Research Paper

EPRA International Journal of Economic and Business Review-Peer Reviewed Journal
Volume - 12, Issue - 6, June 2024 | e-ISSN: 2347 - 9671| p- ISSN: 2349 – 0187

SJIF Impact Factor (2024): 8.808 || ISI Value: 1.433 || Journal DOI URL: https://doi.org/10.36713/epra2012

TREND AND GROWTH OF INDIA'S AGRICULTURAL EXPORTS IN THE POST-REFORM PERIOD

Gajraj Singh Chaoudhari
Assistant Professor, Government College, Rupwas, Bharatpur-321404, India

ABSTRACT DOI No: 10.36713/epra17509 Article DOI: https://doi.org/10.36713/epra17509

The study is focused on evaluating the growth and trend of India's agricultural exports after the implementation of economic reforms. The changes in the composition and volume of agricultural exports and imports in the post-reform period, especially after the economic reforms of 1991, demonstrate significant shifts in India's agricultural trade. The liberalization measures adopted during this period, with the aim of integrating the Indian economy into the global market, have deeply influenced the agricultural sector. The post-reform period has seen substantial growth and diversification in India's agricultural trade, influenced by liberalized trade policies, global market dynamics, and technological advancements. While opportunities for expansion remain, addressing challenges such as climate change, market access, and sustainability will be crucial for future growth. The results indicate that India's agricultural exports have experienced remarkable growth from 1990–1991 to 2020–2021. India's agricultural exports grew from $3.35 billion in 1990-91 to $35.93 billion in 2019-20, marking a nearly 12-fold increase over 30 years. The country is currently facing significant challenges such as low productivity and high logistics costs, limited value addition, challenges in export promotion and branding, non-tariff barriers, and quality issues.

INTRODUCTION

The structural adjustments made to the Indian economy in the 1990s, coupled with the signing of the Agreement on Agriculture (AoA) with the World Trade Organization (WTO), have had a profound impact on India's agricultural trade at both domestic and global levels. A wide array of Indian agricultural commodities, including but not limited to rice, tea, coffee, spices, fresh produce, meat, and seafood, have successfully established a strong foothold in the global market. With approximately 65% of India's workforce engaged in agriculture, this sector contributes about 20.2% to the country's Gross Domestic Product (GDP) and 14.1% to its agricultural product exports as of 2020-21, as reported by the Press Information Bureau in 2023. The significance of the agricultural sector cannot be overstated, given its substantial contribution to the Indian economy. India's agricultural products enjoy robust demand in the international market, presenting lucrative opportunities for growth and expansion. It is imperative to boost agricultural exports to enhance the financial well-being of farmers and foster the development of value-added agricultural exports. According to the WTO's Trade Statistical Review in 2022, India accounted for 2.4% of global agricultural commerce in 2021, with agricultural imports constituting 1.7% of the same.

Additionally, India ranks among the top 10 global agricultural exporters, with agricultural exports representing 11.90% of the country's overall merchandise exports in 2021-22. Consequently, India exports its diverse agricultural commodities to a wide range of countries, including but not limited to Bangladesh, the United States, China, Vietnam, the United Arab Emirates, Indonesia, Saudi Arabia, Malaysia, Nepal, Egypt, Sri Lanka, the Netherlands, Iran, Iraq, the United Kingdom, Japan, and Thailand. To capitalize on the expanding international market for value-added products, India must expedite its export of agricultural goods. The evolving market landscape and its associated demands present a myriad

of business opportunities, particularly in the realm of product diversification to meet the escalating consumer preferences for health, nutrition, and convenience-oriented meals, as well as to achieve enhanced productivity gains for food processors.

LITERATURE REVIEW

Chand and Tiwari(1991) studied the growth and instability of India's agricultural commodity trade, finding that exports were generally more stable than imports. The agricultural sector trade showed a deficit in some years but mostly a surplus. In 1993, Sachdev S. analyzed India's agricultural product trade advantage, revealing poor performance due to low yield, waste, and resource inefficiency. Thomas and Sheikh (1993) conducted a study on the growth and competitiveness of cereals and cereal exports from India, focusing on data from 1991 to 2009. The study revealed that market share effect primarily influenced the growth in cereal and cereal preparation exports. Four weak performance periods were identified, suggesting a lack of competitiveness in Indian cereal exports. Jerome and Ramanathan (1993) studied the growth and volatility of the global pepper market with a focus on Indian pepper exports from 1975 to 1990. The research revealed significant upswings and declines in India's pepper export performance, emphasizing shifting dynamics. Acharya S. (1998) analyzed issues related to the structure, conduct, and performance of agricultural produce markets in India, highlighting the influence of regulatory measures, infrastructure, and macroeconomic policies on market dynamics.

Anjum and Khan (2017) found that the WTO has both positive and negative effects on India's agricultural exports. Jagdambe (2016) observed increased export intensity for India in agricultural trade with ASEAN. Kumar V. (2021) noted a positive trend in India's agricultural imports and exports from 2009-10 to 2020-21. The 15th Finance Commission (2020) recommended focusing on 22 crop value chains to increase agricultural exports. Tantri (2021) discussed fluctuations in India's agricultural trade growth rates and the aim to boost exports in the Agriculture Export Policy 2018.

METHODOLOGY

The evaluation of the trend and potential growth in agricultural exports from India is based on a thorough analysis of timeseries data spanning from 2001 to 2020. This data is collected from various sources such as the Director General of Commercial Intelligence and Statistics (DGCIS), the UN Comtrade Database, and the Agricultural and Processed Food Products Export Development Authority (APEDA) under the Ministry of Commerce and Industry.

RESULTS AND DISCUSSION

Table 1 displays India's agricultural exports from 1991 to 2020. In 1991, the value of India's agricultural exports was 3.2 billion dollars, accounting for 17.8 percent of its total exports. By 1994, agricultural exports reached 26.33 billion dollars, representing 15.99 percent of total exports before the establishment of the WTO. By 2020, agricultural exports had risen by 41.56 billion dollars, making up 14.2 percent of total exports. India consistently maintained a trade surplus in agricultural goods throughout the years.

Table 1. India's Agricultural export from 1991-2020

Year	Agricultural Export	Total National Export	% of Agricultural Export to Total National Export
1991	3.2	18	17.8
1992	2.95	17.52	16.84
1993	4.01	22.24	18.05
1994	4.21	26.33	15.99
1995	6.1	31.79	19.18
1996	6.81	33.47	20.33
1997	6.68	35.01	19.09
1998	6.06	33.22	18.25
1999	5.84	36.71	15.91
2000	6.27	44.56	14.08
2001	6.23	43.83	14.22
2002	7.16	52.72	13.58
2003	7.92	63.84	12.41
2004	9.26	83.54	11.08
2005	10.32	103.09	10.02
2006	12.76	126.26	10.1
2007	18.56	162.98	11.39
2008	17.65	183.1	9.64
2009	17.81	178.32	9.99
2010	24.8	249.46	9.94

2011	38.14	305.9	12.47
2012	42.7	307.14	13.9
2013	43.43	314.87	13.79
2014	39.2	310.15	12.64
2015	32.9	262.17	12.55
2016	33.79	275.74	12.26
2017	39.03	303.55	12.86
2018	39.27	330.04	11.9
2019	35.93	315.32	11.4
2020	41.56	292.76	14.2

SOURCE – DGCIS (DIRECTORATE GENERAL OF COMMERCIAL INTELLIGENCE AND STATISTICS)

India's agricultural exports experienced remarkable growth from 1990–1991 to 2020–2021. In the year 2020–2021, India's agricultural exports are estimated at US$41.56 billion, comprising 14.20 percent of its total exports. This demonstrates a significant trade surplus of US$20.09 billion in India's agricultural economy.

Table 2. Annual Growth Rate of Indian Agricultural Exports from 1991-2020

Year	Agricultural export (US $ billion)	Growth rate
1991	3.2	
1992	2.95	-7.81%
1993	4.01	35.93%
1994	4.21	4.99%
1995	6.1	44.89%
1996	6.81	11.64%
1997	6.68	-1.91%
1998	6.06	-9.28%
1999	5.84	-3.63%
2000	6.27	7.36%
2001	6.23	-0.64%
2002	7.16	14.93%
2003	7.92	10.61%
2004	9.26	16.92%
2005	10.32	11.45%
2006	12.76	23.64%
2007	18.56	45.45%
2008	17.65	-4.90%
2009	17.81	0.91%
2010	24.8	39.25%
2011	38.14	53.79%
2012	42.7	11.96%
2013	43.43	1.71%
2014	39.2	-9.74%
2015	32.9	-16.07%
2016	33.79	2.71%
2017	39.03	15.51%
2018	39.27	0.61%
2019	35.93	-8.51%
2020	41.56	15.67%

Table 2 displays the annual growth rate of agricultural exports in India. In 1991, the value of agricultural exports stood at 3.2 billion US dollars, which then rose to 4.21 billion in 1994. The agricultural export rate in 1994 saw an impressive surge of almost 40% compared to previous years. This remarkable growth can be linked to the increase in cotton productivity, which escalated from 166 kgs per hectare in 1981-82 to 257 kgs in 1993-94. Furthermore, the consistent rise in cotton consumption during 1993-94 strongly suggests a potential surge in the demand for raw cotton.

In 1995, there was a substantial 40% increase in the growth rate of Agri-exports, reaching 6.1 billion

dollars compared to the previous year's 4.21 billion dollars. This growth was attributed to the combined efforts of the government and related agencies to boost the export of agricultural products from India. The increasing demand for organic food in various countries and the high quality and competitive pricing of Indian agricultural goods significantly contributed to this increase. From 2000 to 2007, the growth rate of agricultural exports remained relatively steady, with minor fluctuations. In 2000, the export growth rate surged by 7.4%, bouncing back from a -3.6% decline in 1999. However, the period between 2007 and 2008 witnessed a significant decline in agri-export growth. In 2008, the growth rate plummeted by almost 50% compared to the previous year, mainly due to the severe drought experienced in India, which was the most severe in 37 years. The impact of this drought was evident in the Agri export data of 2012-13, with exports dropping to almost 10 billion dollars in comparison to 2015-16. This substantial decline was primarily due to low commodity prices in the international market, making Indian exports less competitive. India's Agri-exports surged from 3.35 billion dollars in 1990-91 to 35.93 billion dollars in 2019-20, marking an almost 12-fold increase over 30 years. However, there was a slight drop in Agri-exports in 2019-20. During 2020-21, India's Agri-exports reached their highest levels due to the diversification and a range of measures and schemes introduced by the Government of India and institutions, including FPOs.

CONCLUSION

India's agricultural exports grew from $3.35 billion in 1990-91 to $35.93 billion in 2019-20, marking a nearly 12-fold increase over 30 years. Although there was a slight decline in agricultural exports in 2019-20, there was a significant surge in 2020-21, reaching a record high. This achievement was made possible through the diversification and the implementation of various measures and schemes by the Government of India and institutions, including FPOs. As one of the leading agricultural producers globally, India has the potential to establish itself as a major player in agricultural exports. However, the country currently faces five significant challenges contributing to its relatively low ranking: low productivity and high logistics costs, limited value addition, challenges in export promotion and branding, non-tariff barriers, and quality issues. Effectively addressing these challenges is crucial for India to fully realize its export potential.

REFERENCES

1. *Anjum, S., & Khan, A. (2017). Changing Pattern in India's Agricultural Exports under WTO. Economic Affairs, 62(2),253-262.*
2. *Bharadwaj, L. N. (2020). COMPETITIVENESS OF INDIAN AGRICULTURE IN THE CONTEXT OF GLOBALIZATION. PalArch's Journal of Archaeology of Egypt/ Egyptology, 17(9), 1412-1422.*
3. *Chakraborty, M., & Garg, A. (2020). Competitiveness in Indian Agricultural Exports. Journal of Accounting and Finance, 34(2), 12-21.*
4. *Chand, Ramesh & Tewari, S. C. (1991)Growth and Instability of Indian Exports and Imports of Agricultural Commodities," Indian Journal of Agricultural Economics, 46(2).*
5. *Jagdambe, S. (2016). Analysis of Export Competitiveness of Indian Agricultural Products with ASEAN Countries. ISEC Working Paper No. 356, Institute for Social and Economic Change, India.*
6. *Kumar, K. N. R. (2022). Competitiveness of Indian Agricultural Exports: A Constant Market Share Analysis. Research on World Agricultural Economy, 3(2), 514.*
7. *Kumar, V. (2021). Trends and Performance of India's Agricultural Trade in the Midst of COVID-19 Pandemic. Indian Journal of Agricultural Economics, 76(3), 352-370.*
8. *Naik, G. (2021). Agricultural Trade with Special Reference to Plantation Crops and International Trade Agreements, Indian Journal of Agricultural Economics, 76(1), 109-143.*
9. *Singh, O. P., Anoop, M., & Singh, P. K. (2020). Revealed Comparative Advantage, Competitiveness and Growth Performance: Evidences from India's Foreign Trade of Agricultural Commodities, Indian Journal of Agricultural Economics, 75(4), 560-577.*
10. *Suresh, A., & Mathur, V. C. (2016). Export of agricultural commodities from India: Performance and prospects.Indian Journal of Agricultural Sciences, 86(7), 876-883.*
11. *Tantri, M. L. (2021). Policy and Performance of Agricultural Exports in India. ISEC Working Paper No. 509, Institute for Social and Economic Change, India.*