

A study on growth and performance of Indian agro based exports

¹Dr. C Paramasivan, ²R Pasupathi

¹ Assistant Professor Scholar PG & Research Department of Commerce, Periyar E.V.R. College (A), Tiruchirappalli, Tamil Nadu, India

² Ph.D Research Scholar PG & Research Department of Commerce, Periyar E.V.R. College (A), Tiruchirappalli, Tamil Nadu, India

Abstract

Agriculture is the primary occupation and the major economic factor of India. It provides more number of employment opportunities and business strategies to the society. Mostly, peoples from India are concerning with agriculture sector directly and indirectly. Not only agricultural industries, agro based industries are also generating agro products and also it creates more employment opportunities to the peoples like farmers, agricultural workers, industrial workers, wholesalers, retailers exporters and others. Exports have played an important role in India's economic growth in the post independent period. The contribution of food based agro products and allied products to total exports have been increased gradually to make a concrete share to the GDP of the nation. India needs to produce its commodities more competitive at the global level. This paper is analyzing the status of agro based food products and its exports performance over the years by India.

Keywords: export, agriculture, agro based industries, products, employment

1. Introduction

Agriculture sector in India is one of the conventional and age old habits which help to identify the culture and behavior Indian population. Indian agriculture not only need the demands of Indian population and also exporting to various countries. The history of Indian exports is very old. During ancient times India exported spices to the other parts of the world. India was also famous for its textiles which were a chief item for export in the 16th century. Textiles and cotton were exported to the Arab countries from Gujarat. During the Mughal era India exported various precious stones such as ivory, pearls, tortoise stones etc. But during the British era, Indian exports declined as the East India Company took control of foreign trade.

In the past ten years, Indian exports have grown at a rate of nearly 22 percent. Some commodities have enjoyed faster export growth than others. Some of India's main export items are cotton, textiles, jute goods, tea, coffee, cocoa products, rice, wheat, pickles, mango pulp, juices, jams, preserved vegetables etc. India exports its goods to some of the leading countries of the world such as UK, Belgium, USA, China, Russia etc. (tradechakra, 2016) ^[13]

Exports from India increased 4.39 percent year-on-year to USD 23.56 billion in June of 2017, the smallest gain since January. Sales increased mainly for engineering goods (14.78%); petroleum products (3.6%); organic and inorganic chemicals (13.2%); rice (27.29%) and marine products (24.27%). Shipments of non-petroleum and non-gems and jewellery added 6.02 percent. Exports in India averaged 4903.46 USD Million from 1957 until 2017, reaching an all time high of 30541.44 USD Million in March of 2013 and a record low of 59.01 USD Million in June of 1958. (tradingeconomics, 2017) ^[14]

2. India's Agricultural Performance

India's aversion to international trade and reliance on domestic factors to fuel growth during the fifties meant that exports played a smaller role and this is evident from the following table, where India's exports lost its world market share between 1951-1960 and 1961-70. Till the mid-seventies, India's policy was restrictive and focused on developing the domestic industry, while tightening control on foreign trade (using quantitative restrictions as a tool). High levels of protection coupled with an overvalued domestic currency resulted in a growing demand for imports and discouraged exports. Moreover, India's exports also suffered because export incentives were only available to a limited number of manufacturing industries and selected agricultural exports.

India is mainly an agricultural country and agriculture is the main occupation for most of the Indian families. In India, agriculture contributes about sixteen percent (16%) of total GDP and ten percent (10%) of total exports. Over 60 % of India's land area is arable making it the second largest country in terms of total arable land. Agricultural products of significant economic value include rice, wheat, potato, tomato, onion, mangoes, sugar-cane, beans, cotton, cashew, etc. India is one of the largest producers of food and it is also the largest producer of milk, sugar cane, and tea. It is the second largest producer of rice, fruits, wheat and vegetables. In India about 70 % of the population depends on agriculture and agro based industries.

3. Review of Literature

Priyanka Sahni (2014) ^[7] explains the India's exports performance improved significantly during the post-reform period and there has been a perceptible change in the value, composition and direction of India's exports. Though the

volume and value of exports has increased manifold, India's share in the world exports is still not up-to the expectation. The share of manufactured goods as well as the proportion of high value and differential products, petroleum products has increased in India's export basket reflecting that Indian economy is being diversified and non-traditional items of exports are gaining importance. The most remarkable change in the direction of India's exports during post-reform era has been the increasing share of developing countries, OPEC, Latin America, Africa and Asia. It is expected that exports would grow at an average of 25 percent over the next few years. India's entry into new markets and robust performance in engineering goods, gems and jewellery and textile segments are the reason behind the growth spurt.

Shahana Mukherjee (2012) ^[8] discusses that India has followed a development model unlike that of the East Asian Economies. While the services sector has registered remarkable growth and contributed significantly to India's GDP, the manufacturing sector has grown at a comparatively slower pace. The overall performance of the Indian manufacturing sector has widespread implications for various aspects of the economy; employment, being one of the chief areas of impact. Since this sector generates large scale employment for low and medium skilled workers, it is imperative to develop features which will create a better environment for industries to grow further. Author identifies the various inadequacies which prevail within the sector. In particular, the presence of the unorganized component within industries reduces the benefits that can be derived from economies of scale. Such constraints cumulatively prevent the manufacturing sector from achieving its potential.

Neha Sinha (2013) ^[3] concludes that India's agricultural and allied product exports have multiplied despite flip-flop in export policies. India's policy on export of agricultural commodities has often been restrictive to ensure adequate supplies at home to meet domestic need. However, this needs to be balanced by the need to step up our foreign currency earnings and also better remuneration to our farmers. Moreover, in years of domestic over supply, given the inadequate warehousing infrastructure, it is better to export food grains rather than allow them to go waste. Greater returns from agricultural goods can also create incentives for and facilitate investment to boost productivity, which in turn will further enhance farm income and support the rural economy.

Manoj Kumar Sinha (2016) ^[9] explains that the composition of India's foreign trade has undergone substantial changes, particularly, after the liberalization and globalization. Our major exports now includes manufacturing goods such as Engineering Goods, Petroleum Products, Chemicals and allied Products, Gems and Jewellery, Textiles, Electronic Goods, etc. which constitute over 80 per cent of our export basket. The increasing trends of concentration ratio has been supplemented and complemented to the dominance pattern. India is required to make its commodities more competitive at the world level. There is also required to add new commodities and services at competitive price in the export basket for increasing export performance. For this, India needs a comprehensive policy measure and integrated efforts.

Prabeena Ambidattu (2015) ^[6] focused on the performance of cashew nut industries in Kerala and also made attempt to understand the reasons behind in the reduction of production and exports in the state. India, and especially the state of Kerala, has a long engagement with the cultivation and processing of cashew. Cashew provides an important source of income and food security for smallholder producers and for low-income groups, particularly women, who work in the processing sector. After 2004 the production of cashew in Kerala shows a declining trend. Maharashtra is the highest cashew producing states in India. Kerala has the fourth position in production. The shifting of cropping pattern to more profitable crops like rubber is the main reason for reduction in cashew production.

Sunny Thomas and Waheeda Sheikh (2012) ^[10] explored the growth performance of India's agricultural exports from 1991-92 to 2009-10, using compound annual growth rate and percentage share in total export of India as well as Gross Domestic Product. An in depth composition and structure analysis of the agricultural export is undertaken. The author also examines the changing dynamics of the contribution of individual group of commodities in the basket of agricultural export. Emerging world demand for Indian agricultural commodities offers great opportunity. Indian agricultural exports have increased manifolds. However, the contribution of agricultural export in the total export of the country has decline. The buoyancy in exports of agricultural products is clearly visible. Agriculture export had been occupying the place of pride in the export basket of India.

Table 1: India's Export of Agricultural Principal Commodities Quantity in MT and Value in US\$

Product	2015-16		2016-17	
	Quantity	Value	Quantity	Value
Buffalo Meat	1314161.00	4068.66	1330013.00	3924.63
Basmati Rice	4044833.00	3477.35	3999722.00	3222.35
Non-Basmati Rice	6374364.00	2307.81	6813622.00	2553.87
Fresh Vegetables	1872021.00	727.80	3631973.00	852.22
Groundnut	536929.00	614.94	725266.00	811.11
Fresh Fruits	573204.00	594.27	798755.00	741.97
Cereal Preparations	313430.00	506.10	341770.00	532.60
Guargum meals	365097.00	553.09	423283.00	467.10
Other Cereals	908611.00	243.98	738178.00	212.06
Oil meals	2014679.00	535.58	3647307.00	799.44
Pulses	255602.00	252.02	137177.00	191.63
Cocoa Products	32210.11	192.21	25634.91	162.66

Cotton Incl. Waste	1000088.00	1627.14	170274.00	298.54
Sheep/Goat Meat	21952.00	128.38	22715.00	130.59
Spices	820658.97	2502.52	1007877.54	2890.58
Milled Products	415015.65	164.89	251886.54	119.92
Fruits / Vegetable Seeds	10684.30	74.18	11679.63	78.91
Wheat	614096.00	150.59	262462.00	66.32
Animal Casings	206.36	2.61	173.24	2.06
Processed Meat	282.00	0.96	141.00	0.69
Total	21488124	18725.08	24339910	18059.25

Source: DGCI&S

The above table describes India's export of agricultural principal commodities to various countries. In the year 2015-16, export of agro based industries quantity amounted 21488124 million tones with the value of 18725.08 US\$, of which non-basmati rice (6374364 MT) followed by basmati rice (4044833 MT), Oil meals (2014679 MT) were the major agro based products exported from India.

The above table indicates that the India's export of agricultural principal commodities to various countries. In the year 2016-17, export of agro based industries quantity amounted 24339910 million tones with the value of 18059.25 US\$, of which non-basmati rice (6813622 MT) followed by basmati rice (3999722 MT), Oil meals (3647307 MT) were the major agro based products exported from India.

Table 2: Basmati rice export to the top five destinations Quantity in MT and Value in US\$

Importing Countries	2015-16		2016-17	
	Quantity	Value	Quantity	Value
Saudi	948845.00	842.22	811776.00	673.14
Iran	695311.00	571.19	719478.00	566.87
UAE	612152.00	475.18	615690.00	468.68
Iraq	418312.00	340.97	456991.00	339.91
Kuwait	180730.00	211.68	162782.00	149.47
Top 5 Total	2855350.00	2441.24	2766717.00	2198.07
Other Countries	1189483.00	1036.11	1233005.00	1024.28
Total	4044833.00	3477.35	3999722.00	3222.35
% Share of Top 5 Countries	70.59	70.20	69.17	68.22

Source: DGCI&S

The above table reveals that the India's export of basmati rice to the leading countries. In this list Saudi Arabia records the top position of importing basmati rice from India and it has been gradually decreased 8.5 percent from the year 2015-16 (948845) to 2016-17 (811776). Iran is in the second position of importing basmati rice from India and it has been gradually increased 3.9 percent from the year 2015-16 (695311) to

2016-17 (719478). UAE is in the third place of importing basmati rice from India in the year 2016-17 it was 615690 MT. Iraq and Kuwait are imports 456991 MT and 162782 MT respectively in the year 2016-17. The remaining less than 29 percentage of basmati rice only export to other countries. Compare to another agro based food products basmati rice only earning high value from other countries.

Table 3: Non-basmati rice export to the top five destinations Quantity in MT and Value in US\$

Importing Countries	2015-16		2016-17	
	Quantity	Value	Quantity	Value
Benin	623348.00	215.53	704095.00	252.57
Nepal	486655.00	173.54	614014.00	207.44
Senegal	905967.00	244.13	677060.00	190.06
Guinea	395980.00	133.03	541703.00	182.49
UAE	234270.00	114.14	260918.00	159.70
Top 5 Total	2646220.00	880.37	2797790.00	992.26
Other Countries	3728144.00	1427.44	4015832.00	1561.61
Total	6374364.00	2307.81	6813622.00	2553.87
% Share of Top 5 Countries	41.51	38.13	41.06	38.84

Source: DGCI&S

Table 3 indicates that the non-basmati rice export to the top five destinations. In the year 2015-16, export of non-basmati rice quantity amounted 6374364 million tones with the value of 2307.81 US\$, of which Senegal imports (905967 MT) followed by Benin imports (4044833 MT), Nepal imports (486655 MT) were the major nations imports non-basmati rice

from India. In the year 2016-17, export of non-basmati rice quantity amounted 6813622 million tones with the value of 2553.87 US\$, of which Benin imports (704095 MT) followed by Senegal imports (677060 MT), Nepal imports (614014 MT) were the major nations imports non-basmati rice from India.

Table 4: Oil meals export to the top five destinations Quantity in MT and Value in US\$

Importing Countries	2015-16		2016-17	
	Quantity	Value	Quantity	Value
Bangladesh	218382.00	75.06	1443065.00	146.97
Korea	710365.00	123.70	588374.00	90.98
Japan	53175.00	25.32	217353.00	84.63
Nepal	92872.00	38.44	186688.00	73.78
France	13146.00	4.08	182757.00	69.45
Top 5 Total	1087940.00	266.60	2618237.00	465.81
Other Countries	926739.00	268.98	1029070.00	333.63
Total	2014679.00	535.58	3647307.00	799.44
% Share of Top 5 Countries	54.00	49.81	71.79	58.32

Source: DGCI&S

Table 4 indicates oil meals export in the top five destinations. In the year of 2015-16 oil meal export is 54 percent (2014679 MT), in the top five importing countries which includes Bangladesh, Korea, Japan, Nepal and France. But, in the year

2016-17, oil meals exporting were gradually increased to 72 percent (3647307 MT) to the above said five countries. Bangladesh and Korea are the leading nations which have importing Indian oil meals in large number of quantity.

Table 5: Guargum mealexport to the top five destinations Quantity in MT and Value in US\$

Importing Countries	2015-16		2016-17	
	Quantity	Value	Quantity	Value
USA	155938.00	293.71	179943.00	238.35
Norway	11794.00	6.18	59639.00	33.27
China	33725.00	46.09	30025.00	31.25
Russia	16407.00	28.61	21333.00	27.93
Germany	22174.00	33.17	21376.00	24.25
Top 5 Total	240038.00	407.76	312316.00	355.05
Other Countries	125059.00	145.33	110967.00	112.05
Total	365097.00	553.09	423283.00	467.10
% Share of Top 5 Countries	65.75	73.78	73.78	76.02

Source: DGCI&S

Table 5 explains that, the India's export of guargum meal to the leading countries. In this list United States of America remains in the top position of importing guargum meal from India and it has been gradually increased 15.4 percent from the year 2015-16 (155938) to 2016-17 (179943). Norway is in the second position of importing guargum meal from India

and it has been gradually increased 50.5 percent from the year 2015-16 (33725) to 2016-17 (30025). China is in the third place of importing guargum meal from India in the year 2016-17 it was 21376 MT. Germany and Russia are imports 21376 MT and 21333 MT respectively in the year 2016-17.

Table 6: Spices export to the top five destinations Quantity in MT and Value in US\$

Importing Countries	2015-16		2016-17	
	Quantity	Value	Quantity	Value
USA	65022.79	426.52	72905.97	444.46
Vietnam	104192.43	219.20	168708.42	342.84
China	22277.63	171.49	16252.63	194.35
Thailand	63537.14	135.96	63526.33	163.92
Malaysia	65124.54	117.15	68893.80	122.32
Top 5 Total	320154.53	1070.32	390287.15	1267.89
Other Countries	500504.44	1432.20	617590.39	1622.69
Total	820658.97	2502.52	1007877.54	2890.58
% Share of Top 5 Countries	39.01	42.75	38.72	43.86

Source: DGCI&S

Table 6 concludes that the spices export to the top five destinations. Indian spices are exported to various countries from ancient years. But USA, Vietnam, China, Thailand and Malaysia were the permanent market for our spices. In the year 2015-16, export of spices quantity amounted 820658.97 million tones with the value of 2502.52 US\$, of which

Vietnam country imports (104192.43 MT) followed by Malaysia country imports (65124.54 MT), United States of America imports (65022.79 MT) were the major nations imports spices from India.

In the year 2016-17, export of spices quantity amounted 1007877.54 million tones with the value of 2890.58 US\$, of

which Vietnam country imports (168708.42 MT) followed by United States of America imports (72905.97 MT), Malaysia imports (68893.80 MT) were the major nations imports spices from India.

4. Conclusion

India is one of the large population consist country in the world with more than 58 percent of the people involved in agriculture. Agriculture is an income generator of the society. It will give more employment opportunity to educated and uneducated peoples and many businesses are depending on agriculture. The major exportable agro based products of Basmati rice, Non basmati rice, Oil meals, Guargum meals, Cotton Spices and some other products also getting constant markets from other countries. It is not only opportunity for income earning from export, it helps to agro based industrial growth and agriculture growth. Agro based industries are the very essential to the agriculture and the sellers of agro based products. Agro based industries are help to social development by given the employment to the farmers, agricultural workers, wholesalers, retailers, exporters and other beneficiaries. If the government of state and central support (Finance, training and others) to the Agropreneurs for starting business in a right time and ease to reach rural people is must. Because in India rural areas are the raw material provider of the agro based industries. 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 in future particularly rice and spices.

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