	-0.785	0.0000000007	3.82	0.1058	0.000735
Parts & Accessories of Auto.	0.76442	-0.779	0.0000000232	4.03	0.0948	0.023157
Ginger,turmaric etc.	0.68871	-0.558	0.0000000553	3.33	0.0826	0.055279
Trunk,suit-case etc of leather	0.82350	-0.795	0.0000000071	4.83	0.0806	0.007144
Electrical Apparatus	0.77580	-0.786	0.0000000313	4.16	0.0682	0.031341
Soaps & detergents	0.82807	-0.799	0.0000000017	4.91	0.0630	0.001701
Syth. Organic colour. materials	0.92034	-1.149	0.0000000046	7.60	0.0533	0.004650

Table-VII

COMMODITY HAVING LOW VOLATILITY

	R^2s	*a-alphas*	*b-betas*	*t(beta)*	*InstIndex*	*b-trans*
Parts & accessories of Motor veh.	0.85823	-0.783	0.0000000127	5.50	0.0481	0.012652
Flat-surface grinding machine	0.81002	-0.660	0.0000000264	4.62	0.0468	0.026389
Raw hides & skins	0.75616	-0.508	0.0000000049	3.94	0.0423	0.004937
Cinematographic films	0.87989	-0.915	0.0000000789	6.05	0.0421	0.078878
Sports foot-wear	0.85739	-0.768	0.0000000017	5.48	0.0406	0.001721
Articles of leather	0.86364	-0.665	0.0000002636	5.63	0.0399	0.263572
Pepper	0.82828	-0.602	0.0000000011	4.91	0.0270	0.001108
Oil-cake of soya-bean	0.88572	-0.645	0.0000000007	6.23	0.0227	0.000707
Cotton Yarn	0.90909	-0.451	0.0000000549	7.07	0.0144	0.054931
Tobacco(raw)	0.90372	-0.524	0.0000000007	6.85	0.0134	0.000673
Coffee, not roasted	0.91668	-0.694	0.0000000006	7.42	0.0127	0.000633

Bedsheets & Towels	0.92786	-0.620	0.0000000892	8.02	0.0112	0.089170
Sacks & bags	0.93200	-0.657	0.0000000010	8.28	0.0099	0.000997
Medicines(in measured dose)	0.90692	-0.561	0.0000000003	6.98	0.0071	0.000309
Floorcoverings of plastics	0.91664	-0.509	0.0000000023	7.41	0.0070	0.002282
Medicines(not in measured dose)	0.92046	-0.575	0.0000000007	7.61	0.0054	0.000683
Electric accumulators	0.97642	-0.733	0.0000000012	14.39	0.0051	0.001245
Tea	0.99511	-0.462	0.0000000001	31.88	0.0002	0.000106

Commodities having stability index more than 0.05 have been characterized as 'commodity having high volatility'; on the other hand, below 0.05 indicates 'commodity having low volatility'.

Export instability is observed highest in case of spices; where as tea's export instability is the lowest. In Sen's study, export instability is more in case of spices than that of tea.

In order to make this study meaningful, total commodities have been classified into four-fold typology:

(i) High growth/ high volatility products (HG/HV)
(ii) High growth/ low volatility products (HG/LV)
(iii) Low growth/ low volatility products (LG/LV)
(iv) Low growth/ high volatility products (LG/HV)

HG/HV

Table-VIII represents this group of commodities.

Table-VIII

HIGH GROWTH/HIGH VOLATILITY

	R^2s	*a-alphas*	*b-betas*	*t(beta)*	*InstIndex*	*b-trans*
Electrical apparatus	0.77580	-0.786	0.0000000313	4.16	0.0682	0.031341
Ginger, turmaric etc	.0.68871	-0.558	0.0000000553	3.33	0.0826	0.055279
Parts & access. of auto mobile	0.76442	-0.779	0.0000000232	4.03	0.0948	0.023157
Footwear having textile matr.	0.74322	-1.133	0.0000000254	3.80	0.1300	0.025396
Motor car	0.69409	-0.989	0.0000002112	3.37	0.2403	0.211228
Motor cycles	0.73648	-1.222	0.0000003608	3.74	0.2687	0.360839
Machine tools (hammer type)	0.64289	-1.276	0.0000001317	3.00	0.3182	0.131750
Medicines (sterile type)	0.65591	-1.297	0.0000001196	3.09	0.4511	0.119615
Electrical apparatus for telecom	0.59501	-1.158	0.0000000551	2.71	0.4915	0.055053
Spices	0.57560	-1.171	0.0000005097	2.60	0.5321	0.509742

This group has a bright future in the Indian export basket, and therefore should be encouraged. But unchecked capacity creation is the danger of high volatility and therefore, it should not be allowed. Bilateral talks can be the remedy of this high volatility. In this group, total ten types of commodities are included. Spice is considered to be a peculiar commodity as it has the highest growth rate(0.5097) and highest instability index(0.5321) in this group. The export growth rate of spices was positive and much higher upto 1991-92. In comparison with 1988-89, there was a massive growth of export of spices in 1989-90. It was 258.73 per cent. Next year, this increase was more than thirteen times. Increasing trend was observed upto 1991-92. But in 1992-93, there was a sudden fall of export of spices. And

this was due to the disintegration of the USSR. After that sudden shock, it revived in 1993-94. Export instability is the lowest in case of electrical apparatus(voltage exceeding 1000 volts). Before disintegration, its growth rate was moderate. But in 1992-93, there was a sudden fall of export, which was again recovered in 1994-95. Footwear having textile materials is one of those rare commodity whose export did not fall after the disintegration. Rather, it recorded more than one hundred per cent increase in 1992-93. But a sharp drop in export of this commodity is observed in 1994-95 due to the competition from South Korea, Japan and China. Export of Motor cars shows a constant growth rate all over the period considered, whereas export of Motor cycles shows a fluctuation almost every alternative year. Motor car is one of the two rare commodities whose export did not fall in any single year considered in this study. Export of parts and accessories of vehicles shows a positive growth rate except in 1992-93. Export of machine tools(hammer type) observed a sudden drop since 1991-92. This was due to the westward orientation of Yeltsin's trade policy. Russia imported these commodities from western countries. Export of sterile type medicines and ginger was increased after the disintegration.

HG/LV

This group of commodities are considered to be the star performers for the future, which is shown in Table-IX:

Table-IX

HIGH GROWTH/LOW VOLATILITY

	R^2s	*a-alphas*	*b-betas*	*t(beta)*	*InstIndex*	*b-trans*
Bedsheets	0.92786	-0.620	0.0000000892	8.02	0.0112	0.089170
Cotton yarn	0.90909	-0.451	0.0000000549	7.07	0.0144	0.054931
Articles of leather	0.86364	-0.665	0.0000002636	5.63	0.0399	0.263572
Cinematographic films	0.87989	-0.915	0.0000000789	6.05	0.0421	0.078878
Flat-surface grinding machine	0.81002	-0.660	0.0000000264	4.62	0.0468	0.026389
Parts &access. of motor veh.	0.85823	-0.783	0.0000000127	5.50	0.0481	0.012652

As these are the star performers, so these should be actively promoted. As these products are for the future trade promotion, so non-reputed and 'fly-by-night' operators should not be allowed to trade with, and these should not be traded in semi-legal trade channel. In this group, six products are earmarked. Export instability is the lowest in case of Bedsheets and towels. And this is the only product in this group which does not show an increasing trend of export after disintegration. Articles of leather and cotton yarn are considered to be best commodity in this group; as these exibit a sharp increase in export. Before disintegration, these two commodities experienced a fall in exports. But newly-built Russia increased their imports of these two commodities at a faster rate. Cinema films, flat-surface grinding machines, parts and accessories of motor vehicles also were exported in a larger amount in 1994-95. Russia started importing more of these commodities through the debt-repayment channel.

LG/LV

These goods having low level of instability may have high priority in the Soviet import basket. But, it is required to examine the causes of low growth. It is to be judged whether the cause is on the demand side or on the supply side. Accordingly, steps should be taken. In this group, twelve commodities have been identified which are shown in Table-X:

Table-X

LOW GROWTH/LOW VOLATILITY

	R^2s	*a-alphas*	*b-betas*	*t(beta)*	*InstIndex*	*b-trans*
Tea	0.99511	-0.462	0.0000000001	31.88	0.0002	0.000106
Electric accumulators	0.97642	-0.733	0.0000000012	14.39	0.0051	0.001245
Medicines(not in measured dose)	0.92046	-0.575	0.0000000007	7.61	0.0054	0.000683
Floorcoverings of plastics	0.91664	-0.509	0.0000000023	7.41	0.0070	0.002282
Medicines(in measured dose)	0.90692	-0.561	0.0000000003	6.98	0.0071	0.000309

Sacks & bags	0.93200	-0.657	0.0000000010	8.28	0.0099	0.000997
Coffee,not roasted	0.91668	-0.694	0.0000000006	7.42	0.0127	0.000633
Tobacco(raw)	0.90372	-0.524	0.0000000007	6.85	0.0134	0.000673
Oil-cake of soya-bean	0.88572	-0.645	0.0000000007	6.23	0.0227	0.000707
Pepper	0.82828	-0.602	0.0000000011	4.91	0.0270	0.001108
Sports foot-wear	0.85739	-0.768	0.0000000017	5.48	0.0406	0.001721
Raw hides & skins	0.75616	-0.508	0.0000000049	3.94	0.0423	0.004937

Tea has the lowest volatility as well as lowest growth rate of export. And after the disintegration, volume of tea expoprt could not reach the pre-disintegration level due to steep competition from Keniya and other tea producing countries. In this group, leather has the highest growth rate with highest instability index having lowest R^2. Leather, medicines(not in measured dose), sacks(bags), coffee(raw) and black pepper experienced a sharp rise in exports after the disintegration in spite of their earlier fall. This was due to Russia's decision to import these commodities through debt-repayment route. On the other hand, Russia diverted their imports of electrical equipments from India to western counteies after 1991-92. Medicines(in measured dose), floor coverings, tobacco and essential oil suffered a random fluctuation due to the internal factors of Russia. Some commodities were not imported at all and some commodities were lifted from some other countries as a gesture of Russia's inclination towards that country. In this group, one of the two rare products is there which is sports foot-wear; whose export did not fall in any year considered in this study.

LG/HV

These commodities are considered to be total losers. So, its diseases are to be identified. In this group, there are nine commodities, shown in Table-XI:

Table-XI

LOW GROWTH/HIGH VOLATILITY

	R^2s	*a-alphas*	*b-betas*	*t(beta)*	*InstIndex*	*b-trans*
Synth. organic colouring matr.	0.92034	-1.149	0.0000000046	7.60	0.0533	0.004650
Soaps & detergents	0.82807	-0.799	0.0000000017	4.91	0.0630	0.001701
Trunk,suit-case etc of leather	0.82350	-0.795	0.0000000071	4.83	0.0806	0.007144
Aluminium oxide	0.74489	-0.785	0.0000000007	3.82	0.1058	0.000735
Offset printing machinery	0.69489	-0.780	0.0000000032	3.37	0.1127	0.003169
Electro-diagnostic apparatus	0.71814	-0.909	0.0000000046	3.57	0.1447	0.004553
Rice	0.80185	-1.214	0.0000000012	4.50	0.1903	0.001227
Various types of nuts.	0.57521	-0.949	0.0000000009	2.60	0.3355	0.000950
Leather Jackets, gloves etc..	0.65390	-1.286	0.0000000023	3.07	0.4378	0.002253

Out of these nine commodities, two are of leather items: trunk,suit-case,vanity-bag etc and articles of apparel and clothing accessories of leather. First type of leather items exibits an increasing trend of export from 1991-92. But second comodities' export decreased from 1992-93. Though, fluctuations are there, but almost all the commodities' export started increasing from 1992-93. Commodities specially raw materials like print materials and medical materials experienced increase of trade from 1994-95. Export of food items and consumer items like rice, cashew nuts, soaps and detergents increased from 1992-93. Though growth rate is not moderate and fluctuations are there, still these commodities have a good future in export trade to Russia. The Russian government, in order to utilise the rupee-fund generated through debt repayment by India, has taken some measures

to import a good number of commodities from Indian market. So, the export of commodities of this group should not be discouraged as suggested by Pronab Sen[88]. On the contrary, quality and services should be improved and other bottlenecks of exports should be removed in order to boost export.

COMMODITY REGRESSION MODEL

An attempt has been made to study the impact of export/import of various groups of commodities on the total export and total import. Raw data on Indo-Soviet/Russian trade have been collected from the DGCI & S, Ministry of Commerce, Government of India on computer floppy at four-digit level based on harmonized commodity description and coding system of Indian Trade Classification for the time period 1988-89 to 1994-95. From these data, only those commodities have been chosen whose export/import did not break in any year. In other words, those commodities have been considered, who were present in the export/import trade between the two countries before and after the disintegration of the USSR. Stormy waves of the disintegration could not stop their trading.

Commodities which are exported to Russia have been divided into five groups according to their characteristics. These are as follows:

First Group(X_1) = Food products and consumer durables. Total number of heads in this group:- 58.

Second Group(X_2) = Raw materials and intermediate goods. Total heads:- 31.

Third Group(X_3) = Finished products. Total heads:- 40.

Fourth Group(X_4) = Machinery, mechanical appliances, electrical equipments etc.Total heads:- 34.

Fifth Group(X_5) = Textile and garments. Total heads:- 34.

Multiple regression analysis has been employed in the cases of export and import. In export as well as in import, separate analysis has been done for physical quantities and values. Regression results for exports are shown in the following tables:

Table-XII

Regression Output: ETOTALS on EGROUPS: Physical Quantities

Constant	-56201528.3				
Std Err of Y Est	19331420				
R Squared	0.9995				
No. of Observations	7				
Degrees of Freedom	1				
X Coefficient(s)	0.96	0.26	11.34	14.81	-3.58
Std Err of Coef.	0.16	0.29	1.44	4.81	1.29
t-values	6.0292	0.9116	7.8721	3.0798	-2.7826

Table-XIII

Regression Output: ETOTALS on EGROUPS: Values

Constant	-3927694566				
Std Err of Y Est	1065473005				
R Squared	0.9989				
No. of Observations	7				
Degrees of Freedom	1				
X Coefficient(s)	1.81	-0.55	0.51	3.31	1.65
Std Err of Coef.	0.34	0.81	0.68	0.85	0.95
t-values	5.3877	-0.6821	0.7549	3.9190	1.7273

From Table-XII, the equation becomes:-

Total Exports in physical quantites = $-56201528.3 + 0.96X^q_1 + 0.26X^q_2 + 11.34X^q_3 + 14.81X^q_4 - 3.58X^q_5$ .....(i)

where X^q_i= export of quantities of commodities of ith group.

The equation from Table-XIII stands as:-

Total Exports in value terms = $-3927694566 + 1.81X^v_1 - 0.55X^v_2 + 0.51X^v_3 + 3.31X^v_4 + 1.65X^v_5$ .....(ii)

where X^v_i= values of export of commodities of ith group.

From equation (i) and (ii), it is clear that out of five groups, four groups of com-

modities are positively related with the total exports. The coefficient of X^{q}_{5} is significantly negative, indicating that with the increase of the volume of exports of textile and germents, total volume of exports decreased. In equation (ii) also, the coefficient of X^{v}_{2} is negative, which means with the increase of the value of exports of raw materials, chemical products and intermediate goods, total value of expports are decreased. After the disintegration of the Soviet Union, when demand for the commodities of these two groups decreased, the negative impact is reflected on the total exports to Russia. When Russian traders want more of raw materials and intermediate products like parts of motor vehicles,sewing machine, stapling machine and screws,bolts, parts of footwear, plywood, vineer sheets, conveyor belts, articles of packaging goods, preparation of streptomycin, organic compounds, derivatives of penicillin, oxygen-amino compunds etc., they go on purchasing these cutting short the list of other items. They divert funds in order to purchase these comodities. Similarly, when they increase of imports of more shirts,suits,T-shirts, shocks and other hosiery products, childrens' wear, woven fabrics,cotton yarn etc , the volume of other Russian imports are adversely affected. Total volume of exports are highly influenced by the third and fourth group of commodities. With the increase of demand for finished products(X_3), like medicines, pharmaceutical goods, cinematographic films(feature films etc), floor coverings, trunk, suit-case, jackets, gloves, walpaper, printed books, carpets, blankets, motor cars, typewriters etc, total exports get increased. In total export performance, fourth group(X_4) of commodities takes the lead. In both the equations, the coefficients of X_4 have the highest value (14.81 & 3.31). This clearly indicates that with the increase of demand for machinery, mechanical appliances, electrical equipments, i.e. hard tools, steam or other vapour generating boilers, pumps, liquid elevators, air pumps, printing machinery, machine tools for various purposes, electrical apparatus, records, taps, television receivers, insulated wires, photo-copying apparatus, instruments for varous purposes etc, total exports also increased to a large extend.Combining two equations, first group (X_1) of commodities has the lowest influence on the export basket.

Here, some interesting points should be noted. In both studies of exports, regression results have high r^2s (0.9995, 0.9989) which means the equations explain 99 per cent of the variation in the total exports of India to Russia, which is very reasonable in the time-series analysis. But t-values of both equations are statistically insignificant, but these values have

a practical significance. Presence of high value of r^2 with the low values of t indicate the presence export instability. It was also shown in the export instability section for the same time period and for the dataset chosen from this same set of data undertaken for this study. Due to disintegration of the Soviet Union, almost all the commodities' export dropped sharply in 1991-92 and 1992-93. Moreover, due to west-ward orientation of the Russian side, Indian exports suffered a lot. Presence of high r^2 and low t-values also indicates that the problem of multi-colinearity is present in the exercise. This also proves that instability in export is there. Presence of multicolinearity means that export of one group of commodities is affected by the export of another group.

Similarly, in import, commodities have been grouped into five categories:

First Group(M_1) = Intermediate goods to be processed and value added. Total heads:-14.

Second Group(M_2) = Finished and semi-finished products. Total heads:- 13.

Third Group(M_3) = Machineries. Total head:-12.

Fourth Group(M_4) = Electrical items.Total heads:-12.

Fifth Group(M_5) = Parts & accessories of industrial sector.Total heads:-14.

Regression results are shown in the following tables:

Table-XIV

Regression Output:	***QUANTITIES***				
Constant	244206426.2				
Std Err of Y Est	56356060				
R Squared	0.798267				
No. of Observations	7				
Degrees of Freedom	1				
X Coefficient(s)	1.289624	-0.49023	90.68801	321.0720	-144.845
Std Err of Coef.	5.006103	1.649605	187.7916	341.1685	105.3882

Table-XV

Regression Output: ***VALUES***

Constant	-1037037529				
Std Err of Y Est	2022814336				
R Squared	0.960682				
No. of Observations	7				
Degrees of Freedom	1				
X Coefficient(s)	1.173636	5.744780	26.47860	-181.516	2.440448
Std Err of Coef.	2.131846	3.725173	19.28208	141.4367	0.926463

From Table-XIV, the equation becomes:-

Total volume of Imports $= 244206426.2 + 1.28M^q_1 - 0.49M^q_2 + 90.68M^q_3 + 321.07M^q_4 - 144.84M^q_5$ ...(iii)

where M^q_i=quantities of commodities of ith group.

From Table-XV, the equation boils down to:-

Total value of Imports $= -1037037529 + 1.17M^v_1 + 5.74M^v_2 + 26.47M^v_3 - 181.51M^v_4 + 2.44M^v_5$ .....(iv)

where M^v_i=values of commodities of ith group.

From equation (iii), it is shown that two groups of commodities, viz, second and fourth group, are negatively related with the total imports. Total imports are adversely affected with the increase in imports of these two groups of commodities. Within these two groups, fifth group(M_5) has a stronger negative effect on the total imports. Import of commodities of the fifth group, mainly parts and accessories like measuring instruments, ball bearing, parts of motor vehicles etc for the industrial sector in India reduces the total volume of imports to a great extend.Import of finished and semi-finished products in the second group, though to a lesser extend, affects adversely the total imports. In value terms, excessive imports of the electrical items of the fourth group, e.g. electric motors and generators, electric transformers, electric capacitors, resistors, insulated wire etc reduces the total value of imports. Combining two equations, the most powerful group is the third group.Total imports are, to a greater extend, dependent on the various types of machineries in the third group. These are steam turbines, pumps for liquids, air pumps, purifying machines, weaving machines, auxiliary machinery, metal-rolling mills, machine for mechanical appliances etc. When imports of these commodities are increased, total imports also get

a boost.

The commodities of the first group, synthetic rubber, polymer, raw hides and skin, polycarboxylin acids, organic compounds, medicaments etc, though positively related in both equations with the total imports have a negligible impact on the trade performance.

After the disintegration of the USSR, Indian import of steam turbines, pumps for liquids, air pums, purifying machines, weaving machines etc increased to a greater extend. These commodities are included in the third group. In first group, out of fourteen commodities, only a few commodities' import crossed the pre-disintegration level after 1992-93. These are polycarboxylin acids, organic compounds, articles of vulcanized rubber, tubes, pipes of rubber etc.

In case of import also, high r^2 is associated with the low values of t, indicating the nature of heterogeneity of Indian import which was recognised by Debroy(1990,92), Pronab Sen(1993), Mehrotra(1991) and Gidadhubli(1991).

Negative coefficients in any eqations discussed above exhibit one reality that the group of commodities having negative coefficients affects other group of commodities adversely in the export/import trade. With the growth of trade of commodity group having negative coefficients, the growth rate of other groups' trade decreases.One group has to be improved at the cost of others.

Intercepts of equation (i) and (ii) explain a significant result. Negative intercept of total export in physical quantity and positive intercept of total import in physical quantity indicate that the rate of growth of exports and imports in physical quantities maintained a sizable gap throughout the period. So, a persistent trade imbalance is observed in the Indo-Soviet trade.

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APPENDIX-I

Indicative List of commodities centrally purchased from India in 1994 against repayment of State credits granted by the former USSR to India

Name of commodity	*Amount (Rs. million)*
Soyabean extractions	1,660-1,000
Coffee beans	480-400
Tea,bulk	1,600-1,320
Tobacco,bulk	960*
Spices	160-130
Raw materials for production of baby food	320-260
Nuts,bulk	160-130
Vegetable oil	320-260
Castor oil	20-10
Veterinary preparations	160-130
Fostoxin type preparations	20-10
Medicines, raw materials for production of medicine and medical equipment	7,050-5,830*
Semiproducts for production of dye-stuffs	160-130
Raw materials and intermediates for electrotechnical industry	440-370
Shoe uppers	950-780
Finished leather	480-390
Decorative laminates	90-70
Paints,enamels, varnishes, red lead	320-260
Chemical materials for the light industry	160-130
Raw materials for production of soap, toothpaste and other perfumery-cosmetic products	160-130
Perfumery-cosmetic products	160-130

Toothpaste	90-70
Detergents	160-130
Household chemicals	160-130
Sewing and hosiery goods	320-260
Bed linen	160-130
Raw materials for linoleum production	480-400
Industrial laminates	160-130
Veneer	280-230
Equipments for textile, sewing and leather industry, including spare parts	640-520
Industrial needles	10
Polygraphic equipments and spares	220-180
Copying machinery and spares	190-150
Food prcessing eqipments and spares	1,150-950
Bipopreparation production lines	280-230
Fire hoses	30-20
Electronic equipment, telecommunication equipment and spares	460-380
Batteries	640-520
Garage equipments	670-550
Components for productions of medical X-ray equipment	240-190
Components for production of bicycles	60-40
Compressors for household refrigerators	40-30
Low-capacity motors for washing machine	40-30
Magnetic heads for cassette recorders	10
Electric drives for household sewing machines	220-180
Technological equipments and spares for produ of agricultural machinery, electronic equipments	120-100
Electrocommunication equipment for processing and storaging of agricultural products	280-230

Spare parts for different industries	520-430

*including supplies left from the contracts signed in

Source: Indian Joint Business Delegation to Moscow,1994

APPENDIX-II

COMMODITIES EXPORTED THROUGHOUT THE PERIOD CONSIDERED

H.S.CODE COMMODITY

801= Coconuts,Brazil nuts and cashew nuts.

804= Pineapples,Guovas,Mangoes and Mangosteens.

901= Coffee.

902= Tea.

904= Pepper of the genus piper.

909= Seeds of anise,badian,fennel,coriander,cumin,careway.

910= Ginger, saffron,turmeric,thyru, bay leaves, curry and other spices.

1006= Rice.

1301= Lac,natural gums,resins, gum resins and balsams.

1901= Malt extract;food preparation of flour, meal etc.

1902= Paste, whether or not cooked or stuffed or otherwise prepared.

1905= Bread, Pastry, Cakes,Biscuits and other bakers' wares.

2001= Vegetables,fruits,nuts and other edible parts of plants.

2007= Jams, fruit jellies, marmalades etc.

2008= Fruits, nuts and other edible parts of plants, ground nuts.

2009= Fruit juices and vegetable juices.

2101= Extracts, essences and concentrates, of coffee,tea or mate.

2106= Food preparations(soft drinks,Pan masala etc).

2304= Oil-cake and other solid residues(soya-bean oil).

2306= Oil-cake and other solid residues(vegetable fats).

2401= Unmanufactured tobacco.

2402= Cigars,cheroots,cigarettes etc.

2818= Aluminium oxide, aluminium hydroxide.

2921= Amine-function compounds.

2922= Oxygen-function amino-compounds.

2929= Compounds with other nitrogen function.

2939= Vegetables alkaloids, natural or reproduced by synthesis and their salts.

2941= Antibiotics.

2942= Other organic compounds.

3002= Human blood; animal blood prepared for therapeutic use.

3003= Medicaments consisting of two or more constituents.

3004= Medicaments consisting of mixed or unmixed products.

3006= Pharmaceutical goods.

3204= Synthetic organic colouring matters(Red,Blue etc).

3208= Paints & varnishes based on synthetic polymers.

3301= Essential oils, including concretes and absolutes.

3303= Perfumes and toilet waters.

3304= Beauty or make-up preparations, skin-care preparations.

3306= Preparations for oral or dental hygiene.

3307= Pre-shave,shaving or after-shave preparations.

3401= Soap and organic surface-active products.

3402= Organic surface-active agents.

3405= Polishes and creams for footwear, furniture,floors etc.

3706= Cinematographic film.

3918= Floor coverings of plastics.

3920= Other plates,sheets,film,foil and strips, with other materials.

3921= ,, ,, with polymers.

3923= Articles for the conveyance or packing of goods of plastics.

3924= Table ware,kitchen ware, house-hold and toilet articles.

3926= Other articles of plastics and other materials.

4010= Conveyor or transmission belts.

4011= New pneumatic tyres, of rubber.

4015= Articles of apparel and clothing accessories.

4104= Leather of bovine or equine animals.

4105= Sheep or lamb skin leather without woolen.

4106= Goat or skin leather, without hair on.

4202= Trunks,suit-cases, vanity-cases, executive cases and other cases.

4203= Articles of apparel and clothing accessories.

4205= Other articles of leather or of composition leather.

4408= Veneer sheets and sheets for plywood and other wood sawn lengthwise.

4412= Plywood,veneered panels and similar laminated wood.

4814= Wallpaper and similar wall coverings,windows etc.

4901= Printed books, brochures, leaflets and similar printed matter.

4902= Newspaper,journals and periodicals.

5007= Woven fabrics of silk or of silk waste.

5205= Cotton yarn, containing 85% or more by weight.

5208 Woven fabrics of cotton,containing 85% or more by weight.

5209= ,, ,, ,, ,, ,, ,, ,, ,, ,, ,, (semi-finished).

5210= ,, ,, ,, ,, ,, ,, 85% or less by weight.

5211= ,, ,, ,, ,, ,, ,, ,, ,, ,, (semi-finished)

5407= Woven fabrics of synthetic filament yanr.

5408= Woven fabrics of artificial filament yarn.

5701= Carpets and other textile floor coverings.

5702= ,, ,, ,, ,, ,, ,, ,, ,, (with synthetic fibre)

5801= Woven pile fabrics and chenille fabrics.

5903= Textile fabrics impregnated, coated, covered or laminated with plastics.

6002= Other knitted or crocheted fabrics.

6103= Men's or boys' suits, ensembles, jackets, blazers, trousers, bib and brace overall, breeches and shorts, knitted or crochetd.

6104= Women's or girls' suits, ensembles, jackets, dresses skirts, divided skirts, trousers etc.

6105= Men's and boys's shirts, knitted or crocheted.

6106= Women's or girls' blouses, shirts and shirt- blouses.

6107= Men's or boys' underpants, briefs, nightshirts, pyjamas.

6108= Women's or girls' slips, petticoats, briefs, panties, nightdresses etc.

6109= T-shirts,singlets and other vests, knitted or crocheted.

6110= Jerseys, pullovers,cardigans, waistcoats and similar articles.

6111= Babies' garments and clothing accessories.

6112= Track suits, ski suits and swimwearms.

6114= Other garments.

6115= Party hose, lights, stockings, socks and other hosiery.

6117= Other made up clothing accessories, knitted or crocheted.

6203= Men's or boys' suits,ensembles, jackets, blazers, trousers, bib and brace overalls breeches and shorts.

6204= Same as 6104(not knitted or crocheted).

6205= Men's or boys' shirts.

6206= Women's or girls blouses, shirts and shirts-blouses.

6207= Men's or boys' singlets and other vests, underpants, briefs, nightshirts, pyjamas, bathrobes, dressing gown etc.

6208= Women's or girls' singlets and other vests, slips etc.

6209= Babies' garments and clothing accessories.

6211= Track-suits, ski suits and swimwear; other garments.

6214= Shawls, scarves, mufflers, mantillas veils and the like.

6217= Other made-up clothing accessories; parts of garments.

6301= Blankets and travelling rugs.

6304= Other furnishing articles.

6305= Sacks and bags, of a kind used for the packing of goods.

6307= Other madeup articles, including dress patterns.

6403= Footwear with outer soles of rubber, plastics, leather or composition leather ad uppers of leather.

6404= Same as above - and upper of textile materials.

6405= Other footwear.

6406= Parts of footwear; removable in-soles, heal cushions and similar articles; gaiters, leggings etc.

6908= Glazed ceramic flags and paving, hearth or wall titles; glazed ceramic mosaic cubes and the like.

6910= Ceramic sinks, wash basins, wash basin pedestals, baths, water pans, flushing sys-

tems etc.

7102= Diamonds, wither or not worked, but not mounted or set.

7113= Articles of jewellery and parts thereof of precious metal or of metal clad with precious metal.

7117= Imitation jewellaery.

7307= Tube or pipe fittings, of iron or steel,e.g. el bows, cast fittings.

7318= Screws, bolts, nuts, coachscrew hooks, rivets, cutter-tin and similar article of iron and steel.

7319= Sewing needles, knitting needles, bodkins, crochet books, embroidery stilettos and similar articles.

7323= Table, kitchen or other house-hold articles and parts of thereof of iron and steel,steel wool. gloves of iron.

7325= Other cast articles of iron or steel.

7418= Table, kitchen or other house-hold articles of copper.

8203= Files, rasps, pliers, pincers, tweezers, metal-cutter, pipe-cutter,bolt etc.

8205= Hand tools, not elsewhere specified, blow lamps,clamps and the likes.

8207= Inter-changeable tools for hand tools, machine tools etc.

8212= Razor and razor blades.

8302= Base metal mountings, fittings and similar articles suitable for furniture, doors, staircases, windows etc.

8402= Steam or other vapour generating boilers; super-heated water boiler.

8413= Pumps for liquids, whether or not fitted with a measuring devices; liquid elevators.

8414= Air or vacume pumps, air or other gas compressors and fan; ventilating or recycling hoods etc.

8419= Machinery, plant or laboratory equipment, whether or not electrically heated, for the treatment of materials.

8422= Dish washing machines; machinery for drying or cleaning bottles.

8431= Parts suitable for use solely or principally with machinery.

8448= Auxiliary machinery for use with machine.

8452= Sewing machines, other than books' sewing machine.

8459= Machine-tools for drilling, boring, milling, threading.

8460= Machine-tools for deburring, sharpening, grinding etc.

8462= Machine-tools for working metals for forging hammering or die-stamping.

8466= Parts and accessories suitable for use solely or principally with machine.

8471= Automatic data processing machines and units thereof.

8473= Parts and accessories solely suitable for use with machines.

8477= Machinery for working for rubber or plastics or for manufactures for these materials.

8479= Machine or mechanical appliances having individual functions.

8507= Electric accumulators including seperators with or without rectangular.

8517= Electrical apparatus for line telegraphy.

8523= Prepared unrecorded media for sound recording.

8524= Records, taps and other recorded media for sound.

8528= Television receivers whether or not combined.

8535= Electrical apparatus for switching or protecting electrical circuits.

8538= Parts suitable for use solely or principally with the above apparatus.

8544= Insulated wire, cable and other insulated electric condustors, whether or not fitted with the connectors.

8703= Motor cars and other motor vehicles.

8708= Parts and accessories of the above motor vehicles.

8711= Motor cycles or cycles with auxiliary motors.

8714= Parts and accessories of above vehicles.

8803= Parts of goods for Ballons and diregibles, gliders , hang dliers.

9003= Frames and mountings spectacles for spectacles, goggles.

9009= Photo-copying apparatus incorporating an optical systems or of the contact type.

9018= Instruments and appliances used in medical surgical, dental or veterinary sciences.

9026= Instruments for measuring the flow, level, pressure or other liquid gas..

9027= Instruments for or chemical analysis.

9033= Parts and accessories for machine appliences of above type.

9403= Other furniture and parts thereof.

9405= Lamps and lighting fittings including search lights, stop lights.

9506= Articles and equipments for gymnastics, athletics.

9603= Hand-operated mechanical floor-sweepers,not motorised.

9612= Type-writer or similar ribbons, inked etc.

9801= Project goods.

9991= Handicrafts.

9993= Special transactions and commodities not classified according to kind.

APPENDIX-III

COMMODITIES IMPORTED THROUGHOUT THE PERIOD CONSIDERED

H.S.CODE COMMODITY

2524= Asbestos

2710= Petroleum oils and oil obtained from bituminous minerals.

2917= Polycarboxylin acids, their anhydrides, halides, peroxides.

2942= Other organic compounds.

3004= Medicaments consisting of mixed or unmixed products.

3104= Mineral or chemical fertiliserss. potassic.

3901= Polymers of ethyene, in primary forms.

4002= Synthetic rubber and factice derived from oils.

4009= Tubes and hoses of vulcanised rubber other than hard rubber.

4016= Other articles of vulcanised rubber other than hard rubber.

4101= Raw hides and skins of bovine or equine animals.

4104= Leather of bovine or equine animals.

4703= Chemical wood pulp, soda or sulphate.

4704= Chemical wood pulp, sulphate other than dissolving grades.

4801= Newsprints in rolls or sheets.

4901= Printed books, brochures leaflets etc.

5101= Wool, not carded or combed, greasy.

7015= Clock or watch glasses and similar glasses for spectacles.

7204= Ferrous waste and scrap; remelting scrap ingots of iron.

7318= Screws, bolts, nuts, coach-screws, screw hooks, rivets etc.

7320= Springs and leaves for springs, of iron or steel.

7326= Other articles of iron and steel.

7403= Refined copper and copper alloys, unwrought.

7901= Unwrought zinc.

8208= Knives and cutting blades for mechanical appliances.

8406= Steam turbines and other vapour turbines.

8409= Parts suitable for use solely or principally with engine.

8412= Other engines and motors.

8413= Pumps for liquid with/without measuring devices.

8414= Air or vacume pumps, air or other gas compressors and fans.

8419= Machinery,plant or laboratory equipments.

8421= Centrifuges, including centrifugal dryers.

8446= Weaving machines(looms).

8448= Auxiliary machinery for use with machines for dobbies.

8453= Machinery for preparing, tanning etc.

8455= Metal-rolling mills and rolls thereof.

8459= Machine-tools for drilling, boring, milling, threading etc.

8461= Machine-tools for planning, shaping, sloting etc.

8466=Parts and accessories for tool-holders. 8473= Parts and accessories for automatic tool-holders.

8477= Machinery for working with rubber or plastic.

8479= Machines having individual functions.

8481= Taps, cocks, valves and similar appliances for pipes etc.

8482= Ball bearings.

8483= Transmission shafts and cranks; clutches and shaft .

8485= Machinery parts, not containing electric connectors.

8501= Electric motors and generators.

8502= Electric generating sets and rotary converters.

8503= Parts suitable for the above machines.

8504= Electrical transformers, static converters.

8529= Various parts for electric apparatus.

8532= Electrical capacitors,fixed,varible or adjustable.

8533= Electrical resistors.

8536= Electrical apparatus for switching electrical circuits.

8541= Diodes, transistors and similar semi-conductor device.

8544= Insulated wire, cable.

8545= Carbon electrodes, carbon brushes, lamp carbons.

8548= Electrical parts of machinery or apparatus.

8708= Parts and accessories of the motor vehicles.

8803= Parts of goods of balloons, hang gliders etc.

9026= Instruments for measuring or checking the flow,level etc.

9031= Measuring or checking instruments, appliances and machines.

9032= Automatic regulating or controlling instruments.

9033= Parts and accessories for machines, appliances.

9801= Project goods.

9993= Special transactions and commodities not classified.

APPENDIX-IV

COMMODITIES EXPORTED ONLY BEFORE DISINTEGRATION

H.S.CODE COMMODITY

304= Fish fillets and other fish meat, fresh, chilled or frozen.

504= Guts, bladders and stomachs of animals.

506= Bones and horn-cores, unworked

601= Bulbs, tubes, tuberous rootes corms, crowns.

704= Cabbages, cauliflowers, kohirabi, kale etc.

705= Lettuce and chicory, fresh or chilled.

706= Carrots, turnips, radishes etc.

808= Apples, pears and quinces fresh.

811= Fruits and nuts, uncooked or cooked by steaming or boiling.

907= Cloves.

1001= Wheat and meslin.

1103= Cereal groats, meal and pellets.

1104= Cereal grains otherwise worked,e.g. rolled grains.

1203= Copra.

1206= Sunflower seed, whether or not broken.

1209= Seeds, fruits and spores of a kind used for sowing.

1513= Coconut, palm kernel or babassu oil.

1516= Animal or vegetable fats and oil and their fractions.

1519= Industrial monocarboxylic fatty acids.

1703= Molasses resulting from the extraction of sugar.

2302= Bran, sharps and other residues.

2309= Preparations of kind used in animal feeding.

2501= Salt and pure sodium choride, sea water.

2508= Other clays, and kyanite etc.

2509= Chalk.

2513= Pumice stone; natural corundum, natural garnet etc.

2530= Mineral substances not elsewhere specified.

2601= Iron ores and concentrates.

2602= Manganese ores and concentrates.

2614= Titanium ores and concentrates.

2712= Petroleum jelly; paraffin wax.

2804= Hydrogen, rare gases and other non-metal.

2832= Sulphites; thiosulphates.

2834= Nitrates;

2841= Salts of oxometallic or peroxomettlic acid.

2851= Other inorganic compunds.

2901= Acyclic hydrocarbons.

2913= Halogenated, sulphonated nitrosated derivatives.

2927= Diazo-, azo- or azoxy- compounds.

3202= Synthetic organic tanning substances.

3212= Pigments dispersed in non-aqueous media.

3214= Glaziers' putty,grafting putty etc.

3701= Photographic plates and films.

3811= Anti-knock preparations, oxidation inhibitors.

3814= Organic composite solvents and thinners.

3818= Chemical elements adopted for use in electronics.

3907= Polyacetals, other poliether and epoxide resins. 3913= Natural polymers and modofied natural polymers.

3916= Monofilament of which any cross-sectional dimentions.

4007= Vulcanised rubber thread and cord.

4107= Leather of other animals, without hair on.

4303= Articles of apparel, clothings accessories etc.

4407= Wood sawn or chipped lengthwise.

4417= Tools, tool bodies, tool handles brush bodies etc.

4706= Pulps of other fibrous cellulisic material.

4813= Cigarette paper, whether or not cut.

5105= Wool and fine or coars animal hair, carded or combed.

5108= Yarn of fine animal hair not put up for retail sale.

5113= Woven fabrics of coars animal hair.

5202= Cotton waste.

5404= Synthetic monofilament of 67 decitex or more.

5406= Man-made filament yarn put up for retail sale.

5501= Synthetic filament tow.

5504= Articles staple fibres, not carde or otherwise processed.

5606= Gimped yarn and strip and chenille yarn, loop wale-yar.

5803= Gauze, other than narrow fabrics.

5902= Tyre cord fabric of high tenacity yarn of nylon.

5906= Rubberised textile fabrics.

5911= Textile products and articles for technical uses.

6113= Garments, made up of knitted or crocheted fabrics.

6309= Worn clothings and other worn articles.

6501= Hat-forms, hat bodies and hoods of felts.

6808= Panels, boards, tiles, blocks of vegetables.

6901= Bricks, blocks, tiles and other ceramic goods.

6904= Ceramic building bricks, flooring blocks, filter tiles.

6907= Unglazed ceramic flags and paving, hearth or wall tiles.

7020= Other articles of glass.

7106= Silver, unwrought or in semi-manufactured forms.

7201= Pig iron and spiegelisen in pigs, blocks.

7204= Ferrous waste and scrap; remelting scrap ingots of iron.

7206= Iron and non-alloy steel in ingots or primary forms.

7207= Semi-finished products of iron or non-alloy steel.

7208= Flat-rolled products of iron of width of 600 mm.

7209= ,, ,, ,, ,, ,, cold rolled.

7210= ,, ,, ,, ,, ,, plated or coated.

7213= Bars and rods, hot-rolled, in regularly wound coils. 7214= Other bars and rods of iron or non-alloy steel.

7215= Other bars and rod of iron or non-alloy steel with worked.

7216= Angles, shapes and sections of iron or non-alloy steel.

7217= Wire of iron or non-alloy steel.

7218= Stainless steel in ingots or other primary forms.

7222= Other bars and rods of stainless steel.

7223= Wire of stainless steel.

7224= Other alloy steel in ingots or primary forms.

7227= Bars and rods, hot-rolled of other alloy steel.

7228= Other bars and rods of other alloy steel.

7301= Sheet piling of iron and steel.

7302= Railway or tramway track construction materials.

7303= Tubes, pipes and hollow profiles of cast iron.

7313= Barbed wire of iron or steel.

7314= Cloth, grill, netting and fencing of iron.

7413= Stranded wire, cables of copper.

7508= Other articles of nickel.

7604= Aluminium bars, rods and profiles.

7605= Aluminium wire.

7611= Aluminium reservoirs, tanks, vats and similar containers.

7801= Unwrought lead.

7806= Other articles of lead.

7907= Other articles of zinc.

8213= Scissors, tailors' shears and similar shears and blades.

8303= Armoured or reinforced safes, strong boxes etc.

8304= Filing cabinets, card index cabinets.

8306= Bells, gongs and the like, non-electric of base-metal.

8307= Flexible tubing of base metal with or without fittings.

8401= Nuclear reactors; fuel elements for nuclear reactors.

8417= Industrial or laboratory furnances.

8433= Harvesting or threshing machinery.

8436= Other agricultural, horticultural forestry machineries.

8444= Machines for extruding, drawing, texturing or cutting.

8449= Machinery for the manufacturing of finishing of felt.

8453= Machinery for preparing, tanning or working hides, skin.

8455= Metal-rolling mills and rolls thereof.

8457= machining centre, unit construction machines.

8476= Automatic goods-vending machines.

8485= Machinery parts, not containing electrical connectors.

8526= Radar apparatus, radio navigational aid apparatus.

8530= Electrical signalling, safety or traffic control equipment for railway.

8604= Railway or tramway maintenance or service vehicles.

8607= Parts of the railway or tramway locomotives.

8701= Tractors.

8705= Special pupose motor vehicles.

8805= Aircraft launching gear.

8905= Tugs and pusher craft.

9006= Photographic cameras, photographic flashlights etc.

9010= Apparatus and equipments for photographic laboratories.

9013= Liquid crystal devices, lasers.

9015= Surveying hydrographic, oceanographic instreuments.

9028= Gas, liquid or electricity supply materials.

9101= Wrist-watches, pocket-watches and other watches.

9106= Time of day recording apparatus.

9207= Musical instruments.

9305= Parts and accessories of arms and ammunitions.

9306= Bombs, grenades, torpedoes, mines, missiles.

9502= Dolls representing only human beings.

9613= Cigerratte lighers and other lighters.

9616= Scent sprays and similar toilet sprays.

9701= Paintings, drawings and pastels, executed entirely by hand.

9704= Postage or revenue stamps, first-day cover etc.

APPENDIX-V

COMMODITIES IMPORTED ONLY BEFORE DISINTEGRATION

H.S.CODE COMMODITY

1006= Rice.

1302= Vegetable saps and extracts; peptic substances; pectinates and pectotes.

2521= Limestone flux; limestone and other calcareous stone.

2523= Portland cement, aluminous cement, slag cement, supersulphate cement and similar hydraulic cements.

2701= Coal and other solid fuel manufactured from coal.

2705= Coal gas, water gas and other similar gases other than petroleum gases.

2906= Cyclic alcohols and their halogeneted, sulphonated nitrated or nitrosated derivatives.

2937= Harmones, natural or reproduced by synthesis.

3005= Wadding, gauze, bandages and similar articles impregnated or coated with pharmaceutical substances.

3209= Paints and varnishes based on synthetic polymers or chemically modified natual polymer.

3306= Preparations for oral or dental hygine, including denture fixative pastes and powers.

3402= Organic surface active agents; surface-active Enzimes, prepared enzymes not elsewhere specified.

3507= Enzymes; prepared enzymes not elsewhere specified.

3701= Photographic plates and film in the flat, sensitised, unexposed, of any material other than paper, paperboard etc.

3705= Photographic plates and film , exposed and developed; other than cinematographic film.

3811= Anti-knock preparations, oxidation in hibitors,gum inhibitors, viscosity improvers,

anti- corrosive preparations.

3905= Polymers of vinylacetate or of other vinylesters in primary forms, other than vinyle polymers in primary forms.

3906= Acrylic polymers in primary forms.

3919= Self-adhesive plates, sheets, films,foil,tape,strip and other flat shapes of plastics, whether or not in rolls.

3925= Builders' ware of plastics, not elsewhere specified.

4001= Natural rubber, balata, guttapercha, guayule, chicle and similar natural gums, in primary forms or in plates.

4003= Reclaimed rubber in primary forms or in plates, sheets or strips.

4005= Compounded rubber, unvulcanised, in primary forms or in plates, sheets or strips.

4013= Inner tubes or rubber.

4017= Hard rubber in all forms, including waste.

4103= Other raw hides and skins, whether or not dehaired.

4204= Articles of leather or of composition leather, of a kind used in machinery or mechanical appliances.

4205= Other articles of leather or of composition leather.

4304= Artificial fur and articles thereof.

4401= Fuel wood, in logs, in billets, in twigs, in faggots or in similar forms; wood in chips or particles, saw dust, wood waste etc.

4403= Wood in the rough, whether or not stripped of bark or sapwood or roughly squared.

4413= Densified wood, in blocks, plates, strips or profile shaps.

4415= Packing cases, boxes, crates, drums and similar packings of wood; cable drums of wood; pallets.

4419= Tableware and kithenware of wood.

4501= Natural cork, raw or simply prepared; waste cork; crushed, granulated or ground cork.

4706= Pulps of other fibres, cellulosic material.

4809= Carbon paper, self copy paper and other copying or transfer papers exceeding 36 cm.

4818= Toillet paper, handkerchiefs, cleansing tissues, towels, table clothes, napkins for fabrics etc.

4821= Paper or paperboard labels of all kinds, whether or not printed.

4903= Children's picture drawing or colouring books.

4909= Printed or illustrated postcards; printed cards bearing personal greetings, messages or announcements.

5004= Silk yarn not put up for retail sale.

5406= Man-made filament yarn, put up for retail sale.

5407= Woven fabrics of synthetic filament yarn.

5504= Artificial staple fibres, not carded, combed or otherwise processed for spinning.

5506= Synthetic staple fibres, carded, combed or otherwise processed for spinning.

5806= Norrow woven fabrics.

6002= Other knitted or crocheted fabrics.

6401= Waterproof footware with outer soles and upper of rubber.

6402= Other footware with outer soles and upper of rubber.

6902= Refractory bricks, blocks, tiles and similar articles.

6911= Tableware,kitchenware,otherhouseholdarticlesof porcelin.

7205= Granules and powders, of pig iron, iron or steel.

7211= Flat-rolled products of iron or non-alloy steel, not clad.

7212= Flat-rolled products of iron or non-alloy steel, clad.

7214= Other bars and rods of iron or non-alloy steel etc.

7215= Same as above with other specifications.

7216= Angles, shapes and sections of iron and non-alloy steel.

7229= Wire of other alloy steel.

7301= Sheet piling of iron or steel, whether or not drilled.

7303= Tubes, pipes and hollow profiles, of cast iron.

7305= Other tubes & pipes having internal/external cross section.

7306= Other tubes & pipes and hallow profiles of iron or steel.

7309= Reservoirs, tanks,vats,similar containers of iron or steel.

7311= Containers for compressed or liquified gas,of iron.

7321= Stoves, grates,cookers and other non-electrical appliances.

7606=Aluminium plates,sheets of thickness exceeding 0.2 mm.

7612= Aluminium casks, drums boxes capacity not exceeding 300 lt.

7614= Strandeard wire, cables, painted bonds of aluminium.

7806= Other articles of lead.

7905= Zinc plates, sheets and strip wrought of zinc.

8201= Hand tools, spades, shovels and similar hewing tools.

8203= Files, rasp, pliers, pincers, tweezers, pipe-ctters etc.

8211= Knives with cutting blades.

8214= Other articles of cutlery.

8305= Fittings for loose-leaf binders or files,indexingtags. 8410= Hydraulic turbines, water wheels and regulators therefore.

8426= Derricks; cranes, including cable cranes.

8439= Machinery for making pulp of fibrous cellulosic materials.

8441= Other machinery for making up paper pulp.

8449= Machinery for manufacturing or finishing of felt hats.

8472= Other office machines,viz. stencil duplicators etc.

8475= Machines for assembling electric or electronic lamps.

8476= Automaticgoodsvendingmachines& money changing machine.

8509= Electro-mechanical domestic appliances.

8513= Portable electric lamps by their own source of energy.

8518= Microphones and stands thereof, loud-speakers etc.

8522= Parts and accessories of apparatus of video recorders.

8528= Television receivers, radio-broadcast receivers etc.

8702= Public-transport type passenger motor vehicles.

8703= Motor cars , station wagon and racing cars etc.

8704= Motor vehicles for transport of goods.

8705= Special purpose motor vehicles.

8706= Chasis fitted with engines, for the motor vehicles.

8716= Trailers and semi- trailers.

8906= Other vehicles including warships, life-boats etc.

8907= Other floating structures like rafts, tanks etc.

9005= Binoculars, monoculars, other optical telescopes.

9008= Image projectors other than photographic enlargers etc.

9010= Apparatus and equiments for laboratories.

9028= Gas, liquid for electricity supply.

9305= Parts & accessories of articles of military weapons.

9402= Medical, surgical, dental or vetenary furniture etc.

9403= Other furnitures and parts thereof.

9405= Lamps and lighting fittings including searchlights.

9502= Dolls representing only human beings.

9503= Other toys, reduced size models, puzzles of all kinds.

9504= Articles for funfair, table or parlour games.

9607= Fishing rools, fish-hookd and fish landing nets etc.

APPENDIX-VI

COMMODITIES EXPORTED ONLY AFTER DISINTEGRATION

H.S.CODE COMMODITY

402= Milk and cream, concentrated or containing added sugar.

405= Butter and other fats and oils derived from milk.

407= Birds' egg, in shell, fresh, preserved or cooked.

409= Natural honey.

502= Pigs, hogs or boars, bristles and hairbadge etc.

510= Ambergris, castoreum, civet musk; cantharis; bile etc.

603= Cut flowers and flower buds of a kind suitable for bouquets.

701= Potatoes, fresh or chilled

803= Bananas, fresh or dried

805= Citrus fruit, fresh or dried.

1008= Buckwheat, millet and canary seed; other cereals.

1201= Soyabeans, whether or not broken.

1404= Vegetable products not elsewhere specified or included.

1504= Fats and oils and their fractions, of fish .

1509= Olive oil and its fractions, whether or not refined.

1514= Rape, colza or mustard oil , not chemically modified.

1602= Other prepared or preserved meat, meat offal or blood.

1806= Chocolate and other fookd preparations containing cocoa.

2004= Other vegetables prepared or preserved.

2005= ,, ,, ,, ,, ,, ,, (not frozen).

2105= Ice cream and other edible ice, with/without cocoa.

2201= Water, natural or artificial or mineral.

2202= ,, ,, containing added sugar or flavour.

2205= Vermouth and other wine of fresh grapes flavoured. 2207= Undentured ethyl alchohol of an alcoholic strength of 80%.

2208= ,, ,, ,, ,, ,, less than 80%.

2403= Other manufactured tobacco.

2520= Gypsum.

2521= Limestone flux.

2608= Zinc ores and concentrates.

2807= Sulphuric acid.

2812= Halides and halide oxides of non-metals.

2815= Sodium hydroxide; potassium hydroxide; peroxides ofsodium. 2817= Zinc oxide; zinc peroxide.

2821= Iron oxide and hydroxide.

2826= Fluorides; fluorosilicates, fluoroaluminates etc.

2830= Sulphides; polysulphides.

2833= Sulphides; alums; peroxosulphates.

2848= Phosphides, whether or not chemically defined.

2905= Acyclic alcohols and their halogenated derivatives.

2924= Carboxyamide- function compounds; amide-function compounds.

2930= Organo-sulphur compounds.

2932= Heterocyclic compounds with oxygen hetero- atom only.

2935= Sulphonamides.

3001= Glands and other organs for organo therapeutic use.

3203= Colouring matter of vegetable or animal origin.

3215= Printing ink, writing or drawing ink etc.

3406= Candles, tapers and the like.

3504= Peptones and their derivatives.

3507= Enzyme; prepared enzyme.

3604= Fireworks, signalling flares; rain rockets.

3702= Phiotographic film in roll.

3703= Photographic paper; paperboard, unexposed.

3707= Chemical preparation for photographic uses.

3804= Residual lyes from the manufacture of wood pulp.

3809= Finishing agents, dye carriers to accelerate the dyeing.

3812= Prepared rubber accelerators.

3819= Hydraulic brake fluids etc.

3821= Prepared culture media for development of micro-organisms.

3822= Composite diagnostic or laboratory reagents.

3901= Polymers of ethylene, in primary forms.

3909= Amini-resins, phenolic resins and polyurethenes.

4004= Waste, parings and scrap of rubber, granules poder.

4005= Compounded rubber, unvulcanised, in primary form.

4110= Parings and other waste of leather.

4304= Artificial fur and articles thereof.

4403= Wood in the rough, sapwood etc.

4413= Densified wood, in blocks, plates, strips.

4414= Wooden frames for paintings, photographs etc.

4420= Wood marquetry and inlaid wood.

4804= Uncoated kraft paper and paperboard.

4812= Filter blocks, slabs and plates.

4818= Toilet paper, handkerchiefs cleansing rissues.

4821= Paper, paperboard levels of all kinds.

4823= Other paper, paperboard, cellulose wadding and webs.

4906= Plans and drawings for architectural, engineering.

4909= Printed or illustrated postcard, printed cards.

5206= Cotton yarn, not for retail.

5304= Sisal and other textile fibres.

5309= Woven fabrics of flax.

5401= Sewing thread of man-made filament not for retail sale.

5508= Sewing thread of man-made staple fibres ,, ,, ,, ,,.

5602= Felt, whether or not impregnated or coated, covered.

5604= Rubber thread and cord.

5609= Articles of yarn, strip or the twine cordage.

5804= Tulles and other net fabrics.

5905= Textile wall coverings.

5908= Textile wicks, woven plainted or knitted for lamps.

5910= Transmission or conveyer belts.

6215= Ties, bow ties and cravats of silk.

6310=Used or new, rags, scarp twine, cordage, rope, cables.

6504= Hats and other headgear.

6507= Head-bands, linings, covers, hat foundations, hat frames.

6815= Articles of stone or of mineral substances.

6909= Ceramic wares for laboratory, chemical or other uses.

6911= Tableware, kitchenware, other household articles.

7017= Laboratory, hygienic or pharmaceutical glassware.

7018= Glass beds, imitations pearls etc.

7104= Synthetic or reconstructed precious stones.

7205= Granules and powder of pig iron.

7225= Flat-rolled products of steel of a width of 600mm or more.

7226= ,, ,, ,, ,, ,, less than 600mm.

7315= Chain and parts htereof; of iron and steel.

7321= Stoves, tanges, grates, cookers, gas-rings etc.

7407= Copper bars, rods and profiles.

7409= Copper plates, sheets and strip.

7411= Copper tubes and pipes.

7414= Cloth, grill and netting, of copper wire.

7507= Nickel tubes, pipes.

7603= Aluminium powders and flakes.

7606= Aluminium plates, sheets and strips.

7607= Aluminium foil.

8004= Tin plates, sheets and strips.

8214= Other articles of curtlery; manicure or pedicure.

8405= Producer gas or water gas generator.

8412= Other engines and motors.

8416= Furnance burners for liquid fuel.

8446= Weaving machines.

8484= Gaskets and similar joints for metal sheeting.

8704= Motor vehicles for transport of goods.

8706= Chassis fitted with engine.

8907= Other floating structures, e.g. rafts tanks etc.

9012= Microscopes, other than optical microscopes.

9014= Direction finding compasses.

9016= Balances of sensitivity of 5 cg.

9020= Other breathing appliances and gas masks.

9025= Hydrometers and simialr floating instruments.

9029= Revolution counters, production counters.

9102= Wrist-watches, pocket-watches etc.

9105= Other clocks.

9110= Complete watch or clock movements.

9401= Seats, whether or not convertible into beds.

9503= Other toys; reduced size models.

9601= Worked ivory, bone, tortoise-shell, horn etc.

9614= Smoking pipes and cigar or cigarette holders.

9615= Combs, hair-slides and the like; hairpins,curling pins.

APPENDIX-VII

COMMODITIES IMPORTED ONLY AFTER DISINTEGRATION

H.S.CODE COMMODITY

1301= Lac; natural gums, resins.

1520= Glycerol, Glycerol waters and lyes.

2309= Preparations of a kind used in animal feeding.

2520= Gypsum.

2620= Ash and residues containing mainly zinc.

2801= Fluorine etc.

2810= Oxides of boron.

2811= Other inorganic acids.

2812= Halides and halide oxides.

2827= Chlorides.

2833= Sodium sulphates.

2839= Silicates of sodium.

2850= Hydrides.

2902= Cyclic hydrocarbons.

2908= Halogenated derivatives of phenols.

2916= Unsaturated acyclic monocarboxylic acids.

2918= Carboxylic acids with alchohol function.

2920= Esters of other inorganic acids.

2922= Oxygen-function amino-compounds.

2926= Nitrile-function compounds.

2931= Other inorganic compounds.

2932= Heterocyclic compounds with oxygen.

2936= Provitamins and vitamins.

3001= Glands and other organs.

3201= Tanning extract of vegetable origin.

3204= Synthetic organic colouring matter.

3206= Other colouring matter.

3207= Prepared pigments.

3214= Glaziers' putty etc for floor etc.

3215= Printing ink.

3405= Polishes and creams for footwear, furniture etc.

3506= Prepared glues and adhesives.

3702= Photographic film in rolls.

3801= Artificial graphite.

3809= Finishing agents.

3812= Prepared rubber accelerators.

3813= Charged fire-extinguishing grenades.

3815= Supported catalysts.

3818= Chemical elements for electronics.

3819= Hydraulic brake fluids.

3822= Composite diagnostic reagents.

3902= Polymers of propylene in primary forms.

3910= Silicones in primary forms.

3911= Petroleum resins.

4006= Other forms of unvulcanised rubber.

4102= Raw skins of sheep.

4203= Articles of apparel and clothing.

4421= Other articles of wood.

4808= Paper and paperboard.

4815= Floor covering on a base of paper.

5001= Silk- worn cocoons.

5002= RAw-silk.

5003= Silk waste.

5201= Cotton, not carded.

5208= Woven fabrics of cotton.

5209= ,, ,, ,, ,, ,, unbleached.

5402= Synthetic filament yarn.

5503= Synthetic staple fibres.

5505= Waste of man-made fibres.

5603= Non-woven cotton fabrics.

5607= Twin, cordage, rope and cables.

5910= Transmission or conveyor belts.

6903= Other refractory ceramic goods.

7002= Glass in balls.

7005= Float glass and surface ground glass.

7006= Glass-edge-worked, not framed.

7011= Glass envelopes.

7018= Glass beds, imitation pearls.

7102= Diamond, whether or not worked.

7103= Precious stones.

7106= Silver.

7206= Iron and non-alloy steel.

7207= Semi-finished products of iron.

7210= Flat-rolled products of iron.

7218= Stainless steel in ingots.

7221= Bars and rods, hot-rolled.

7317= Nails, tacks, drawing pins of iron.

7402= Unrefined copper.

7404= Copper waste and scrap.

7408= Copper wire.

7411= Copper tubes and pipes.

7415= Nails, tacks, staples etc of copper.

7501= Nickel mattes.

7505= Nickel bars, rods, profiles,

7602= Aluminium waste and scrap.

7605= Aluminium wire.

7607= Aluminium foil.

7611= Aluminium reservoirs.

7902= Zinc waste and scrap.

8001= Unwrought tin.

8102= Moybdenum and articles thereof.

8103= Tantalum and articles thereof.

8104= Magnesium and articles thereof.

8107= Cadmium and articles thereof.

8111= Manganese and articles thereof.

8112= Beryllium and articles thereof.

8113= Cermets and articles thereof.

8209= Plates, sticks, tips etc.

8213= Scissors, tailors shears etc.

8302= Base metal mountings.

8420= Calendering and other rolling machines.

8443= Printing machinery.

8445= Machines for preparing textile fibres.

8525= Transmission apparatus.

8527= Reception apparatus.

8802= Helicopters.

8805= Aircraft launching gear.

8901= Cruise ships, cargo ships etc.

9001= Optical fibres.

9003= Frames and mounting for spectacles.

9006= Photographic cameras.

9011= Compound optical microscopes.

9023= Instruments, apparatus for education, exhibition etc.

9106= Time-recorders.

9114= Other clocks or watch parts.

9612= Typewriters.