



Agriculture Exports and Imports in India

Dr. N. MUTHU

Assistant Professor of Economics, Devanga Arts College,
Aruppukottai, Tamilnadu-626 101

Abstract

This study has attempted to examine the exports and imports of agriculture commodities in India during 2016-17 and 2019-20. This study also attempts to present the Foreign Direct Investment inflows in the agriculture sector in India for the period from 2012-13 to 2019-20. The total exports value of Agriculture and its allied activities in 2016-17 has been Rs. 2, 26,651.9 Crores. The value of exports of agriculture and allied sectors rose to Rs. 2, 52, 976.1 crores in 2019-20 by increasing 11.6 Percent as compared to 2016-17. The agriculture and allied imports in 2016-17 have been Rs. 164680.6 Crores. The value of imports of agriculture and allied sectors decreased to Rs. 147445.8 Crores in 2019-20 by falling 10.47 Percent compared to 2016-17. The FDI inflow in the agriculture sector in India is Rs. 1392 Crores in 2012-13, and it had marginally decreased to Rs. 1040 Crores in 2019-20.

Keywords: Agriculture Trade, Exports, Imports, and FDI in agriculture

Introduction

India is agriculture based economy and contributes to the global food basket, thanks to the favourable agro-climatic conditions and the rich base of natural resources. As per WTO's Trade Statistics, the share of India's agricultural exports and imports in the world agriculture trade in 2017 was 2.27% and 1.90%, respectively. India is among the world's leading producers of many commodities such as dairy, cereals, spices, fruits & vegetables, rice, wheat, cotton, etc. Apart from fulfilling domestic demand, Indian agricultural produce are exported to more than 100 countries. The agricultural exports as a percentage of its GDP increased from 9.4 % in 2017-18 to 9.9 % in 2018-19. But the agriculture imports as a percentage of its GDP have declined from 5.7 % to 4.9 %.

India's agriculture exports increased from Rs. 38,078 Crores in 2004-05 to Rs. 2.75 lakh Crores in 2018-19, registering an increase of nearly seven times in 15 years. Likewise, the import of agricultural products also increased over the years. In 2004-05, the agriculture imports were worth Rs. 18, 924 Crores which went up to Rs. 1.65 lakh Crores in 2016-17, recording a growth of almost eight times. Agricultural exports are pivotal for helping farmers increase their incomes. Apart from being a source of foreign exchange for the country, the exports help farmers, producers, and exporters to utilize the international market and increase their income. Exports have also resulted in increased production in the agriculture sector by increasing area coverage and productivity. Though India aims to double farm exports by 2022, there are some underlying issues, addressing which would help boost India's exports.

India's export demand is influenced by real income of an importing country; the focus of the policymakers should have been to strategize the distribution of resources and emphasize the restructuring of the overall production process to improve the quality of goods produced. According to the Economic Survey of India 2016-17, the high trade cost of India is one of the factors for reduced overall trade of the country. Policymakers can focus on reducing the trade cost of the country by providing infrastructures to the agriculture sector. Present high export protections and restrictions are negatively affecting the farm income of the country. Thus, there is a need to simplify the export restrictions of the country that will increase the farm income. The imported goods should be categorized, and the imports of those goods and technologies should be encouraged that could not only add to the processing and technology of the existing production process but will also positively affect the employment condition of the country. There is a need to emphasize the research and development division in this sector with the focus on technology up-gradation and value addition. Thus, research and development will attract foreign investment in the agriculture sector and will even expose domestic producers to the new farming techniques and domestic exporters to the new exports destinations, which will again increase agricultural exports of the country. (Sumedha Bhatnagar, Chitra Choudhary, and Swapnil Bhardwaj, 2019)

Sheeba.J and Reena.R, in their study on Export and Import performance of agriculture in India, have attempted to analyze the agricultural export and import in India between 2008-09 and 2017-18. They have concluded that the Indian agriculture export had been occupying the place of pride in the exports. Even though there is an increase in the quantum of agricultural exports, there is a consistent decline in the agricultural growth in total exports from 20.05 percentages to 10.53 percentages during the study period. They have come to the findings that the Indian agriculture exports have increased while compares to imports. The Indian government needs to take some steps to raise its agricultural export by helping the exporters.

Methodology

This study, attempts to examine the exports and imports of the top ten agriculture commodities in India between 2016-17 and 2019-20. This study also attempts to present the Foreign Direct Investment inflows in the agriculture sector in India for the period from 2012-13 to 2019-20. For these purposes, time series secondary data required for the study was collected from the official website of the Ministry of Agriculture and Farmers' Welfare, Department of Commerce, and the Department for promotion of Industry and International Trade, Government of India. A simple percentage analysis has been used in this study to analyze the data.

Exports of agricultural commodities

Export of agricultural commodities has helped producers to take advantage of the international market, which has incentivized their domestic production. Crops exported in large quantities viz. rice, sugar, and spices have witnessed a significant increase in area coverage and growth rate of production. India has emerged as the agriculture exporter in crops like rice, spices, cotton, oil meal cake, castor oil, coffee, cashew, tea, fresh vegetable, and sugar. As per available WTO's Trade Statistics (2018), the share of India's agricultural exports and imports in the world agriculture trade was 2.15% and 1.54%, respectively. The share of agriculture exports as a percentage of agriculture GDP has decreased from 9.9 % in 2018-19 to 8.3 % in

2019-20. During the same period, the share of imports as a percentage of agriculture GDP has decreased from 4.9 % to 4.8 %. The share of exports in India's merchandise exports has increased from 10.9% in 2019-20 to 14.4% in April-Nov, 2020-21. (Department of Agriculture, Cooperation, and Farmers' Welfare)

Table 1: India's Exports of Top-10 Agricultural Commodities
(Value in Rs. Crores, Quantity in '000' Tonnes)

Commodity	2016-17		2017-18		2018-19		2019-20	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Rice-Basmati	3985.2	21512.9	4056.9	26870.7	4414.6	32804.3	4454.8	31026.3
Rice-Other than Basmati	6770.8	16929.9	8818.5	23437.2	7648.0	21171.2	5056.3	14400.3
Spices	1014.5	19111.3	1096.3	20084.9	1133.9	23217.8	1193.4	25642.0
Buffalo meat	1323.6	26161.4	1350.3	26035.2	1233.4	25091.4	1152.3	22661.1
Sugar	2544.0	8659.5	1757.9	5225.6	3989.7	9523.1	5798.5	13981.6
Cotton raw	996.1	10907.3	1101.5	12200.1	1143.1	14627.6	657.8	7539.5
Oil Meals	2632.3	5410.1	3570.8	7043.2	4493.3	10557.5	2655.8	5861.4
Castor oil	599.2	4521.5	697.1	6730.0	619.4	6170.1	593.9	6323.8
Vegetables	3404.1	5790.7	2448.0	5297.7	3192.5	5679.1	1930.5	4617.3
Misc Processed Items	NA	3053.8	NA	3549	NA	4613.4	NA	4586.8
Total Agri. & Allied Exports		226651.9		251564.0		274571.3		252976.1

Source: Department of Commerce, Ministry of Commerce and Industry, Government of India

The total exports value of Agriculture and its allied activities in 2016-17 has been Rs.2, 26,651.9Crores. The value of exports of agriculture and its allied activities rose to Rs. 2, 52, 976.1crores in 2019-20 by increasing 11.6 Percent compared to 2016-17. The increase in agriculture and allied exports during 2019-20 is primarily on account of increased exports of commodities like Sugar (61.45%), Misc processed items (50.20%), Basmati rice (44.22), Castor oil (39.86%), and Spices (34.17%) which witnessed high growth in 2019-20 as compared to 2016-17. Destinations of exports for India's agriculture and allied commodities are the United States of America, Vietnam, the United Arab Emirates, Bangladesh, Saudi Arabia, Iran, China, Malaysia, Indonesia, Nepal, the Netherlands, Japan, Pakistan, Thailand, and the United Kingdom

Imports of agricultural commodities

The agriculture and its allied imports in 2016-17 have been Rs.164680.6Crores. The value of imports of agriculture and its allied sectors decreased to Rs.147445.8Crores in 2019-20 by falling 10.47Percentcompared to 2016-17. The decrease in the value of agriculture and allied imports during 2019-20 is primarily on account of lower imports of commodities like Pulses (-64.17%), Sugar (-63.99%), and Vegetable oils (-6.15%), which witnessed a fall in 2019-20 as compared to 2016-17. Sources of imports of India's agriculture and allied commodities are Indonesia, Ukraine, the United States of America, Argentina, Malaysia, Brazil, Singapore, Afghanistan, China, Thailand, Vietnam, the United Arab Emirates, Cote d'Ivoire, and Australia.

Table 2: India's Imports of Top-10 Agricultural Commodities

(Value in Rs. Crores, Quantity in '000' Tonnes)

Commodity	2016-17		2017-18		2018-19		2019-20	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Vegetable oils	14009.9	73047.7	15361.0	74995.9	15019.3	69023.8	14722.1	68558.2
Fresh Fruits	1040.2	11241.0	994.7	12524.6	1124.2	13931.7	993.7	14137.1
Pulses	6609.0	28523.9	5607.5	18748.6	2527.9	8035.3	2898.1	10221.4
Cashew	774.3	9027.1	654.0	9134.3	839.6	11162.3	941.4	9026.3
Spices	240.4	5757.8	222.3	6385.3	240.6	7932.7	320.9	10186.9
Sugar	2146.2	6868.6	2403.0	6035.8	1490.6	3175.4	1117.7	2473.2
Alcoholic Beverages	NA	3581.1	NA	3876.1	NA	4678.7	NA	4643.5
Cotton raw	498.7	6337.4	469.1	6306.8	299.3	4383.4	744.3	9371.2
Other oil seeds	117.2	394.8	127.4	364.6	220.5	745.4	410.9	1527.8
Misc processed Items	NA	2116.2	NA	2249.7	NA	2560.2	NA	2635.9
Total Agri.& Allied Imports		164680.6		152061.2		137019.4		147445.8

Source: Department of Commerce, Ministry of Commerce and Industry, Government of India

Foreign Direct Investment (FDI) in the Agriculture

As per extant FDI Policy, 100% FDI is allowed in the sectors viz., a) floriculture, horticulture, cultivation of vegetables & mushrooms under controlled conditions, b) development and production of seeds and planting material, c) animal husbandry (including breeding of dogs), pisciculture, aquaculture, apiculture, and d) Services related to agro and allied sectors. Further, 100% FDI are permitted in the tea sector, including tea plantations, coffee plantations, rubber plantations, cardamom plantations, palm oil plantations, and olive oil tree plantations through the automatic route. FDI in multi-brand retail are permitted upto 51% through the government route in the agricultural sector with some conditions. The details of FDI inflows in the agriculture sector (Agriculture Service and Agriculture Machinery) in India are shown in Table-3. The FDI inflow in the agriculture sector in India is Rs.1392 Crores in 2012-13, and it had marginally decreased to Rs.1040 Crores in 2019-20.

Table 3: FDI Inflows in the Agriculture Sector in India

Year	Amount of FDI Inflows	
	In Rupees (Crores)	In US Dollars (Million)
2012-13	1392.00	257.00
2013-14	845.00	140.00
2014-15	796.00	130.00
2015-16	673.00	103.00
2016-17	618.00	92.00
2017-18	821.30	127.40
2018-19	664.70	93.90
2019-20	1040.64	148.05

Source: Department for Promotion of Industry and Internal Trade, Government of India

Conclusions

The total exports value of Agriculture and its allied activities in 2016-17 has been Rs.2, 26,651.9 Crores. The value of exports of agriculture and allied sectors rose to Rs. 2, 52, 976.1 Crores in 2019-20 by increasing 11.6 Percent compared to 2016-17. The increase in agriculture and allied exports during 2019-20 is primarily on account of increased exports of commodities like Sugar (61.45%), Misc processed items (50.20%), Basmati rice (44.22), Castor oil (39.86%), and Spices (34.17%) which witnessed high growth in 2019-20 compared to 2016-17. The agriculture and allied imports in 2016-17 have been Rs.164680.6 Crores. The value of imports of agriculture and allied sectors decreased to Rs.147445.8 Crores in 2019-20 by falling 10.47 Percent compared to 2016-17. The decrease in the value of agriculture and allied imports during 2019-20 is primarily on account of lower imports of commodities like Pulses (-64.17%), Sugar (-63.99%), and Vegetable oils (-6.15%), which witnessed a fall in 2019-20 as compared to 2016-17. The FDI inflow in the agriculture sector in India is Rs.1392 Crores in 2012-13, and it had decreased to Rs.1040 Crores in 2019-20.

There is an increasing need for the Government of India to establish a stable and predictable agriculture export policy, which aims at reinvigorating the entire value chain from export-oriented farm production and processing to transportation, infrastructure, and market access. The agriculture export policy is to be dovetailed with the existing framework for agriculture and surplus agricultural produce. There is a symbiotic relationship between a framework for sustainable agriculture on the one hand and a viable Agriculture export policy on the other. There is a need to craft a policy that will deliver incomes into the pocket of farmers through crucial export opportunities. The agriculture export policy was framed with a focus on agricultural export-oriented production, export promotion, better farmer realization, and synchronization within policies and programs of the Government of India. It is required to have a "Farmers' Centric Approach" for improved income through value addition at a source itself, which will help minimize losses across the value chain. India needs to have farmer-oriented strategy to achieve the twin objective of food security and being a prominent agriculture exporter of the world. The policy also gives a big push to food processing/manufacturing to have higher growth in food production which will increase India's share of value-added processed products in its Agriculture export basket at the global level.

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