

Performance of Agro Based Exports in India

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Abstract: India is primarily an agrarian based economy in which Agriculture is the main source of employment and livelihood. The Agricultural sector contributes about 17 percent in India's GDP and 9.9 percent share in total exports from India in 2018-19. Most employment opportunities are generated in rural areas and agriculture and allied sectors. Majority of Peoples are directly or indirectly engaged in agricultural activities. The Agrobased industries are the major contributors of exports earnings for India from agricultural sector. This sector also provides vast employment opportunities to a large number of populations' from rural and urban areas. The farmers, agricultural workers, industrial workers, wholesalers, retailers, exporters, and other persons involved in production and export related activities. The contribution of food based export products have increased considerably to make vital share in India's GDP. India has to produce quality agro based products to compete in the world trade of agrosbased industries. There is vast opportunities for India's agro based products in the world marked as India is having one of the cheapest source of agricultural labour in comparison of the world.

Keywords: Export, Agro based Industries, Agro Products, Employment Opportunities

1. Introduction

Agriculture in India is an ancient profession and majority of Indians are still dependent for their livelihood on agriculture and allied activities. Indian Agriculture not only cater to the needs of domestic demand but also it contributes significantly in the India's export earnings. The exports from India dates back to ancient times. India were exporting spices to the all over the world since the beginning of trade activities. The Indian textiles were very famous in all over the world and it was one of the main item of export in the sixteenth century. While spices were mainly exported from Kerala, Gujrat was the export Centre of Textiles for Arab world. During the Mughal Era India was known as the "Golden Bird" and during this period India exported items of ivory, pearls, tortoise stones, etc. However, during the British Rule in India Indian exports declined to a great extent as East India Company took the complete control of foreign trade in India and the country became the consumer of British produced goods.

After the Independence, India was primarily an agrobased economy and main exports were also of agricultural goods. During the last decade Indian Exports have grown by nearly 22 percent. There was fast growth for some commodities than others. Some of India's major agro based exportable products include cotton, jute products, tea and coffee, cocoa products, rice, wheat, pickles, mango pulp, juices, jams, preserved vegetables etc. Major destinations for India's exportable agrobased products include UK, Belgium, USA, China, and Russia etc. Total value of exports stood at \$32.55 billion in March 2019 taking the total tally in 2018-19 to \$331 billion (Ministry of Commerce and Industry). Sales increased for Engineering Goods (14.78%), Petroleum products (3.6%), Organic and Inorganic Chemicals (13.2%), rice (27.29%) and marine Products (24.27%). The raw Cotton made up the highest value among all the agricultural products exports from India in financial year 2020-21 is at 754 billion Indian rupees. The second main items in the exportable products is Oil meals and marine products with 104 billion Indian rupees and 476 billion Indian rupees respectively during the same fiscal year of 2020-21.

2. Review of Literature

Manoj Kumar Sinha (2016) in his studies explained the changes in the composition of India's foreign trade after the policy of liberalization and globalization started in 1991. He concluded that now India is exporting mainly of Engineering and manufactured goods, petroleum products, Chemicals and allied products in place of agricultural products. There is need for comprehensive trade policy to enhance trade performance of some other goods also.

Prabeena Ambidattu (2015) studied the production and export of cashew nuts from Kerala. She made the conclusion that the production and exports of cashew nuts from Kerala is declining as the farmer's are shifting towards multiple cropping of rubber. Maharashtra is the highest producing state of cashew nuts in India.

Priyanka Sahni (2014) has observed in her study of exports performance of products after the New Economic policy of 1991. She concluded that there is considerable change in India's composition and direction of India's exportable items. Though the value and volume of trade has increased but its share in World trade has not increased to a significant level. The share of manufactured goods and Engineering goods has increased while the exports of traditional items have declined. The New Destination of India's trade has been shifted towards Gulf and Latin American countries. The Engineering goods, gems and jewelry has emerged as the principal items which is showing increasing trend in exports.

Neha Sinha (2013) in her study concluded that India's agricultural and allied products exports have multiplied despite the non so effective trade policy for agricultural products exports. As India's trade policy for agricultural produce have been more of restrictive in nature to meet the domestic demand. However there is need to make a balance between the two so that after fulfilling the domestic demand, farmers can exports its marketable surplus and earn foreign exchange earnings for themselves.

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Sunny Thomas and Waheeda Sheikh (2012) in their study have explored the growth performance of India's agricultural exports from 1991-92 to 2009 -2010 and concluded that India's agricultural exports have increased manifold with change in composition and direction of agricultural exports have also been noticed considerably.

3. Research Methodology

The present study is based mainly on secondary sources of data collected through Ministry of Trade and Commerce, Ministry of Agriculture, RBI, RBI Bulletin, central and state government websites, data's from Finance Ministry, Economic Survey, Data's from Trade Infrastructure for Export Scheme (TIES), Market Access Initiatives (MAI) Scheme, Merchandise Exports from India Scheme (MEIS) etc. The present research paper is an analytical research conducted on the information collected through the above sources.

Objective of the Study

Following are the main objectives of the present study:

- 1) To analyse the role of Agricultural Exports in Indian Economy.
- 2) To find out the composition of commodities which are exported from India.
- 3) To find out the direction of India's Agro based products exports.
- 4) To analyse the problems and prospects of agro based industries.

India's Agricultural Trade Performance

After India's Independence, India was not a major exporters of goods and services as India was concentrating mainly on self-reliance domestic centric growth models. Exports played a minor role in India's economic development during the decade of fifties. In 1950-51 India's share in world trade was 2.2%, in 1960-61 it came down to only 1%, in 1970-71 the share of India's trade reduced to 0.64%, again in 1980-81 it further reduced to 0.42%, and it increased slightly to 0.52% in 1990-91. At present India's share in world merchandise trade is 1.67%. It is clear from the above data's that till the mid seventies, India's policy of Economic growth was restrictive and domestically driven. Till the New Economic Policy of 1991, India was having a controlled economy and too many restrictions were imposed on imports and exports. Due to this policy of restrictions, too much was not achieved in the exports of goods and services. India's exports also suffered because exports incentives were limited only to selected manufacturing products and some agricultural products.

As India is primarily an agrarian based economy, it still contributes only about 17% in its GDP and 10% share in India's Exports. Whereas more than 50% of India's population is engaged in agricultural sector. India is the second largest country in the world as over 60% of India's land area is arable. The major exportable items from India includes cotton, raw cotton, Rice, wheat, potato, vegetables and nuts. India is one of the largest producer of milk, sugar cane, milk and tea. India is also the second largest producer of wheat, rice, fruits. About 60% of India's population

depends directly or indirectly on Agriculture and rural activities.

Export from Agricultural Sector

As export and import of agricultural products depend on several factors such as international and domestic demand & supply situation, international & domestic prices, quality concerns and food security concerns no targets for exports or imports are fixed.

The share of agriculture sector in the country's total exports, during the last three years, is given below:

Table 1

Year	2016-17	2017-18	2018-19
Share of agriculture sector in total exports	12.07%	12.66%	11.76%

Source: DGCI&S

Overall exports of agricultural products grew by 2.64% in 2016-17 as compared to the previous year. The exports of tea, spices and manufactured tobacco grew by 1.56%, 12.22% and 2.41% respectively while the exports of unmanufactured tobacco declined by 4.65%. Some of the major commodities, which registered a decline in exports were buffalo meat (-4.07%), basmati rice (-7.75%) and cotton (-16.38%). There are several reasons for the decline viz. lower prices and demand in the international market, unfavourable currency movements and international developments like sanctions against Iran and Russia.

To promote the agricultural exports, The Government has introduced a comprehensive Agriculture Export Policy with the following vision:

"Harness export potential of Indian agriculture, through suitable policy instruments, to make India a global power in agriculture, and raise farmers' income."

The objectives of the Agriculture Export policy are:

- 1) To diversify our export basket, destinations and boost high value and value added agricultural exports, including focus on perishables.
- 2) To promote novel, indigenous, organic, ethnic, traditional and non-traditional Agri products exports.
- 3) To provide an institutional mechanism for pursuing market access, tackling barriers and dealing with sanitary and phytosanitary issues.
- 4) To strive to double India's share in world agri exports by integrating with global value chains.
- 5) Enable farmers to get benefit of export opportunities in overseas market.

The Government has also brought out a new Central Sector Scheme – 'Transport and Marketing Assistance for Specified Agriculture Products' - for providing assistance for the international component of freight, to mitigate the freight disadvantage for the export of agriculture products, and marketing of agricultural products.

The Department of Commerce also has several schemes to promote exports, including exports of agricultural products,

viz. Trade Infrastructure for Export Scheme (TIES), Market Access Initiatives (MAI) Scheme, Merchandise Exports from India Scheme (MEIS) etc. In addition, assistance to the exporters of agricultural products is also available under the Export Promotion Schemes of Agricultural & Processed

Food Products Export Development Authority (APEDA), Marine Products Export Development Authority (MPEDA), Tobacco Board, Tea Board, Coffee Board, Rubber Board and Spices Board.

Table 2: Export of India’s Principal Agrobased Products (Quantity in Thousand Units ;Value in USD million)

Products	2016-17		2018-19		20(April-May)	
	Quantity	Value	Quantity	Value	Quantity	Value
Alcoholic Products	2,32,179	298.90	2,31,601	300.91	24470.87	38.17
Animal Casings	173.24	2.06	14,882	68.27	1860.28	9.18
Buffalo Meat	1323	3903	1233	3587	196	553
Cashew	91.97	786.93	78.22	654.43	10.73	84.50
Cashew nut,shell liquid	11404.76	6.56	5300.66	3.87	651.15	0.47
Castor oil	599195	674.73	619376.57	883.78	108029.60	180.07
Cereal Preparations	339.95	531.70	347.77	551.74	54.30	87.27
Cocoa Products	25649.50	162.18	27603.73	192.69	4617.91	30.16
Coffee	288613.37	842.84	282889	822	56749	149.54
Cotton Raw	996	1621	1143	2104	67	118
Dairy Products	90352	254	180698	482	26150	72
Floriculture Products	22020	82	19727	82	2984	13.45
Fresh Fruits	817	743	755	794	155	154
Fresh Vegetables	3404	863	2933	810	450	120
Fruits/Vegetable Seeds	11283	78	17419	125	2535	31
Groundnut	726	810	489	473	86	92
Guergam Meal	420	463	494	647	92	117.43
Marine Products	1185273	5903	1436681	6802	224352	997
.....Total		33283		38739		6001

Source: DGCI&S

Table 3

Country	India’s Exports of Agriproduct’s to Major Countries Export in Million USD	
	2016-17	2018-19
U S A	3,648.58	4,581.16
VIETNAM SOC REP	4,327.88	3,703.01
IRAN	880.48	2,283.41
CHINA P RP	1,052.35	2,256.53
U ARAB EMIRATES	2,127.87	1,907.86
BANGLADESH	1,378.91	1,833.88
SAUDI ARAB	1,457.03	1,623.78
MALAYSIA	878.56	951.67
INDONESIA	733.94	948.83
NEPAL	837.04	913.34
OTHER COUNTRIES	15,960.78	17,735.64
Total of Agricultural Exports	33,283	38,739

The above Table- 2 shows the exports of some major commodities to the rest of the world between 2016-17 to April-June 2019-20. The total value of exports was 33,283 m USD in 2016-17 and increased to 38,793 m USD in 2018-19. In Table-3 The exports of agro based products to some major countries have been given. It is clear from the above table that USA, Vietnam, UAE, Saudi Arab and Bangladesh are the major importer of India’s agrobased products.

4. Conclusion

As we know that India is one of the most populous country in the world in which more than 50 percent of the population depends on agriculture for their livelihood. This sector

absorbs the skilled and unskilled workers for employment opportunities. There is vast scope for further employment opportunities in agro based export goods sector .The rural industries can be established for cottage and small scale industries as it will enhance the performance of agro exports sector. The major items of agro based exports include Basmati rice, Oil meals , guar gum Meals, Cotton, Spices, Castor Oil etc attracts major bids from the foreign countries. The growth of agrobased industries are also helpful for over all Industrial development of the country. The development of agrobased exports industries will also lead to social development as the rural based people like farmers, agricultural labourers , wholesalers , retailers , exporters all will get benefit from this .The State and Central Government should provide the required necessary trainings and equipment’s to the Entrepreneurs involved in the Agrobased Exports sector units. There is vast potential of growth for agrobased exportable products in the international market. Hopefully, this sector will prove to be major source of export earnings for India in near future.

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