

CHAPTER - VIINDIA'S IMPORTS FROM SOUTH ASIAN COUNTRIESVI.1. Introduction :

India is the leading industrial power in South Asia region. Other countries are in the cradle in industrialisation except Pakistan who has some potential items for Indian imports. Excluding Pakistan, all the countries in South South Asia have only a few agricultural products and raw materials to export. Moreover some of the products and raw materials available in other South Asian Countries, available in India also. Naturally India's imports from these countries are very very less.

The overall imports of India from South Asian Countries averaged only 1.31 per cent of total Indian imports during the 1980s. The major share of India's imports came from the industrialised countries of Europe and Asia and Pacific region and the countries of South Asia have been suffered from trade imbalances with India due to their poor contribution to the total imports of India. Sharing of Indian imports by the South Asian Countries, India's share to the total exports of these countries and the major components of India's imports from the countries of South Asia are discussed in this chapter. Causes for the low volume of India's imports from South Asian Countries are traced and furnished at the end of this chapter.

VI.2. Distribution of India's Imports from South Asian Countries:

Pakistan had been the main source of India's imports from South Asia during the period of 1980-89 followed by

Sri Lanka, Nepal and Bangladesh. In total imports of India from the region of South Asia in the 1980s the share of these countries are - Pakistan 42.25 per cent (highest), Sri Lanka 27.27 per cent, Nepal 21.89 per cent and Bangladesh the lowest 8.60 per cent as evident in the table VI.1.

India's imports from Pakistan which was in the highest percentage of 53.90 in 1980 declined gradually to 40.22 per cent in 1983 and stationed at the same stage till 1988, finally in 1989 it went down to the lowest percentage of 38.79.

But the picture of Sri Lanka and Nepal is little different. Sri Lanka's share in the imports of India from South Asia reached to the highest level (29.35 per cent) both in 1983 and in 1986. From the lowest percentage of 19.17 per cent in 1982 it jumped immediately in 1983. Only Nepal's exports to India increased and reached to the highest percentage (26.29 per cent) in 1989 from the lowest level of 14.00 per cent in 1981.

Bangladesh's share in the imports of India was 8.51 per cent in 1980, increased to 14.67 per cent in the next year and reached to the highest percentage of 18.33 per cent in 1982. But immediately in 1984 it declined drastically to 7.06 per cent and remained nearly at the same level till 1989.

VI.3. India's share in the Exports of South Asian Countries :

Share of India in the total exports of South Asian Countries are presented in Table VI.2. It can be observed from the table that India's share in Nepal's total exports is considerably higher than the other countries in the region. During

Table - VI.1

INDIA'S IMPORTS FROM SOUTH ASIAN COUNTRIES

(In per cent)

C O U N T R Y	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	Average
Bangladesh	8.51	14.67	18.33	7.06	6.91	7.14	6.96	7.30	7.17	7.76	8.60
Maldives	-	-	-	-	-	-	-	-	-	-	-
Nepal	14.89	14.00	15.83	23.37	23.40	23.33	23.38	23.29	23.50	26.29	21.89
Pakistan	53.90	49.33	46.67	40.22	40.42	40.48	40.29	40.18	40.24	38.79	42.25
Sri Lanka	22.70	22.00	19.17	29.35	29.25	29.05	29.35	29.22	29.08	27.15	27.27
TOTAL	100	100	100	100	100	100	100	100	100	100	100

Source : Calculated from the data of International Financial Statistics, IMF, Yearbook-1991 and Direction of Trade Statistics, Yearbook, IMF, 1990.

Table - VI.2

INDIA'S SHARE IN THE EXPORTS OF SOUTH ASIAN COUNTRIES

(In per cent)

COUNTRY	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	Average
Bangladesh	1.58	2.78	2.86	1.80	1.40	1.50	1.59	1.80	1.39	1.38	1.81
Maldives ^N	-	-	-	-	-	-	-	-	-	-	-
Nepal	26.25	15.00	21.59	45.74	34.37	30.62	33.10	32.48	25.11	27.60	29.19
Pakistan	2.90	2.56	2.34	3.56	2.97	3.10	2.39	2.11	2.14	1.93	2.61
Sri Lanka	3.01	3.03	2.23	5.08	3.75	4.58	4.86	4.59	4.93	4.09	4.01

Source : Computed from International Financial Statistics, IMF, Yearbook, 1988 & 1991 and Direction of Trade Statistics, IMF, Yearbook, 1985 & 1990.

Note : N= Negligible.

1980s in an average India shared 29.19 per cent of the total exports of Nepal. In 1983 India shared the highest per-centage (45.74 per cent) of the total exports of that country and after that the share had been declining till 1988. It may be due to the worsening trade relation between the two countries at the end of 1980s. But there was a sign of little improvement in 1989.

India did not share significantly to the total exports of other South Asian Countries. It shared 4.01 per cent of Sri Lanka's total exports, 2.61 per cent of Pakistan and only 1.81 per cent of Bangladesh total exports over the period of 1980-89.

Every country wants to increase its exports to earn *more* foreign exchange to meet up the imports requirement. Despite their efforts India's share to the total exports of South Asian Countries had not been increased continuously and significantly. Moreover, a declining trend can be seen in some cases. This low volume of India's imports from South Asian Countries is one of the major causes for poor political relations with this countries.

VI.4. Share of South Asian Countries in India's Imports :

None of the South Asian Countries have shared even one per cent of the total imports of India in any of the years of 1980-89 as evident in the table VI.3. It is interesting to note that in an average during 1980s, Pakistan shared the highest per-centage (0.50) to the India's imports followed by Sri Lanka 0.32 per cent, Nepal 0.26 per cent and Bangladesh 0.10 per cent only.

In between 1983 and 1988 the share of all South Asian Countries staged at the same level by and large. The share of

Table - VI.3

SHARE OF SOUTH ASIAN COUNTRIES IN INDIA'S IMPORTS

(In per cent)

COUNTRY	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	Average
Bangladesh	0.08	0.14	0.15	0.09	0.09	0.09	0.09	0.70	0.09	0.09	0.10
Nepal	0.14	0.14	0.13	0.31	0.31	0.31	0.30	0.31	0.31	0.30	0.26
Pakistan	0.51	0.48	0.39	0.53	0.53	0.53	0.53	0.53	0.53	0.44	0.50
Sri Lanka	0.22	0.21	0.16	0.38	0.38	0.38	0.38	0.38	0.38	0.31	0.32
TOTAL	0.95	0.90	0.73	1.31	1.21	1.21	1.20	1.92	1.33	1.14	1.18

Source : Same as in Table VI.2.

Bangladesh in India's total imports increased till 1982 regularly. But the contribution of Nepal, Pakistan and Sri Lanka declined over the same period and finally in 1989 also. Comparing imports of South Asian Countries from India, their exports to that countries is very low. As a result of which the balance of trade had been always to India's favour (except Pakistan) as mentioned earlier. India should take initiatives to increase its imports from South Asia for the benefit of its exports promotion in the region.

VI.5. Composition of India's Imports from South Asian Countries:

South Asian Countries have very limited items for Indian imports. As it is mentioned earlier that there are some common products produced by most of the countries in the region, resulting the minimum Indian imports for the other countries of South Asia. A country-wise analysis of India's imports commodities in three digit Article code have been discussed in this section with a view to have a clearcut idea about the major imports components of India from South Asian Countries. The average of the value of 1980-82 and 1987-89 have been computed and given in the tables to facilitate the analysis. A series of data have also been presented for 1987-89 to see the trend of increase or decline at the end of 1980s.

Bangladesh :

Principal commodities of India's imports from Bangladesh have been presented in Table VI.4. An examination of the table reveals that the main products imported by India from Bangladesh are leather, Hides and skin ; Newsprint and other papers and Raw Jute (excluding Bimlipatam and Mesta). These three groups

Table - VI.4

PRINCIPAL COMMODITIES OF INDIA'S IMPORTS FROM BANGLADESH

(Value in Rs. Lakh)

C O M M O D I T I E S	1980-82 (Average)	1987	1988	1989	1987-89 (Average)
Glycerine, crued and refined	37	86	102	86	91
Leather, Hides and Skin	187	251	181	31	154
Newsprint and other papers	278	887	365	374	542
Jute, Raw (excl. Bimlipatam and Mesta)	159	203	398	1214	605
Samples and Returned goods	27	21	22	-	21
Total of the above items	689	1448	1069	1705	1413
Grand Total of Imports	872	1456	1290	2430	1725
Total of the above items as percentage to the Grand Total of Imports	79.01	99.45	82.87	70.16	76.08

Source : Collected and computed from the Statistics of the Foreign Trade of India, Annual issues Directorate General of Commercial Intelligence and Statistics (DGCI & S) Calcutta, Government of India.

of items jointly formed more than 70 per cent of the total imports of India during 1980-89. The highest contribution was of Newsprint (Rs.278 lakhs) in 1980-82 and of Raw jute Rs.605 lakhs in 1987-89. It is observed from the table that the import of leather, hides and skins declined from Rs.251 lakhs in 1987 to Rs.181 lakhs in 1988 and finally in 1989 it went down to Rs.31 lakhs only. The imports of Newsprint also declined to Rs.365 lakhs in 1988 from Rs. 887 lakhs in 1987 although there was a slight improvement in 1989. But the import of Raw jute from Bangladesh increased steadily over the period 1987-89. Practically in 1989 it jumped to Rs. 1214 lakhs from Rs.398 lakhs in 1988. The number of import items from Bangladesh indicates the low potentiality of export of that country.

Nepal :

Table VI.5 gives a view of India's imports from Nepal. 12 main group of commodities have been taken for discussion which covered 65.95 per cent of the total India's imports from Nepal in 1980-82 and 76.08 per cent in 1987-89 on an average. It is observed from the table that Linseed and other oils, Lentils (Mosur), Cereal and cereal preparations and jute and jute products are the important items which India imported in 1980-82 and in 1987-89. Jute and jute products being the highest contributor in Indian imports from Nepal formed 21.22 per cent of total contribution of 12 items and the four jute and jute products shared 28.14 per cent of the total supply of twelve items. India's imports of jute products from Nepal which was Rs.510 lakhs in 1987, continuously declined and reached to Rs.109 lakhs in 1989. This may be due to minimization of demand of jute products in India. Import of Lentils (Mosur) and Linseeds also declined in

Table-VI.5

PRINCIPAL COMMODITIES OF INDIA'S IMPORTS FROM NEPAL

(Value in Rs. Lakh)

C O M M O D I T I E S	1980-82 (Average)	1987	1988	1989	1987-89 (Average)
Cereal and Cereal preparations	218	349	307	204	287
Colouring matter of animal origin	145	680	186	35	167
Leather, Hides and Skin	116	65	73	150	96
Jute Raw (Excl. Bimlipatam and Mesta)	129	187	263	-	225
Jute Products(sacking cloth and hesian cloths etc.)	207	510	379	109	333
Cable, Rope and Twine of Jute	31	53	84	41	59
Jute Sacking Bags	16	114	-	-	114
Live animals	121	138	174	169	160
Lentils(Mosur) etc.	275	531	254	287	357
Linseed whether or not broken	169	338	184	225	249
Ayurvedic and Uneane Herbs. etc.	97	151	185	152	163
Linseed and other oils	281	351	527	287	388
Total of the above items	1805	3467	2616	1660	2598
Grand Total of Imports	2737	4388	3149	2707	3415
Total of the above items as percentage to the Grand Total of Imports	65.95	79.01	83.07	61.32	76.08

Source: Same as in Table VI.4.

1989 comparing to 1987 although India's import of linseed showed significant increase (Rs.527 lakhs) in 1988.

Pakistan :

India's major imports from Pakistan are listed in table VI.6. The nine group of items covered in an average 72.75 per cent in 1980-82 and 84.94 per cent in 1987-89 of grand total of Indian imports from this country. Among the commodities imported by India, Almonds, Pistachios and other fruits nuts contributed the highest amount of Rs.658 lakhs in 1980-82 followed by Rock Salt Rs.101 lakhs, Yarns of Cellulose Acetate or single Rs.87 lakhs, leather, Hides and skin Rs.84 lakhs and Rice excepting parboiled (excluding Basmati Rice) Rs.60 lakhs. In 1987-89 also the same items contributed significantly in India's imports from Pakistan.

Import of some items increased notably during 1987-89. As for example, Leather, Hides and Skines which was Rs.92 lakhs in 1987 jumped to Rs.1922 lakhs immediately in 1988 and foreign cotton saple which contributed only Rs.2 lakhs in 1987 inreased dramatically to Rs.1090 lakhs in 1988 although imports of both the item declined in 1989. The imports of poppy and castor oil seed whether or not broken, yarn of cellulose acetate or single and waste and scrap of copper increased continuously during 1987-89. Another important finding is that Hides Skin and leather and foreign cotton staple which account for Rs.84 lakhs and Rs.36 lakhs respectively in 1980-82 increased to eleven times (Rs.928 lakhs) and fifteen times (Rs.559 lakhs) respectively within ten years.

Table-VI.6

PRINCIPAL IMPORTS OF INDIA FROM PAKISTAN

(Value in Rs. Lakh)

C O M M O D I T I E S	1980-82 (Average)	1987	1988	1989	1987-89 (Average)
Almonds, Pistachios and other Fruits & nuts fresh/dried	658	1455	1262	1880	1532
Rice excepting parboiled(excl. Basmati Rice)	60	-	562	-	562
Poppy and castor oil seeds whether or not broken	24	76	110	271	152
Rock Salt	101	129	127	113	123
Carbon black for Rubber Industries and NES	2	5	67	-	36
Hides, Skins and Leather	84	92	1922	769	928
Foreign Cotton Staple	36	2	1090	585	559
Yarn of Cellulose Acetate or Single	87	103	114	203	140
Waste and Scrap of Stainless Steel	28	44	140	63	82
Waste and Scrap of Copper	17	20	47	213	93
Total of the above items	1097	1926	5441	4097	4207
Grand Total of Imports	1508	2803	7217	4836	4953
Total of the above items as percentage to the Grand Total of Imports	72.75	68.71	75.39	84.72	84.94

Source: Same as in Table VI.4.

Sri Lanka :

Table VI.7 shows the major component of India's imports from Sri Lanka. Here also nine important group of commodities have been taken for analysis which jointly contributed 71.93 per cent in 1980-82 and 81.84 per cent in 1987-89 in the total India's imports from Sri Lanka.

It is noticed from the table that spices contributed the highest value of Rs. 128 lakhs to the India's imports in 1980-82. The other important items in the same period were Glycerol (glycerine) Rs.117 lakhs, Waste and scrap of iron and steel Rs.106 lakhs, Peas and Grams Rs.98 lakhs Nux Vomica etc. Rs.69 lakhs, Liquefied Petroleum Gas Rs.51 lakhs and Natural Rubber Rs.45 lakhs. The same items imported significantly by India during 1987-89 also.

Regarding the trend of increase of India's imports from Sri Lanka it can be observed from the table that import of waste and scrap of iron and steel which was in the third place in 1980-82 came up to the 2nd position during 1987-89. The import of this item increased to Rs.136 lakhs in 1988 from Rs.18 lakhs in 1987 and finally in 1989 it jumped to the highest value (Rs.1207 lakhs) of the table. The imports of most of the items declined in 1989 comparing to 1988 except unsorted diamond and natural rubber whose imports increased continuously till 1989.

VI.6. Comparison of India's Imports from South Asian Countries with Industrialised Countries :

India imports mainly heavy plant and machineries, Scientific equipments and advanced technologies and Petroleum for its industrial development. All the South Asian countries are in the

Table-VI.7

PRINCIPAL IMPORTS OF INDIA FROM SRI LANKA

(Value in Rs. Lakh)

C O M M O D I T I E S	1980-82 (Average)	1987	1988	1989	1987-89 (Average)
Peas, Grams (incl. Dal, Moong, Urad etc.)	98	183	330	88	200
Spices etc.	128	118	1144	176	479
Nux Vomica dried Ripe seeds and Flower poppy	69	2	139	29	57
Glycerol (Glycerine), crude and lyes	117	212	56	64	111
Natural Rubber	45	13	120	113	82
Hides and Skin (Goat, Buffalo, Sheep etc.)	29	38	26	17	27
Foreign Cotton Staple	18	-	85	-	85
Unsorted Diamond etc.	36	2	134	153	96
Waste and Scrap (Iron, Steel etc.)	106	18	136	1207	454
Liquefied Petroleum Gas etc.	51	78	143	68	96
Total of the above items	697	664	2313	1915	1687
Grand Total of Imports	969	1135	2755	2340	2782
Total of the above items as percentage to the Grand Total of Imports	71.93	58.50	83.95	81.84	60.00

Source: Same as in Table VI.4.

very primary stage of industrial development (except Pakistan). Naturally, these countries are not in a position to meet up India's requirements. As a result, India has been importing in a huge volume from industrialised nations rather than from South Asia.

It is evident from table VI.8 that in an average nearly 50 per cent of India's total imports came from industrialised countries during 1980-89 and the South Asian Countries shared only 1.31 per cent over the same period. Among the countries in South Asia, Pakistan was the highest contributor to the India's imports followed by Nepal, Sri Lanka and Bangladesh over the period under investigation. The highest share of industrialised countries was 60.44 per cent of total imports of India in 1982 when India imported goods for Rs.8938 million US dollars out of its total imports of 14786 million from industrial countries. It is interesting to note that when India's imports from industrialised countries during the period of 1980s increased or declined, the contribution of South Asia in India's imports remained at the same level of little over one per cent. We come to the conclusion of this point that when India's imports from industrialised countries declined in per cent, India imported its requirements from the other region instead of from South Asia. The causes for the diversion of India's imports to the other region and the reason for the low volume of India's imports from South Asia are discussed in following section.

VI.7. Problems of India's Imports from South Asian Countries:

There are various hindrances on way to increase India's imports from South Asia. Limited availability of India's requirements is one of the important factors. Moreover as

Table - VI.8.

COMPARISON OF INDIA'S IMPORTS FROM SOUTH ASIAN COUNTRIES WITH INDUSTRIALISED NATIONS
(in million of US Dollar)

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	Total	Average (1980-89)
Total Imports	14864 (100)	15418 (100)	14786 (100)	14061 (100)	14361 (100)	15928 (100)	15421 (100)	16675 (100)	19149 (100)	20535 (100)	161198 (100)	16120 (100)
Imports from Industrialised countries	6842 (46.03)	8443 (54.76)	8938 (60.44)	8242 (58.62)	6237 (43.43)	6981 (43.83)	6691 (43.39)	7263 (43.56)	8325 (43.37)	9612 (46.81)	77574 (48.12)	7757 (48.12)
From South Asian Countries	215 (1.45)	224 (1.45)	186 (1.26)	183 (1.30)	188 (1.31)	210 (1.32)	201 (1.30)	219 (1.31)	251 (1.31)	232 (1.13)	2110 (1.31)	211 (1.31)
From Bangladesh	12	22	22	13	13	15	14	16	18	18	163	16
From Nepal	95	95	85	43	44	49	47	51	59	61	629	63
From Pakistan	76	74	56	74	76	85	81	88	101	90	801	80
From Sri Lanka	32	33	23	54	55	61	59	64	73	63	517	52

Source : IMF, Direction of Trade Statistics, Yearbook 1985 and 1990
IMF, International Financial Statistics, Yearbook, 1991.

mentioned earlier some of the export potential of South Asian countries are available in India also. However, some of the prominent causes for low volume of India's import from the countries of South Asia region are discussed below:

(a) Industrial backwardness :

The countries in South Asia due to their frail industrial structures are unable to have significant contribution to the Indian imports. On the other hand, Indian industrial products have started to competing with the products of Industrialised countries in the international markets. As a result, India needs advanced technologies and fuel that the countries of South Asia can not supply to India.

(b) Common Production of Raw material :

All the countries in South Asia possess, by and large the same climate and land fertilitæes which resulted the production of some common products in South Asia region. Quite naturally the agricultural products and raw materials which are the main export items of South Asian Countries are available in India in huge quantity.

(c) Lack of initiatives :

In fact, lack of sincere initiatives on the part of India to increase its imports from South Asian Countries, the exports of these countries to India could not increase at all. Whatever India's requirements are available in South Asia, India did not pick up those items with due priority and price.¹

1. R.L.Varshney, "Promotion of Trade and Economic Relations -Huedles and possibilities", Commerce, Annual Issue 1981 (Bombay, India) P.31--37.

(d) Standard and Cost of the products :

When a country wants to import goods from other countries, it would tend to import from the cheapest source consistent with quality of the goods. In this matter, there is a certain amount of prejudice against goods manufactured in developing countries. On the other hand, the cost of production also tends to be high in developing countries. When developing countries want to import plant and equipment, they may like to have the most upto date and technologically the best available plant. In all these respect the countries of South Asia score less comparing to the developed countries.

(e) Lack of proper informations :

The countries in South Asia possess rather scanty information about each other's economy. Due to poor economic interplay the countries of South Asia are incapable to introduce highly advanced information system on trade and commerce. As a result, India is unable to get latest information on the availability of India's imports from these countries.²

The other causes for the low volume of India's imports from South Asian Countries are clumsy political relations among the countries, restrictive import policy by India from South Asia region, declining agricultural production in the countries of the region and minimum exchange of trade delegations among the countries.

2. Govind R. Agrawal. "Economic Dimension of South Asian Regional Cooperation", South Economic Cooperation, RIS, Radiant Publishers, New Delhi, 1987, p.162.

India's imports from South Asian Countries had been more pathetic than its exports to this region during 1980-89. Notable points coming out from the foregoing discussion are :-

- (a) India's average imports from South Asian Countries during 1980s was only 1.31 per cent of its total imports.
- (b) Pakistan, whose share in the India's total exports to South Asia was only 1.6 per cent, contributed the highest percentage (42.25) on an average during 1980s to the total Indian imports from this region. Another two important countries are Sri Lanka and Nepal.
- (c) India imported 48.12 per cent of its total imports from industrialised countries, nearly 50 per cent from other developing countries and little over one per cent from South Asia.
- (d) The countries in South Asia have a very few items for Indian imports except Pakistan as India mainly imports capital goods.