



# AGRICULTURAL EXPORT COMMODITY PRICES IN INDIA: AN ANALYSIS

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## ABSTRACT

Economic growth is one of the most important in contest in the India. India has concerted on its export and import business with the aspire to fetch in globalization and new economic opportunities for the nation. Exports are every country is considered to be a major backbone for the growth of its economy. The research paper on 'A Study On Agricultural Commodities Exports In India' has brought various insights of the agricultural trade in India.

**KEY WORDS:** Agricultural Exports, India, Quintals, Crore, Growth and price policy.

## INTRODUCTION

India is the world's largest producer across a wide range of agricultural commodities due to its favorable agro climatic condition. Indian agriculture continues to be the backbone of our society and it provides livelihood to nearly 50 per cent of our population. It is one of the major and essential occupations for the Indian families. India is supporting 17.84 per cent of world's population, 15 per cent of livestock population with merely 2.4 per cent of world's land and 4 per cent water resources. Today, India is a major supplier of several agricultural commodities like tea, coffee, rice, spices, cashew, oil meals, fresh fruits & vegetables, meat and its preparations and marine products to the international market. In most cases, it has been observed that high and sustained economic growth is preceded by shifts from traditional import substitution to more export-oriented and out ward looking policies, resulting in export growth rates reaching 20 per cent per year (or more) over extended periods of time. In the post-independence era, Central Planning could not emphasize on promoting Indian exports, which was evident from the First and Second Five Year Plans where exports were largely neglected. This decision was justified on the ground that demand for Indian exports was inelastic; due to



limited production capacities and overvalued currency exchange rate with other economies. India, with a large and diverse agriculture, is among the world's leading producer of cereals, milk, sugar, fruits and vegetables, spices, eggs and seafood products. Indian agriculture continues to be the backbone of our society and it provides livelihood to nearly 50 per cent of our population. India is supporting 17.84 per cent of world's population, 15% of livestock population with merely 2.4 per cent of world's land and 4 per cent water resources. Hence, continuous innovation and efforts towards productivity, pre & post-harvest management, processing and value-addition, use of technology and infrastructure creation is an imperative for Indian agriculture. Various studies on fresh fruits and vegetables, fisheries in India have indicated a loss percentage ranging from about 8% to 18% on account of poor post-harvest management, absence of cold chain and processing facilities. Therefore, agro processing and agricultural exports are a key area and it is a matter of satisfaction that India's role in global export of agricultural products is steadily increasing. India is currently ranked tenth amongst the major exporters globally as per WTO trade data for 2016. India's share in global exports of agriculture products has increased from 1% a few years ago, to 2.2 % in 2016. Recent growth rates show that agri-food production is rising faster than growth in domestic demand, and volume of surplus for export is witnessing accelerated growth. This offers scope and opportunity for capturing overseas markets to earn foreign exchange and enable producers to earn higher prices for farm produce.

## **METHODOLOGY OF THE STUDY**

The secondary source is used to gather data in the present study. Secondary data gathered through reliable and authentic government offices, agencies, organizations, survey reports, private studies, websites, journals, news papers & annual reports averages and percentages, tables gives a qualitative approach towards this research framework. Research design is descriptive by nature.

## **REVIEW OF LITERATURE**

The present research paper on 'an evaluation of agricultural trade in India: A special study of selected agricultural commodities' has explored various reviews of literature on the various past studies on agricultural trade in India. In any kind of research, it is necessary to study meticulous studies done previously, it helps the researcher to know the present status of



research in the area and identify the gaps if any in these studies. At the same time these studies would in turn help the researcher to give an appropriate direction to the study.

Bhattacharyya (2004) studied on 'India's External Trade in Agriculture'. His studies revealed India's experience in agricultural trade since 1950s, with a view to identifying the structural shifts that have taken place. He also made a complete evaluation of the development of agricultural trade policies. Swaminathan (2006) 4Chairman, National Commission on Farmers (NCF) has recommended establishing an Indian Trade Organization (ITO) and its own boxes for domestic agricultural support on the model of WTO's Blue, Green and Amber Boxes. According to him the Indian Trade Organization (ITO) can be a virtual organization, specializing in WTO affairs. It can serve as a brain and information bank for enabling Government to take informed and proactive decisions as well as to provide timely advice on potential, surplus and shortages in major Agricultural Commodities, by maintaining a trade watch.

In the 21st century i.e. from 2005 to 2018, the overall export basket of India increased by 19.5% and from 2018 to 2020 it reached to a new height of 23%. Here it is important to mention that all the goods and commodities are not having same ratio of exports i.e. some products like cotton, jute, tea, coffee, rice, wheat and even some of the related products have extracted maximum foreign currency for India. Rather the exports of other items like IT and ITES related products, leather goods, etc. have always remained under turbulence. As a matter of fact most of the export items are related to agriculture or are the by-products of the same. Some of the major customers of Indian agro-based products are USA, China, European countries, United Kingdom, Belgium, etc. trade-in (2017)

Global agricultural trade has grown significantly during recent decades and experienced an annual growth of 6% from 2000 to 2016 .Agricultural products show the most significant increase, growing by 3.1% per year and rising by 36% from 2008 to 2018. The top 10 exporters of agricultural products (European Union, the United States, Brazil, China, Canada, Indonesia, Thailand, India Australia, Mexico) together accounted for 72% of total world exports in 2018. The most significant increases in exports of agricultural products within the top 10 exporters were recorded by China (9%), Brazil (6%) and Mexico (6%) in 2018. Emerging economies such as Brazil, China, India and Indonesia were responsible for the majority of this growth as they accounted for 14.5% of global export value in 2016, as compared with 8.5% in 2000.



## **AGRICULTURAL EXPORTS IN INDIA**

India is still a developing country and ranked 18th on the list of the top exporting countries worldwide in 2019. While the pandemic affected the country's trade, September 2020 recorded a growth in exports. the particulars of major agricultural exports are presented in table -1

**Table-1**  
**India's Exports of Principal Agricultural Commodities**



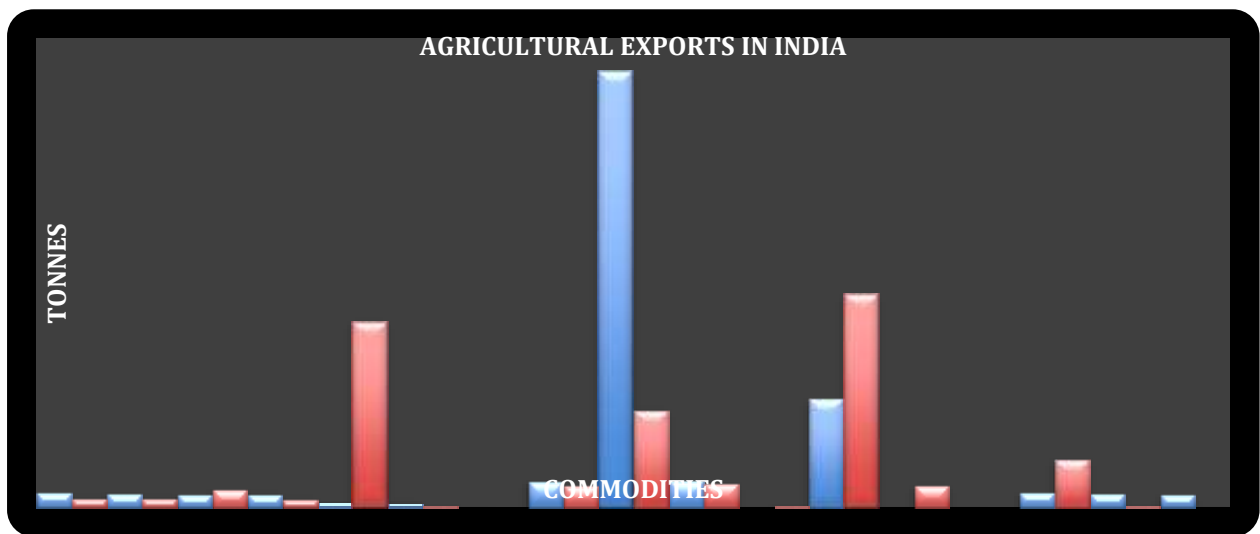
Commodity	2010-11 (tonnes %)	2019-20 (tonnes %)
Tea	2.23	1.39
Coffee	2.16	1.40
Pulses	1.95	2.74
Tobacco	2.02	1.27
Rice	0.94	27.72
Cashew	0.86	0.46
Sesame seeds	0.11	0.02
Castor oil	3.97	3.25
Oil meals	65.06	14.56
Groundnut	4.06	3.64
Vegetable oils	0.12	0.46
Sugar	16.24	31.79
Fruits / vegetable seeds	0.10	3.25
Sheep/goat meat	0.11	0.078
Marine products	2.23	7.28
Ayush and herbal products	2.16	0.50
Raw Jute	1.95	0.11
Total	100	100

**Source:** Agricultural statistics at a glance -pg.182 to 183, 2020.

From the table -1 it is clear that have very much congratulate , the rice share exports are increasing 0.94percent to 27.72 percent in 2010-11 to 2019-20. Further the oil meals export share is 65.06 percent in 2010-11, but it is gradually decreased 14.56 percent in 2019-20. However a keen observation on the above table, the relative share of sugar gradually increased 16.24 percent to 31.79 percent in 2010-11 to 2019-20. A little spike of Marine products exports

are 2.23 percent to 7.28 percent in above mention years. A little bit of noticeable changes in Ground nut and castor oil exports 2010-11 to 2019-20. Tea, coffee, pulses and other products export share is not significant in both the years. Figure.1 indicates the India's exports of major Principal Agricultural Commodities (in tonnes).

**Figure.1**



### EXPORTS AND INCLUSIVE ECONOMIC GROWTH IN INDIA

Exports play a major role in accelerating the economic development of developing economies like India. A raising level of exports and a favourable current account can have a positive impact on economic growth of the country.

### FINDINGS

The rice share exports are increasing 0.94 percent to 27.72 percent in 2010-11 to 2019-20. Further the oil meals export share is 65.06 percent in 2010-11, but it is gradually decreased 14.56 percent in 2019-20. However a keen observation on the above table, the relative share of sugar gradually increased 16.24 percent to 31.79 percent in 2010-11 to 2019-20. A little spike of Marine products exports are 2.23 percent to 7.28 percent in above mention years. A little bit of noticeable changes in Ground nut and castor oil exports 2010-11 to 2019-20. Marine products exports earning increased share is 25.22 percent cores in 2010-11 to 40.73 percent cores in 2019-20. The oil meal products share is gradually decreased from 23.43 percent cores in 2010-11 to 5.01 percent 2019-20. The relative share of rice exports share is increased 0.48



to 12.31 from above mention years. It is a noticeable change in sugar exports earning 0.29 to 11.9 percent crores in both years. Tea, coffee, pulses, tobacco and other products exports earning share is not significant in 2010-11.

## CONCLUSION

Indian agricultural trade has enough potential to earn foreign currency as well as dominate the global agricultural market, provided there is needed to have proper trade policy and incentives for the agricultural sector. It is true that India lives in villages, but if villages are empowered then India can really show its power to the rest of the World in the form of domination of agricultural trade.

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