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Export scenario of Indian agriculture: A review

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Abstract

Agriculture plays a vital role in the economic growth and development of the country. Agriculture contributes about 16 per cent of total GDP of India and about 12 per cent of total exports. The share of agricultural exports of India in world agricultural exports was around 2.2 per cent in 2015-16. Nowadays India's agri-export face certain constraints that arises from conflicting domestic policies related to production, storage, distribution, food security, pricing concerns, export value etc. In comparison to International prices, the domestic price of the products during bulk exports like sugar, wheat, rice (both basmati and non-basmati), etc. are higher, which make our exports commercially less competitive. In spite of these hurdles India has come a long way from being a food-deficit to a food surplus country since independence. So the government taking a several policy steps to improve the export value and export quantity of Indian agricultural product and stabilizing the balance of payment of the country.

Keywords: Agri- export, constraints, policy

Introduction

India is the world's largest producer across a wide range of agricultural commodities due to its favorable agro climatic condition. Indian agriculture continues to be the backbone of our society and it provides livelihood to nearly 50 per cent of our population. It is one of the major and essential occupations for the Indian families. India is supporting 17.84 per cent of world's population, 15 per cent of livestock population with merely 2.4 per cent of world's land and 4 per cent water resources. Today, India is a major supplier of several agricultural commodities like tea, coffee, rice, spices, cashew, oil meals, fresh fruits & vegetables, meat and its preparations and marine products to the international market

With its varied agro-climatic conditions India is one of the largest producers of rice, groundnuts, milk and various fruits and vegetables such as mangoes, eggplant, potato etc. With these advantages, India is now exporting fresh and processed food products to a number of developing and developed country markets including The United States (US), The European Union (EU), Vietnam and the Middle Eastern countries. According to the World Trade Organization (WTO), in 2015, India was the 9th largest exporter of agricultural products after the EU, The US, Brazil, China, Canada, Indonesia, Thailand and Australia. Agricultural as well as horticultural and processed foods are exported to more than hundred countries; primary among them are the Middle East, SAARC countries, Southeast Asia, European Union and United States.

Cereals and food grains

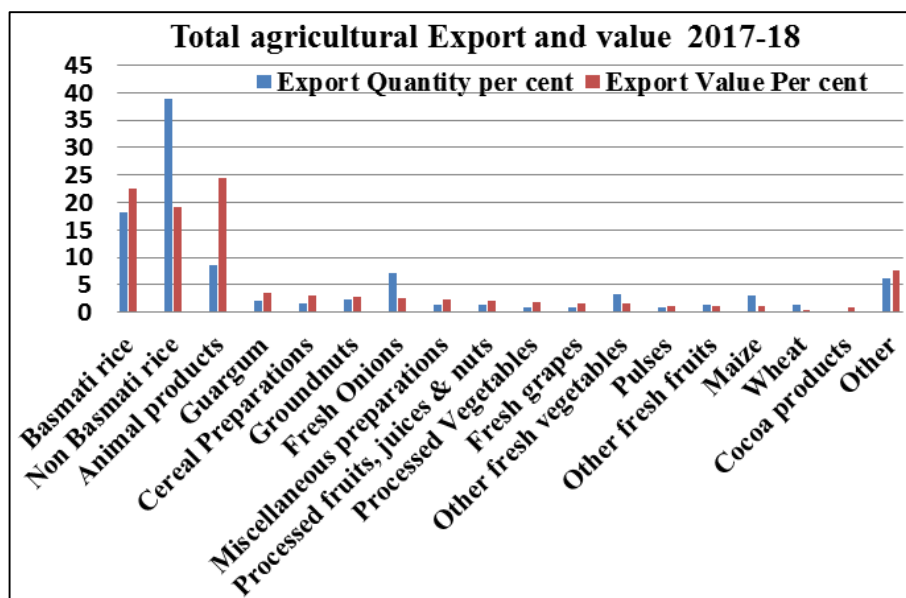
India is the world's 2nd largest producing country of Rice and Wheat as well as largest exporter of cereal products in the world. The higher of demand for cereals products in the world agricultural market is creating a magnificent environment for the export of Indian cereal products. Among cereals export rice (including both Basmati and Non-Basmati Rice) contribute the major share with 95.7 per cent and total value of export Rs. 52,064.52 crore during the year 2017-18. Whereas, other cereals including wheat contribute only 4.3 per cent share among total cereals exported from India during this period.

In contrast with the past the share of basmati rice in total rice exports was showing an enlarging trend by succeeding the non-basmati rice. Consequently, attempt should be made to accommodate the cultivation of basmati rice without hindering its quality parameters by mitigating pesticide usage which shoots up the country's foreign exchange rapidly in the forthcoming years. Export value of rice is significant source of foreign exchange with consider to agriculture, which fortify the Balance of Payment of the country (Satishkumar *et.al.* 2016) [1].

Table 1: India export statistics 2017-2018

S. No	Product Name	Qty (MT)	per cent	Rs. Crore	Per cent
1	Basmati rice	4056758.62	18.19	26870.17	22.43
2	Non-Basmati rice	8648488.58	38.79	22967.82	19.17
3	Animal products(All meat, casine and dairy product)	1892967.14	8.49	29160.11	24.35
4	Guargum	494101.27	2.21	4169.56	3.48
5	Cereal Preparations	353237.23	1.58	3559.87	2.97
6	Groundnuts	504019.2	2.26	3386.3	2.82
7	Fresh Onions	1588985.72	7.12	3088.82	2.57
8	Miscellaneous preparations	322890.18	1.44	2853.03	2.38
9	Processed fruits, juices & nuts	317353.16	1.42	2647.84	2.21
10	Processed Vegetables	226483.9	1.01	2211.59	1.84
11	Fresh grapes	188221.18	0.84	1899.95	1.58
12	Other fresh vegetables	735198.84	3.29	1848.78	1.54
13	Pulses	180193.85	0.8	1473.26	1.23
14	Other fresh fruits	320900.88	1.43	1442.85	1.2
15	Maize	705513.84	3.16	1228.46	1.02
16	Wheat	322790.13	1.44	624.37	0.52
17	Cocoa products	29582.58	0.13	1144.37	0.95
18	Other	1405912.59	6.3	9174.51	7.66
	Total	22293598.89	100	119751.66	100

Source: APEDA

**Graph 1:** Total agricultural Export and value 2017-18

Pulses

The production and consumption of pulses is important in maintaining the food security of the country since it occupy an important place in human diet. Pulses contain more protein than any other food grains and vegetables, indeed, cultivation of pulses helps in maintaining the soil fertility through nitrogen fixation. India is the world largest producer of pulses accounting for 27-28 per cent of global production (24.51 million tonnes) (3rd Advanced Estimate 2017-18). Despite of its production the yield of the pulse crops is much low and static for many years which forced India to import large quantity of pulses from rest of the world. Also, the contribution of pulses to the export value was 1.57 per cent in previous year which is low compared to all other agriculture commodities. The reason for its reduction might be cultivation of pulses in dry-lands during winter seasons, poor scientific adoptions by farmers and shift in cultivation other crops. Therefore, it is important to analyze, how the inflow and outflow of pulses from India has changed over period of the time since independence.

Fresh fruit and vegetables

India is the second largest producer of fruits and vegetables in the world, after China. According to National Horticulture Database published by National Horticulture Board, during 2015-16, India contributed to produce 169.1 million metric tonnes of vegetables and 90.2 million metric tonnes of fruits. The area under cultivation of fruits arise at 6.3 million hectares while vegetables were cultivated only at 10.1 million hectares and produced more than 12 per cent to the world fruit production. Mango, grapes and banana are the major export earning commodities. During 2017-18, India exported both fruits and vegetables worth Rs. 9,410.81 crores which constituted of fruits worth Rs. 4,229.03 crores and vegetables worth Rs. 5181.78 crores.

Vanitha *et al.*, (2014) ^[2] has reported that India has a cut throat leverage in export of vegetable crops like peas and onion compared to other vegetables being there exist a constant demand in global market for these crops. The export of India's onion was highly concentrated on neighboring countries which creates instability in demand now a days (Panwar *et al.* 2009) ^[3]. Among fruits, the largest exported

fruit of India was mango in the form of pulp, but its export shares have declined during the year 2018 due to its reduced quality. Grapes were another crop that exhibits promising export potential in recent years due to the establishment of testing facilities for pesticide residues, which has been a major hindrance for export markets (Suresh A and Mathur V C., 2016) [4].

The key factor for downward pulling of India's export potential in fresh fruits and vegetables is increased level of post-harvest losses due to insufficient cold storage facilities accounting for 25 per cent of total production (Sharma and Singh, 2011) [5]. Hence, infrastructure extension in the form of cold storage facilities, processing unit, packaging centers, machineries for sorting and grading has to be given prime importance in diminishing the post-harvest losses. Secondly development of the food processing industry needs to be increased to overcome this problem also it generates employment opportunities to thousands of people and there should be an awareness among farmers about the ill effects of pesticide residues that improves the export potential of horticultural crops.

Plantation crop

Plantation is a part of Horticultural sector that are highly export oriented commodities, contributing to increased foreign exchange earnings among them tea and coffee plays a vital role in export market. India is the second largest producer of tea contributing 19 and 24 per cent to global areas and production respectively. The major tea growing states in India are Assam and West Bengal in the North, Tamil Nadu and Kerala in the South. The world second most widely traded agricultural commodities is coffee which is farmed in 80 countries and exported by 50 countries in Central and South America, Asia and Africa. In India over 70 percent of the coffee produced is exported and remaining 30 percent is consumed within the country. The other plantation crops are consumed and used by domestic people itself having negligible export quantity (Kumareswaran T *et al.*, 2018) [6].

Spices

India is the universal largest producer, consumer and exporter of spices accounting for half of the global trade. The country itself produces 75 out of 109 varieties of spices listed by the International Organization for Standardization (ISO) thus known as the home of spices. More than 90 per cent of production is consumed for domestically within the country and the rest was exported as raw and value added products accounting 1.08 billion kgs, valued at US\$ 3.11 billion in the year 2017-18. The top ten exported spices and spice products in terms of value were Chilli, Mint products, Spice Oils & Oleoresins, Cumin, Turmeric, Pepper, Curry powders/paste, Cardamom seeds, other spices (Tamarind, Asafoetida, and Cassia) and Garlic (Govindasamy R., 2015) [7].

In recent years, India has been pushed down from the largest producer and has been hit by unremitting crop failures owing to the irregular and late monsoon rains, disease etc. The constraint for Indian suppliers was succeeded by Vietnam as the world largest producer, by supplying 30 per cent of the world's export. (Yogesh M S *et al.*, 2014) [8].

Oil seed

India has exported 504019.2 metric tonnes of groundnuts to the world for the worth of Rs. 3386.3 crores span of the year 2017-18. Another major oil seed crop is Soybeans (*Glycine max*) and The United States is the world leader in soybean

production, other major soybean producing nations are Brazil, Argentina and China. In India, Madhya Pradesh, Maharashtra, Rajasthan, Andhra Pradesh and Karnataka are the major producers of soybeans. Madhya Pradesh tops the list and the total soybean production in the state is 4.98 million metric tons which is about 53 per cent of the total production of India.

Table 2: Major oil seed exporting states from India 2017-2018

State	Qty (MT)	Per cent	Rs. Crore	Per cent
Gujarat	5682289.66	25.49	30009.32	25.06
Maharashtra	4046497.95	18.15	25692.44	21.45
Uttar Pradesh	1930810.56	8.66	18646.49	15.57
Andhra Pradesh	3160685.32	14.18	8867.01	7.40
Haryana	894481.05	4.01	8535.45	7.13
West Bengal	2783162.62	12.48	7556.77	6.31
Tamil Nadu	1399418.65	6.28	6983.02	5.83
Punjab	440933.64	1.98	3317.17	2.77
Delhi	102071.98	0.46	1828.45	1.53
Rajasthan	204172.74	0.92	1795.26	1.50
other	1649074.71	7.40	6520.27	5.44

Source: APEDA

Food processing

Food processing in India is in preliminary stage since it lacks facilities like food preservation, processing unit, packaging and transportation at larger level. Though it has ample scope for export potential only 2 per cent of total food produced is processed for further consumption. However, the sector has gained its importance with the emergence of new scientific approaches by introducing new products in market like ready to serve beverages, minimally processed food products, processed and frozen fruits & vegetables, technologies like controlled atmospheric storage, modified atmospheric storage, vacuum packing, freeze drying etc. and also creation of improved markets for processed marine and meat products (Majumdar Kakali, 2013) [9].

Currently government has started its intervention in establishment of infrastructures for storage and post-harvest management of different food items like cold storage facilities, food parks, packaging centers and value added centers. In India the processing sector includes dairy, fruits and vegetables, grains and cereals products, fisheries, meat and poultry, ready to consumer eat food items etc. Among these, Dairy products has extended its market share of about 37 per cent due consumption shift pattern from cereals to varied milk and its byproducts which shows rapid growth in the economy. Similar to dairy industry food processing industry is rapidly gaining its importance because of seasonal availability of food crops and does not require any industrial license for setting up of fruit & vegetable processing industry (Sunnya T. and Sheikhwaheeda, 2013) [10]. According to the eleventh five year plan, food processing industry represents more than half of the total food products in India.

Meat products

India ranks first in cattle population which aids an advantage of setting up of modern slaughter facilities and cold chains in meat processing sector. India did not enjoy any competitive advantage in meat export till 1999 but now meat has become an essential food all over the world because of its high protein content and gained its importance in domestic market itself. Being having a 50 per cent of buffalo population India has positive advantage of exporting buffalo meat in International markets and Indian poultry meat products have good market

in Japan, Malaysia, Indonesia and Singapore. Therefore, meat processing sector in India has wide scope for export potential in global market due to increasing demand of the consumers. At present the tough competitors in meat export for India is China and the United States.

Recent development

Ministry of Commerce & Industry is planning to introduce an "Agriculture Export Policy" which is aiming to double the export of agriculture and allied sector by incorporating Indian farmers and their agricultural products to the global value chain prospect. As of November 2018, the draft of the policy has been prepared for enforcement. Some other government policy enforcement has been taken during recent years. The government forbid on export of non-basmati rice, wheat, milk products like skimmed milk powder, whole milk powder and other related products has been lifted. Export of pulses permitted under advance authorization scheme and promoted the export of organic sugar and organic edible oils with quantitative restrictions 10,000 tons each has been permitted. This oilseeds, edible oils and rice have been exempted from the ambit of Stock Limits under Essential Commodities Act, 1955. Export of processed and value added agriculture products has been permit even in the event of restriction on the export of basic farm produce.

Conclusion

Though agriculture export had been capturing the pride place in the export basket of India it shows a consistent decline in primary products share from 17.9 per cent to 10 per cent and thus exhibiting the scope and flaws of export potential in agriculture very clearly. Therefore, the scope of export potential should be exploited in positive means and flaws should be mitigated as much as possible without any hinderance in the economy since Indian agriculture sector and world agriculture are in the focal point of uproarious changes brought about by a number of internal and external factors.

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