

Anaysis of India's Major Principal Agriculture Product Exports

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Abstract: This paper attempts to analyze the export performance of major principal agriculture product exports from India. The study assesses the export competitiveness of major agriculture products from 2016-17 to 2018-19 by revealing the top most agriculture product export of India despite being having a major contribution in service sector with regard to GDP. The study basically focuses on floriculture, fresh fruits and vegetables, processed fruits and vegetables, animal products, other processed foods and other cereals. The time-series data has been collected from DGCIS. The study showed that it is the cereals export which is showing a rising trend. Later, growth on the basis of previous year i.e. 2018 has been reviewed and share of each product export in the year 2019 has been related with the growth prospects.

Keywords: Export Performance, Growth, Agriculture, Share, Principal

1. INTRODUCTION

International trade has a major role to play after the upcoming establishment of World Trade Organization (WTO) and following a new economic global environment. Major economic reforms in the 1990s have a tremendous effect on

India's trade in agriculture and its relations on the international level. As it is known, India revealed its comparative advantage in agriculture before the ratification of Agreement on Agriculture (AOA) and held a significant place in trade with world by exporting major agriculture commodities. Today also despite being India a developing economy and progressing towards having a major contribution of GDP in service sector, still it is called a renowned supplier of major principal agriculture commodities such as tea, coffee, fresh fruits and vegetables, animal products etc.

2. CONCEPTUAL FRAMEWORK

It is the manufacturing and service sector which have contributed significantly to the growth of Indian economy whereas the contribution of agriculture sector to GDP has declined from 50 percent in 1950 to 15.4% in 2015-16. India's trade policy is affected by factors such as domestic availability of commodities, cost of production as well as global price levels. However, frequent changes in trade policy, such as reducing the import duty on a commodity in response to a shortage in supply, or decreasing minimum export price of a commodity to facilitate its exports, may have an adverse effect on the development of the agro-processing sector.

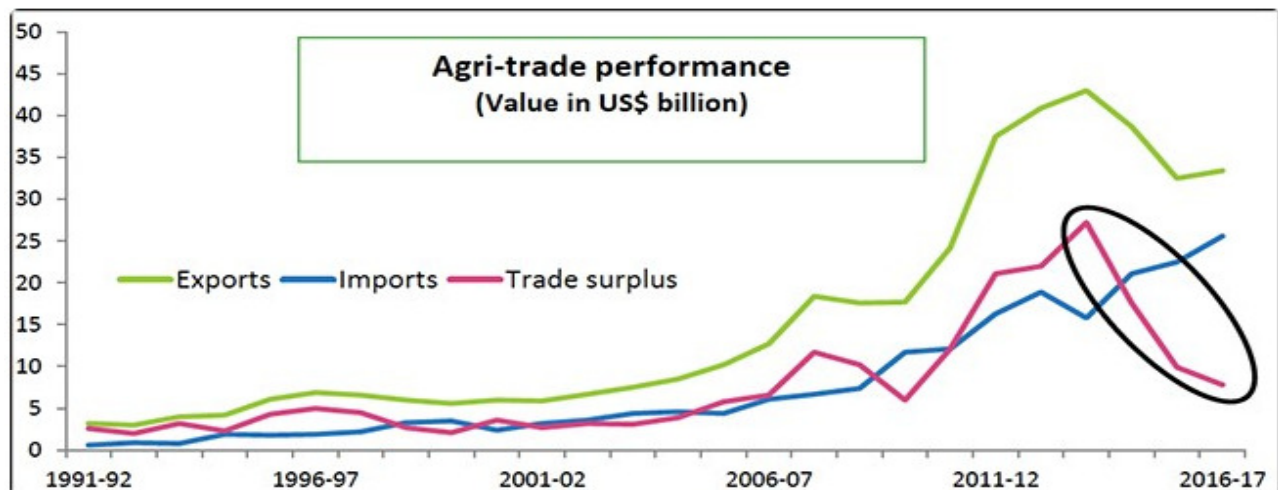


Fig. 1.1: Agri-Trade Performance (Source: CMIE Economic Outlook)

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In the last three decades, Indian agriculture exports fell by 22 percent while imports raised by 62 percent thereby resulting in a total fall in trade surplus of 70 percent. This has been shown in figure 1.1

Though India is the largest producer of agriculture commodities and exporting expected in value as other countries, still there been a major fall in exports. Thus, certain agriculture commodities should be analyzed which are exported from India. India's Export Policy is initiating measures on certain export restrictions as export duty, bans and quota restrictions.

3. OBJECTIVES OF THE STUDY

The major objectives are underlined below:

- To study the performance of principal agriculture products exported from India.
- To analyze their trends in terms of quantity and value.
- To review the growth rate and share of principal agriculture products exported from India.

4. LITERATURE REVIEW

Nageshwara et al (2009) stated that India is amongst top ten producers in the world for rice, buffalo milk, wheat, cow milk, fresh vegetables, sugar cane, potatoes, groundnut, pepper mint and buffalo meat. The technological developments, macro-economic reforms and Uruguay Round Agreement have brought major contributions in agricultural trade. The progress of agriculture is marked by lot of changes in the net trading position of India.

Kumar and Dadhich (2013) examined the growth and performance of India's Agriculture Export from 1991-2010. It has been seen though agriculture exports of Indian had shown good performance but the contribution in the total export has declined. Moreover, India was not doing well in the world market in terms of exports as expected. Indian government should focus on not only maintaining growth but also increasing the share.

Jagdambe (2016) reviewed the trade intensity and Revealed Comparative Advantage of agriculture sector with respect to trade in ASEAN for the period 2001-2013. It has been found that trade intensity and comparative advantage has increased in terms of export of agriculture exports. However, certain products were not up to the mark such as meat, vegetables, fruits, rice and other cereal products. Hence, Indian exporters should focus on these markets.

Suresh and Mathur (2016) analyzed the trends in export of agriculture commodities. Growth rates, instability indices and comparative advantage were estimated. Revealed Comparative advantage has shown improvement in case of cotton, maize and certain fruits whereas declining for others like spices, rice and wheat.

Parmasivan and Pasupathi (2017) studied the growth and performance of Indian agro based exports which comprise of Basmati rice, Non-basmati rice, Oil meals, Cotton Spices etc. Agro based industries are very essential which helped in building social development. Export of agricultural products from India have vast potential and demand in international market. Therefore it is concluded that Indian agriculture export will be more prevalent in future particularly rice and spices.

It has been concluded from the above studies that these studies have more focused on comparative advantage, growth and performance of Indian Agriculture Product exports but they rarely emphasized on the need to have relation of both growth and share of major principal agriculture products exported from India. Therefore, this paper deals with analyzing the performance through trends and then reviewing the top most product in terms of both share and growth.

5. DATA AND METHODOLOGY

The present study is basically concerned with the major agriculture commodities exported from India. The study has been carried out on the basis of time-series secondary data. The data on export value and quantity have been obtained from Directorate General of Commercial Intelligence and Statistics, Ministry of Commerce, Government of India. The major agriculture export commodities have been taken into consideration during the period 2016-17 to 2018-19. Trend model has been used for analysing the performance of major principal agriculture commodities export in terms of quantity and value.

6. ANALYSIS AND FINDINGS

Agriculture and Processed Food Products Export Development Authority (APEDA) has identified major principal agriculture products exported from India. These are floriculture, fresh fruits and vegetables, processed fruits and vegetables, animal products, other processed foods and other cereals.

A proper analysis has been done order to examine the performance of major principal agriculture products exported from India in terms of Quantity (Metric Tons) and Value (Lacs). These products are considered variables which are observed annually from 2016-17 to 2018-19. The data of these products export has been categorized in terms of quantity and value shown in table 1.1 and 1.2 respectively.

TABLE 1.1: PRINCIPAL AGRICULTURE PRODUCTS EXPORT OF INDIA: QUANTITY (MT)

Products	Floriculture	Fresh Fruits & Vegetables	Processed Fruits and Vegetables	Animal Products	Other Processed Foods	Cereals
YEAR	QTY (MT)	QTY (MT)	QTY (MT)	QTY (MT)	QTY (MT)	QTY (MT)
2016-17	33994.65	4430728	864427.1	1444165	2000438	11813984
2017-18	35188.31	2953250	962406	1487852	1888630	13734872
2018-19	34962.47	3652055	1104684	1451882	1913143	13353737

Source: DG&CIS, Ministry of Commerce

TABLE 1.2: PRINCIPAL AGRICULTURE PRODUCTS EXPORT OF INDIA: VALUE (LACS)

Products	Floriculture	Fresh Fruits & Vegetables	Processed Fruits and Vegetables	Animal Products	Other Processed Foods	Cereals
YEAR	VALUE (LACS)	VALUE (LACS)	VALUE (LACS)	VALUE (LACS)	VALUE (LACS)	VALUE (LACS)
2016-17	107253.5	1068561	696062.8	2944027	1913538	4059527
2017-18	117251.1	974380.1	745553.9	2971239	1893863	5179639
2018-19	143650.3	1061578	832652.7	3053012	2096092	5643291

Source: DG&CIS, Ministry of Commerce

Major trends have been witnessed in terms of both quantity and value.

TRENDS:

I. IN TERMS OF QUANTITY (METRIC TONS)

The figure 1.2 shows that is the only product i.e. cereals which is showing a rising trend which implies that India is not only a

producer but also a largest exporter of cereal products in the world. Its major export destinations in the year 2018-19 include Iran, Saudi Arabia, UAE, Nepal and Iraq. Being the major demand of global market towards India's cereal products like Rice, Wheat and other cereals, the quantity of cereals is capable of maintaining a great environment. While other products are showing a fluctuating trend, it is the floriculture which is showing minimum quantity of products (fruits, vegetables seeds) and floriculture exported from India.

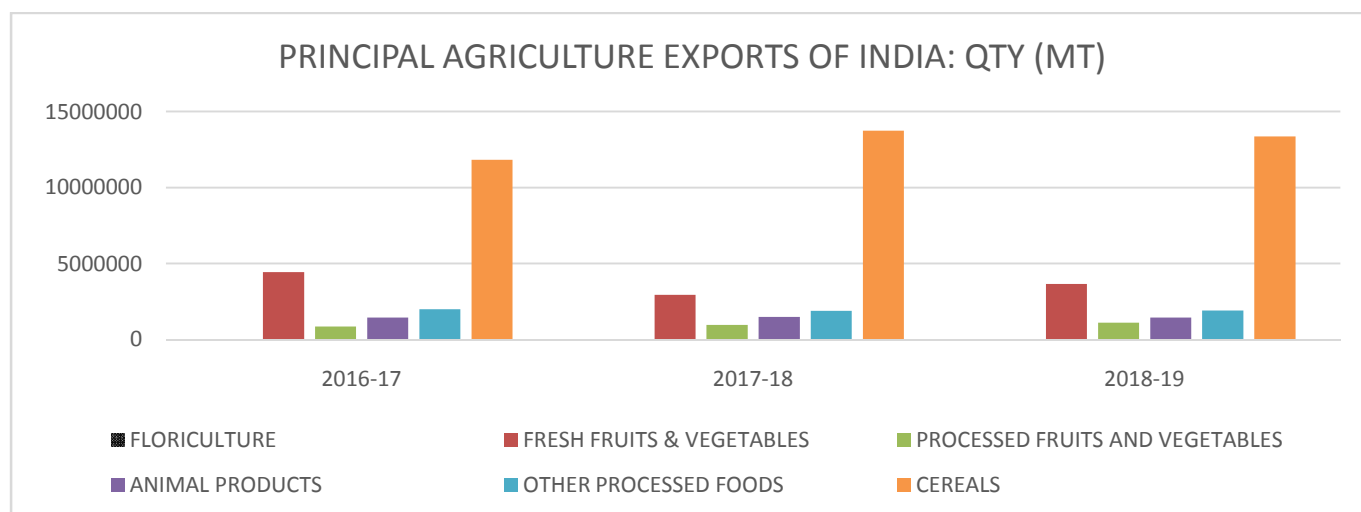


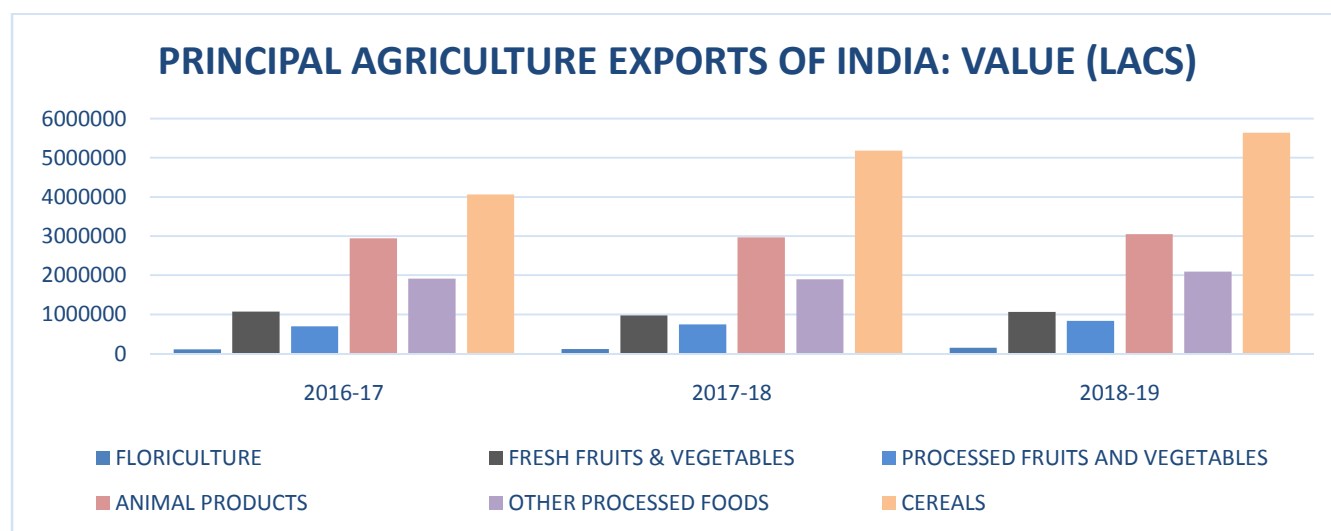
Figure 1.2

II. IN TERMS OF VALUE (LACS)

Figure 1.3 shows that it is the cereals export only which is showing a rising trend at maximum value of Rs. 5643291 Lacs in the year 2018-19. It has also been witnessed that animal products export also exhibiting a rising trend. This implies a

significant contribution of export of animal products to the Indian Agriculture Sector. The export of Animal Products includes Buffalo meat, Sheep/ Goat meat, Poultry products, Animal Casings, Milk and Milk products and Honey etc. Floriculture is not performing well in terms of value also but showing a rising trend.

Figure 1.3



RELATION BETWEEN GROWTH AND SHARE OF EACH COMMODITY EXPORT

On the basis of above trends, it has been witnessed that cereals export (in terms of quantity and value) are performing well. It is expected that there should be a positive relation between growth and share of commodity exports. This is shown in table 1.3 where percentage growth on the basis of previous year i.e. 2017-18 and share of each product export of year 2018 has been reviewed. Though the trend was increasing in case of

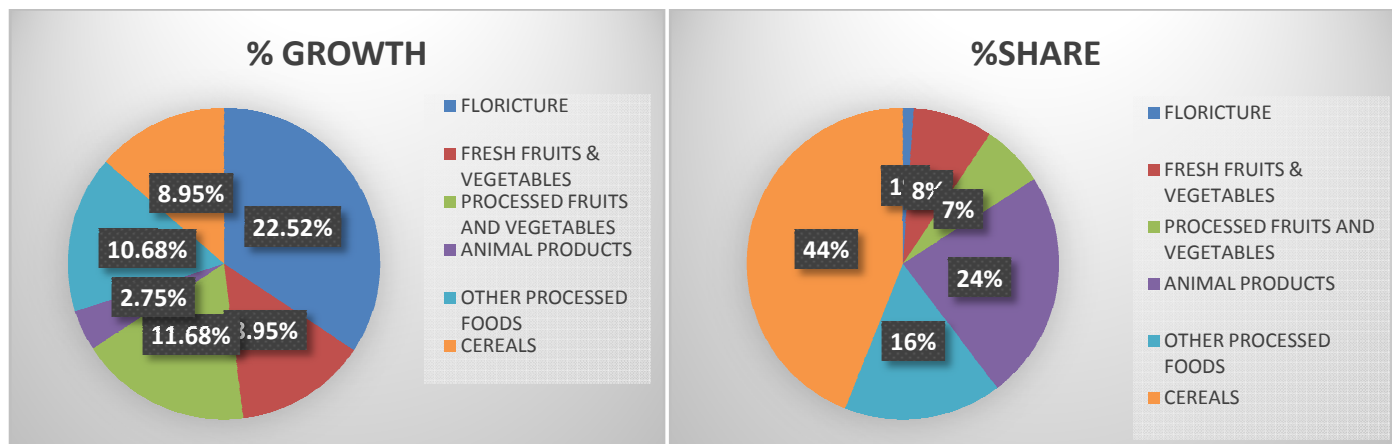
cereals but the relation between growth and share of cereals is not satisfactory.

It is concluded that the performance of cereals export is not desirable as growth is not accompanied with the share. The share of cereal export is the highest but cereal export is lacking in its growth. It is the floriculture which is maintaining a highest growth rate of 22.52 percent despite lacking in the share. This can also be shown in the pie-charts below:

TABLE 1.3

Product	% Growth (on the Basis of Previous Year)	%Share (2018)
Floriculture	22.52%	1.12
Fresh fruits & vegetables	8.95%	8.27
Processed fruits and vegetables	11.68%	6.49
Animal products	2.75%	23.8
Other processed foods	10.68%	16.34
Cereals	8.95%	43.98

Source: DG&CIS



7. CONCLUSION

This paper assesses the performance of major principal agriculture product exports in the context of India. Trends have been witnessed regarding the export competitiveness in which cereals export showed a rising trend in terms of both quantity and value. Moreover, performance is then analyzed through the relationship between growth and share. It is cereals which have greatly contributed in the total agricultural export but its growth rate is less as compared to other principal products exported from India. Therefore, India’s export policy should focus on maintaining a desirable growth in the export which should be accompanied by positive increase in share. A proper technique to empirically examine the relation between growth and share is Rank-Correlation which can be done in further research.

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