



E-ISSN: 2278-4136
P-ISSN: 2349-8234
JPP 2019; SP1: 393-396

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(Special Issue- 1)
2nd International Conference
“Food Security, Nutrition and Sustainable Agriculture -
Emerging Technologies”
(February 14-16, 2019)

Impact of processed agro products on export potential of India

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Abstract

The agriculture is the major business of the rural India. More than 60 percent of population is engaged in agriculture. The produce is used as raw material of various agro based Industries. The Agribusiness and agro based processing industry is the solution of our key challenges related to insufficient food and value added food products. This attracts the demand in another countries and domestic utilities of processed foods which enhance the standard of living. Export plays a big role within the economic development of a country by foreign trade which results in increase in national income. In late eighties, India became self-sufficient in food production. The large and diverse agro climatic region helps our country to grow almost all types of grain, vegetable and fruits. Agriculture has only around 12% share in national export out of which processed products have only 1.3% share. This small share is only because this industry is highly decentralized in India but having very wide capacities. The processing of agro food products is essential to overcome the problem of post-harvest losses, raise the share in export and doubling the income of farmers. Ultimately it envisaged that India ought to be the food hub for world and generating employment, income by foreign trade by increasing processing and value addition of food products.

Keywords: Value addition, export, agro processing industry, processed food

1. Introduction

The wide scope of geology, soil quality and climatic conditions that portrays India makes her farming favourable for delivering a great number of Agricultural products. The probability of preparing a portion of these products to esteem included things implies sizeable potential for the improvement of the rural segment in India. Despite the fact that India has a solid crude material base, it has not been able to tap the genuine potential of processing. The processing unit's dependent on grains, plant items, domesticated animal's items and fish have adequate potential. India being an agrarian economy, improvement of agro based ventures that make utilization of produces of Agriculture winds up basic for supported financial advancement. The development in agro based businesses has a major potential to trigger improvement through increasing the value of the products, creating employment and increasing farmers net income. This ultimately leads to motivate farmers to come with processed products in the market and also raise the productivity which definitely opens up the possibility for Agro based industrial development. When we talk about exports than definitely processed agro products have great potential in terms of value.

2. Material Methods

This paper based on secondary data and information has been collected from various journals, books, reports published by department of agriculture and co-operation of government of India, directorate of economics and statistics, statistical year book-2016.

3. Results and Discussion

A momentous component of any economy is that relies upon agribusiness and contributes national income to some degree for boosting the nation like India. Agriculture is an imperative economic segment and offers a lot of employment opportunities.

As indicated by the most recent India's evaluation more than 60 percent of the work force in the nation relies upon agribusiness. The development of the vast majority of the ventures relies upon farming. This is one of the major sources of supply as raw materials to industry. There are numerous enterprises which depend straightforwardly on Agriculture. Enterprises, for example, cotton, jute, material, sugar and so forth depend up on Agriculture straightforwardly. Huge numbers of our small and cottage industries, handloom, oil industry, rice plants also, sugar mills indirectly rely on Agriculture for their raw materials. Individuals occupied with agribusiness likewise purchase the results of enterprises like tractors, pesticides, manures, siphon set and so on.

India exports agricultural products like tea, coffee, sugar, tobacco, fruits, vegetables and spices having the major share in national export. The foreign exchange is valued by exporting the agricultural products which helps in the economic development of the country. In recent years the importance of agro processing industry is being recognized both for generation of income and employment.

4. Agro Export

In the economic development of the country, Export plays a very major role by increasing the foreign exchange leads to the increase in the national income. For the developing country like India, the foreign exchange plays a vital role for financing the on-going projects of country to generate the employment opportunities. This employment generation helps in raising standard of living of the people and helps in stabilizing the price level. In international markets there is a plenty of opportunities for Indian Agricultural exporters as the agricultural products are in demand. In terms of vast land resources, India is in better positions as compared to other courtiers. In eighties, India became self-sufficient in food production. But the Indian Agricultural export is still lacking the potential due to factors like low productivity, low quality of products compared to international standards, competition from other courtiers, rules and regulation of foreign trade. There is declining trend in share of agricultural produce in the total national export.

Table 1: Percentage of Agricultural Export

Financial Year	Total National Export	Total Agricultural Export	Percentage of Agricultural Export to Total Export
2000-01	201356.45	28657.37	14.23
2001-02	209017.97	29728.61	14.22
2002-03	255137.28	34653.94	13.58
2003-04	293366.75	37266.52	12.7
2004-05	375339.53	41602.65	11.08
2005-06	456417.86	49216.96	10.78
2006-07	571779.28	62411.42	10.92
2007-08	655863.52	79039.72	12.05
2008-09	840755.06	85951.67	10.22
2009-10	845533.64	89341.33	10.57
2010-11	1142921.92	117483.61	10.28
2011-12	1465959.39	187609.33	12.8
2012-13	1634318.25	224099.9	13.71
2013-14	1905011.84	259597.03	13.63
2014-15	1896445.47	239681.04	12.64
2015-16	1716378.05	215396.55	12.55
2016-17	1849428.76	226651.94	12.26

Source: Annual Report, Department of Commerce, Ministry of Commerce and Industry

It is observed that there is a declining trend in the percentage share of contribution of products to total national export. In the year 2000-01, the share of agro export is 14.23 per cent which continuously goes on decreasing till 2010-11, which is having share equal to 10.28 per cent. There is slightly increase up to 2012-13 having share equal to 13.71 per cent. From last

three years the share is again in declining trend having value 12.26 per cent. This declining trend after globalisation is due to several factors like lack of marketable surplus. Unfavourable conditions of export mainly the quality of produce, regulations and policies of international trade.

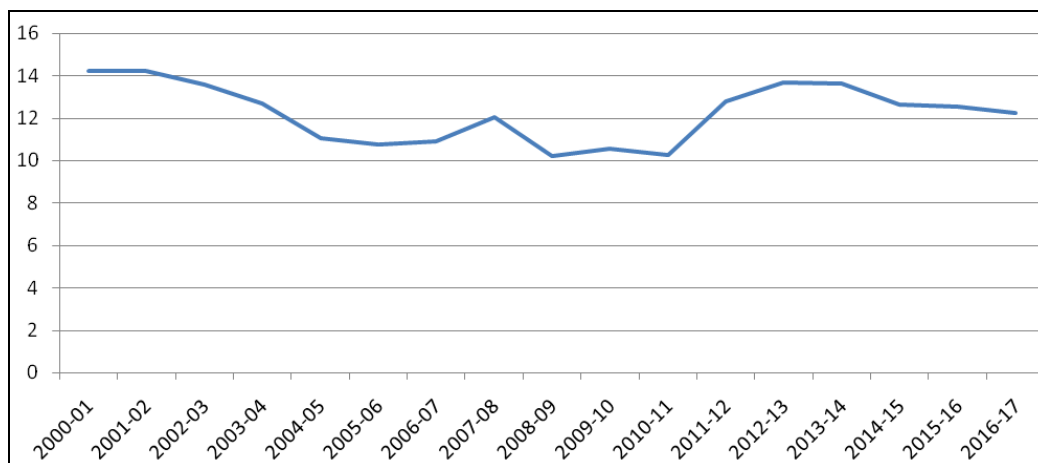


Fig 1: Percentage of Agricultural Export to total Export

5. Processed agro products export

Agro processing sector is one of the major sectors of India in terms of production, consumption and export. This sector includes cereal products, milk and milk products, fruits, vegetables, meat and fisheries, alcoholic beverages and many other products having agriculture produce is one of the major raw material. India has very diverse climatic conditions results in the production of each and every type of crops. This leads Indian processing industry to make each kind of products with having immense potential of export. Secondly, India has geographical advantage of connectivity with major European countries, the Middle East, Japan and South-eastern Asian countries.

India is second largest producer of fresh vegetables after

China that accounts for 15percent of world's vegetable production. The diverse agro climate of India helps in growing almost each and every type of vegetable. But the fruits and vegetable processing industry is highly decentralized. India is also a major producer of dried potatoes, green paper, preserved onions, grams etc.

India should work to be the major value added food producer and supplier of the world by 2015 (Vision 2015 of Ministry of food processing Industry), so that country can generate income, employment and foreign exchange in a big way. Accordingly, it is necessary to increase the level of processing, value addition and share in global food trade and reduce wastages/value loss and make Indian processed food as one of the best quality products.

Table 2: Total national export Percentage

Financial Year	Total National Export	Export of Processed Agro products	Percentage
2001-02	209017.97	2798.91	1.34
2002-03	255137.28	2832.88	1.12
2003-04	293366.75	3372.33	1.15
2004-05	375339.53	3651.25	0.98
2005-06	456417.86	5475.96	1.19
2006-07	571779.28	6095.63	1.06
2007-08	655863.52	6765.63	1.04
2008-09	840755.06	8949.56	1.06
2009-10	845533.64	8662.93	1.02
2010-11	1142921.92	12264.92	1.07
2011-12	1465959.39	32174.79	2.19
2012-13	1634318.25	38150.84	2.33
2013-14	1905011.84	31611.48	1.66
2014-15	1897786.04	31649.99	1.67
2015-16	1716378.05	29389.3	1.71
2016-17	1849428.76	31637.9	1.71

Source: Annual Report, Department of Commerce, Ministry of Commerce and Industry

It is observed that there is an increasing trend in the share of processed agricultural produce in export. From the year 2000-01 to 2010-11 it has fluctuating and having the value near to 1.3 per cent, but in the year 2011-12 and 2012-13 the share of processed and value added product comes to 2.19 per cent and 2.33 per cent respectively. Than the share came down to 1.66 per cent in the very next year. After 2013 it has increasing trend. In the year 2016-17 the share is 1.71 per cent which is around 14 per cent of total agriculture export.

From the above tables this is clearly understood that there is

an increasing trend in the export of processed and value added agro products although there is decreasing trend in the export of raw agricultural produce. It ultimately means that there is immense potential in exporting processed and value added products. This small share of processed agro products having good value because of high demand in the international market and fetching good foreign exchange. This means that in future this sector has immense potential in terms of foreign trade, employment and raising national income.

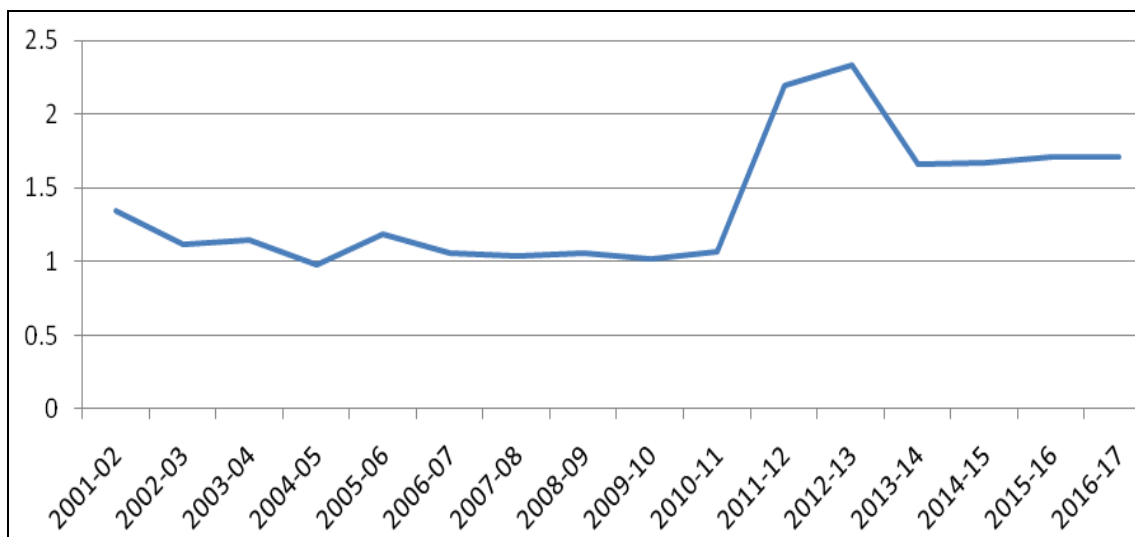


Fig 2: Export of Processed agro-products

6. Conclusion

Agro processing sector is one of the major sectors of India having a great potential for developing the Indian economy. The agro processing Industry is in emerging trend having potentiality to change the traditional agriculture to modern agriculture, large scale processing, and value chain of the processed food items and generate employment and raising foreign exchange by export. The processing of agro products leads to the international and national level markets from local market. This ultimately makes agriculturist to earn more by value adding and by exporting the products. The trend of processed agri produce is also increasing due to several factors like implementations of technologies, use of improved inputs and improvement in the rules of foreign trade etc. But there is only one limitation that cost of implementing the advanced technology is not at all absorbs by small business man or farmer. There is increasing trend of export of processed agro products thus this leads to the overall economic development of the country.

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