

INDIA'S POSITION IN WORLD AGRICULTURAL EXPORTS

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ABSTRACT

An Indian farmer is very hard working from all over the world, he gets up early in the morning, takes his plough, and with his cattle goes to his field, he works there all the time without caring of the adversity of weather to feed all the people of our country. In spite of that he born in debt, lives his whole life in debt, dies in debt and leave their children in debt. All the revolutions came in Indian agriculture like the green revolution, the white revolution, the blue revolution, the yellow revolution and the golden revolution, have all implemented by the Indian farmers. It is because of their hard work, determination and nurturing skills that have made India self-sufficient in food. India has traditionally been an exporter of agricultural raw materials and manufacturers based on agricultural raw materials. India's agricultural products bring higher earnings than trade in services or manufacturing. In this paper India's position in world agricultural exports is discussed.

KEYWORDS: *Agricultural Exports, Debt, Green Revolution, Nurturing Skills, Capital Goods.*

Introduction

India is one of the fastest growing economies of the world and is currently the focus of a great deal of international attention. It is the seventh largest country in the world in terms of its geographical size. The current population of India is 1.324 billion in 2016 based on the latest United Nations estimates that are equivalent to 17.74% of the total world population. India ranks number two in the list of countries by population. Agriculture places an important contribution in international trade by means of producing extra product to be export and to get the foreign money in place of that. As output and productivity of the exportable goods expand, their exports increase and result in larger foreign exchange earnings. Thus agricultural surplus leads to capital formation when capital goods are imported with this foreign exchange. Likewise, increased market surplus of food grains leads to a net saving of foreign exchange, as the economy tries to accomplish the objective of self-sufficiency in food production. Larger production of food items and export crops not only preserves and earns foreign exchange but also lead to the development of the other sectors of the economy. Therefore, in any scheme of planned economic development of the country, agricultural reorganization and reform hold a position of basic importance.

Objectives of the Study

- To study the contribution of agriculture to international trade.
- To examine India's share in world agricultural exports.
- To highlight the overall performance of Indian agricultural exports after reforms.

Collection or Source of Data

The present study is purely based on secondary data and this data is collected from Central Budget, Government of India, New Delhi, Economic Survey, Ministry of Finance, Government of India,

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New Delhi, Annual Report Ministry of Agriculture Government Of India, New Delhi, Agriculture Cost and Prices Commission, Directorate of Economics & Statistics, Government of India, New Delhi, Reports published by various Ministries, WTO publications, IMF publications. Apart from this the information also collected from the various websites.

Contribution of Agriculture to International Trade

Agriculture has been a way of life and continues to be the single most important livelihood of the masses. India is the second largest economy in Asia after China, as measured in terms of its GDP. Despite being an agrarian economy, where the agricultural sector provides employment to approximately 60 per cent of the population and contributes 25 per cent to the GDP of the country, India has remained a marginal player in world agricultural trade. Agriculture trade contributes 15% of total foreign exchange earnings. Mainly, agricultural and agri-based products can be divided into three categories, they are raw products, semi-raw products and processed and ready to eat products. India is among the 15 leading exporters of agricultural products in the world. The country has appeared as a fundamental exporter of certain agricultural commodities like cotton, rice, meat, oil meals, pepper and sugar. India has developed export competitiveness in certain specialized agriculture items like basmati rice, guar gum and castor. If there is surplus in agricultural production, then cultivators will earn more income. They will be in position to purchase manufactured products and other inputs required in further agricultural production. Many agricultural products like food grains, fruits are transported by roadways and railways. Therefore, it helps in employment of many people. In short, the prosperity of the country will depend upon the development of agriculture.

India's Position in World Agricultural Exports

Before 1947 when India was a colony of the British, the pattern of foreign trade was typically colonial. India was a supplier of foodstuffs and raw materials to the industrialized nations particularly England and an importer of manufactured goods. Economic reforms introduced in India in the early 1990s have greatly increased overall trade flows. With the help of proactive support, India has a capability to further enhance its agricultural exports and contribute to its prosperity. India's agricultural sector has made large steps in developing its potential. The green revolution is an important example which collectively increased the production of essential food grains and introduced technological innovations into agriculture. This development is evident in India's net trade position. Before economic reforms initiated in 1990, India had to depend on imports to feed its people but after the reforms it is a net exporter of agricultural food items. India's agriculture is large and diverse which means that even little changes in its trade have significant effects on world agricultural markets. The position of exports of India's agricultural commodities to world agricultural exports from 1980 to 2012 is presented in the following table 1:

Table 1: India's Share in World Agricultural Exports

Commodity	1980			1990			2000			2011			2012		
	World	India	India's share (%)	World	India	India's share (%)	World	India	India's share (%)	World	India	India's share (%)	World	India	India's share (%)
Meat and meat preparations	17832	67	0.4	34118	77	0.2	44690	324	0.7	134400	2722	2	135408	3153	2.3
Fish and fish preparations	12258	242	2	32847	521	1.6	50875	1391	2.7	120200	3345	2.8	120498	3362	2.8
Cereals and cereal preparations	41989	201	0.5	45314	285	0.6	53575	783	1.5	120900	5704	4.7	124121	9132	7.4
Rice	4355	160	3.7	3995	254	6.4	6411	654	10.2	24400	4073	16.7	24403	6128	25.1
Vegetables and fruits	24018	259	1.1	50225	400	0.8	68355	856	1.3	207900	2838	1.4	208641	2670	1.3
Sugar, sugar preparations and honey	16183	46	0.3	14236	21	0.1	13866	118	0.9	55500	2152	3.9	55178	2248	4.1
Coffee and coffee substitutes	12979	271	2.1	8659	148	1.7	11559	264	2.3	42600	921	2.2	39224	902	2.3
Tea and mate	1631	452	27.7	2650	585	22.1	3087	431	14	8100	900	11.1	8173	722	8.8
Spices	1072	156	14.5	1415	109	7.7	2541	261	10.3	8100	1426	17.6	7724	1396	18.1
Feeding stuff for animals	10322	164	1.6	15603	336	2.2	20295	469	2.3	67200	2754	4.1	75172	2639	3.5
Tobacco and tobacco manufactures	3423	151	4.4	17860	145	0.8	21628	147	0.7	40400	798	2	40625	923	2.3
Oilseeds and oleaginous fruit	9487	30	0.3	10477	83	0.8	14388	244	1.7	68200	1629	2.4	78999	1528	1.9

Source: (i) Various issues of United Nations' International Trade Statistics Year Book, and for the year 2011 & 2012 data accessed on 26th May, 2014 from <http://comtrade.un.org/> (ii) Economic Survey 2013-14, pp. 92-94, Union Budget 2014-15.

Table 1 presents the India's share in world agricultural exports from 1980 to 2012. The percentage share of India in meat and meat preparations has decreased from 0.4 per cent in 1980 to 0.2 per cent in 1990 in a decade but immediately after the reforms it started to increase from 0.2 per cent in 1990 to 0.7, 2.0, and 2.3 per cent in 2000, 2011 and 2012 respectively. Similarly, the percentage share of fish and fish preparations has declined from 2.0 per cent in 1980 to 1.6 per cent in 1990 during these ten years and it has increased from 1.6 per cent in 1990 to 2.7, 2.8 and 2.8 per cent in 2000, 2011 and 2012 respectively. This share is stable during the last two years observed from this table. If we analyze the cereals and cereal preparations percentage share then we will realize that this share has been continuously increasing since 1981 from 0.5 to 0.6, 1.5, 4.7 and 7.4 per cent in the subsequent years which registered 6.9 per cent increase of share during 1980-2012. Just like this the share of rice has also jumped from 3.7 per cent in 1980 to 25.1 per cent in 2012 which shows 21.4 per cent rise. In contrast of this just like meat and fish, the share of vegetables and fruits have fallen from 1.1 per cent in 1980-81 to 0.8 per cent in 1990 after that it has increased to 1.4 per cent in 2011 after that it has declined to 1.3 per cent in 2012. The percentage share of sugar, sugar preparations and honey shows a decline from 0.3 per cent in 1980 to 0.1 per cent in 1990 after that it started to rise till 2012 that is 4.1 per cent. The coffee and coffee substitutes has fallen during 1980 to 1990 from 2.1 per cent to 1.7 per cent after that it has increased to 2.3 per cent in 2000 and keep stable in the subsequent years. The tea and mate has been declining continuously from 27.7 per cent in 1980 to 8.8 per cent in 2012, which indicates 18.9 per cent decline. The percentage share of spices has fallen during 1980 to 1990 that is from 14.5 per cent to 7.7 per cent after that it has increased to 10.3 per cent in 2000 further it has risen to 18.1 per cent in 2012. The feeding stuff for animals has increased continuously from 1.6 per cent in 1980 to 4.1 per cent in 2011 in these three decades after that it has decline to 3.5 per cent in 2012. The percentage share of tobacco and tobacco manufactures has declined from 4.4 in 1980 to 0.7 in 2000, again it has increased to 2.3 in 2012. The share of oilseeds and oleaginous fruit has increased continuously from 0.3 per cent in 1980 to 2.4 per cent in 2011 which shows 2.1 per cent increase but after that it has decreased to 1.9 per cent in 2012.

India's share in world agricultural exports has continuously been increasing after economic reforms in meat and meat preparations, fish and fish preparations; cereal and cereal preparations; rice; vegetables and fruits; sugar, sugar preparations and honey; coffee and coffee substitutes, spices, feeding stuff for animals, oilseeds and oleaginous fruit whereas it has declined mainly on tea and mate and tobacco and tobacco manufacturers. This is because of the continue rise in the prices of tea and fall in the prices of coffee, increased global demand of coffee which is a substitute good of tea. Again because of the steep increase in the price of Indian tobacco, the export demand has decreased mainly in those countries that are extremely price sensitive and imports low cost, low end tobaccos there were decline in exports in quantity terms. Europe is the main importer of Indian tobacco, accounting for 51 per cent of total exports from the country last year.

The reasons behind the increase in India's percentage share in world agricultural exports after economic reforms were hiking level of cereal prices through government support, LPG model, trade liberalization, exchange rate devaluation and dis-protection to industry. Private investment in agriculture sector also registered a sharp rise in the post reform period. The percentage share of our agricultural exports in world exports although is very low but is increasing over the years. To compete with other countries and to raise its share in the world exports, the important step is sustained high rate of growth of Indian exports. The outlook for increasing agricultural exports has improved after the reform period.

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