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A Climate to Cultivate

THAT in order to promote exports it is necessary to have a proper export climate is no doubt a truism but it is a truism which bears repetition. As has been pointed out by the Export Promotion Committee in its report released this week India's exports have been somewhat stagnant over the recent past in spite of the significant rate of growth experienced by the world trade as a whole. This stagnation may be due partly to the fact that within the traditional channels of Indian export trade a stage has been reached where it could be said that the demand for our export commodity scope for expansion.

But this cannot be the whole truth because if the individual items of exports even in the traditional Indian export schedule were to be analysed on a countrywise basis, one would discover that some scope still exists to increase in our export earning. But the direction in which it is to be directed most for the promotion of Indian exports is not indicated by the traditional pattern of our exports, but beyond it. It is in respect of commodities and countries other than those which figure prominently in our present export schedule that our promotional efforts are likely to reap rich dividends. And for this purpose it is necessary to forge proper trade links with business houses and other agencies abroad likely to deal, in those commodities.

Export promotion on the above lines could not be left in the hands of the private trade, because naturally when ventures into new fields involve large promotional costs and risks private parties may not have sufficient incentive to do so. The Government can play an important role by stepping in by sharing the initial costs of export promotion by providing adequate guarantees against risks involved besides providing adequate incentives to private traders which are exploring new possibilities for export.

In other words export promotion has to be a two-front drive. Not only that the foreign trader has to be persuaded to buy Indian wares, but also that the Indian producer has to be persuaded to sell his wares abroad. We cannot first take the latter for granted. And the willingness to sell does not mean a sort of readiness to strike a bargain for whatever is in one's administration. The Indian businessman must be persuaded to canvas actively his wares. That is, he must undertake to be a 'salesman' in the true sense of the term and not just wait passively for customers to come on him an attitude of resignation which is typical of the traditional Indian shopkeeper.

Now the measures to be taken on the two fronts have to be different because of the very distinct nature of the class of people to be approached. On the domestic front, the campaign has to be addressed to sellers whereas on the foreign front to buyers. A seller would react favourably to a suggestion for selling in a new market provided he sees prospects of sale at a high margin of profit without incurring much selling costs. But how does one know whether such prospects exist or not in the markets which have hardly been approached so far? Only by a proper appraisal of such markets. That involves a proper study of the new markets (the word 'market' is used here in a wide sense usually adopted in discussions on economic theory). It is in this context that

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