

## Export and Import of Agri Products

### Exports

8.56 Agri-exports account for about 13 to 18 percent of total annual exports of the country (Table 8.25). In 2000-01, agri products valued at more than US \$6 billion were exported from the country, 23 per cent of which was contributed by the marine products alone. Marine products, in recent years, have emerged as the single largest contributor to the total agri exports from the country accounting for over one-fifth of total agri exports. Cereals (mostly Basmati and non-Basmati rice), oil meals, tea, coffee, cashew and spices are the other prominent products, each of which accounts for nearly 5 to 10 per cent of the country's total agri exports. Meat & meat preparations, fruits & vegetables and processed fruits and vegetables have recently shown strong growth, but they are currently not among the dominant foreign exchange earners.

8.57 The stagnating agri export from India in recent years can be traced partly to distorted domestic prices for products like rice, wheat,

oil meals, tea, coffee etc (See Box 8.3 for export competitiveness of Indian Agri products). Weakness in export infrastructure specific to agri products, such as storage, port handling facilities, lack of large scale processing technology, and export quota restrictions makes Indian supply sources unreliable, and hinder the exploitation of full potential of Indian agri exports.

### Imports

8.58 In 2000-01, the country's agri imports were only US \$1.8 billion, much lower than agri exports of more than US \$6 billion from the country. In recent years, edible oil, accounting for nearly 60 to 70 per cent of the value of total agri-imports, has become the single largest item of agri imports. Raw cashewnut, nuts (almonds from USA) and pulses are among the other dominant agri imports, each of which accounts for nearly 5 to 10 percent of total agri imports in recent years. Sugar and cereals, each of which also accounted for 5 to 10 percent of country's agri imports in recent years have registered substantial decline both in terms of

**TABLE 8.25**  
**India's Exports of Principal Agricultural Products**

(US \$ million)

Products	1998-1999	Per cent of Agri Exports	1999-2000	Per cent of Agri Exports	2000-2001	Per cent of Agri Exports
1 Tea	538	8.9	412	7.3	433	7.2
2 Coffee	411	6.8	331	5.9	259	4.3
3 Cereals	1,495	24.8	724	12.9	744	12.4
4 Tobacco	181	3.0	233	4.2	191	3.2
5 Spices	388	6.4	408	7.3	354	5.9
6 Cashew	387	6.4	567	10.1	411	6.8
7 Sesame and Niger Seeds	78	1.3	86	1.5	131	2.2
8 Guargum Meal	173	2.9	188	3.4	132	2.2
9 Oil meals	462	7.7	378	6.7	448	7.5
10 Fruits & Vegetables	184	3.0	209	3.7	248	4.1
11 Processed Fruits & Vegetables	69	1.1	86	1.5	122	2.0
12 Meat & Meat Preparations	187	3.1	189	3.4	322	5.4
13 Marine Products	1,038	17.2	1,183	21.1	1,394	23.2
14 Others	446	7.4	614	11.0	815	13.6
<b>Agri- Exports</b>	<b>6,037</b>	<b>100.0</b>	<b>5,608</b>	<b>100.0</b>	<b>6,004</b>	<b>100.0</b>
Per cent of Agri. To Total Exports	18.2	—	15.2	—	13.5	—
<b>Total Exports</b>	<b>33,218</b>	<b>—</b>	<b>36,822</b>	<b>—</b>	<b>44,560</b>	<b>—</b>

### BOX 8.3

#### Export Competitiveness of Indian Agriculture

- Liberalization of world trade in agriculture has opened up new vistas of growth. India has a competitive advantage in several commodities for agricultural exports because of near self-sufficiency of inputs, relatively low labour costs and diverse agro-climatic conditions. These factors have enabled export of several agricultural commodities over the years such as marine products, cereals, cashew, tea, coffee, spices, oil meals, fruits and vegetables, castor and tobacco. For certain commodities like Basmati Rice, India has a niche market access in spite of competition. Agricultural export has sizeable share of about 18 to 14 per cent in total exports of the country.
- Agricultural imports are about 5 to 6 per cent of total imports in the country. Only a few commodities like edible oil, cotton, pulses and wood and wood products are imported.
- Raising the level of productivity and quality standards to internationally competitive levels is one of the major challenges following the dismantling of quantitative restrictions on imports, as per the WTO Agreement on Agriculture. For several commodities, our national productivity is less than the world average.
- Within the country, there are wide variations in productivity levels. Punjab, Haryana, Andhra Pradesh may have attained productivity levels of a world standard. But other regions are way behind. Thus the issue of competitiveness is also region specific. A regionally differentiated strategy, taking into account the agronomic, climatic and environmental conditions, is therefore, sought to be pursued to realize the full potential of yield in every region. Comparative advantage in itself is a relative concept and it depends upon the relative changes in the International Market. A major difficulty faced by India in the international market is the high level of domestic support and export subsidies given by developed countries for agri exports.
- Hence it is imperative to evolve concrete strategies to make Indian agriculture competitive and enhance its efficiency. For this purpose, on the one hand we should be seeking substantial reduction in the support given to agriculture by developed countries, on the other hand, Indian agriculture would also require to be supported to maintain and improve its competitiveness.

value and share in 2000-01. Agri imports in 2000-01 constituted only a small proportion of country's total imports, i.e. 3.7 percent. In recent years, the share of agri imports in total imports of the country has hovered around 5 to 6 percent (see Table 8.26).

8.59 Contrary to concerns in some circles that liberalisation of imports resulting from the lifting of quantitative restrictions on agri products would lead to surge of agri imports affecting adversely the Indian farmers, the value of agri imports in aggregate terms has come down to about US \$ 1.8 billion in 2000-01 from US \$2.9 billion and US \$ 2.8 billion in 1998-99

and 1999-2000 respectively. India has considerable flexibility to counter flooding of the Indian market by cheap agri imports by imposing tariffs (bound rate) under WTO for agri products which provide a fair level of protection (see Table 8.27). The Government, in fact, raised the import tariff for many agri products such as tea, coffee, pulses and edible oils in the last Budget (2001-02). Countervailing duties can also be imposed to counter actionable subsidies given to agri products by the exporting countries apart from having the option of acting under safeguard provisions to counter surge of imports.

**TABLE 8.26**  
**Agriculture Imports**

(US \$ million)

Commodity	1998-1999		1999-2000		2000-2001	
	Value	Per cent to total Agri Imports	Value	Per cent to total Agri Imports	Value	Per cent to total Agri Imports
Cereal	288	9.9	222	7.8	19	1.0
Pulses	169	5.8	82	2.9	109	5.9
Milk & cream	3	0.1	25	0.9	2	0.1
Cashew nuts	230	7.9	276	9.7	211	11.3
Nuts & fruits	159	5.5	136	4.8	175	9.4
Sugar	264	9.0	256	9.0	7	0.4
Oil seeds	2	0.1	4	0.1	2	0.1
Veg.Oils	1,804	<b>61.8</b>	1,857	<b>65.0</b>	1,334	<b>71.8</b>
<b>Total Agri Imports</b>	<b>2,919</b>	<b>100.0</b>	<b>2,858</b>	<b>100</b>	<b>1,858</b>	<b>100.0</b>
Percent of Agri to Total Imports	6.9	–	5.8	–	3.7	–
<b>Total Country Imports</b>	<b>42,389</b>	–	<b>49,671</b>	–	<b>50,536</b>	–

**TABLE 8.27**  
**Import Duty On Agri Products**

Commodity	Bound Rate (as on January 1, 2001)	Import Duty (per cent)		
		Applied Rate Prior to 2001-02 Budget	Announced in 2001-02 Budget	Revised rate (if any) sub-sequent to 2001-02 Budget
<b>Nuts</b>				
Almonds	Rs35/kg	Rs35/kg	Rs35/kg	—
Arecanut	112	100	100	—
Cashewnut (in shell)	112	Zero	Zero	—
Cashewnut (shelled)	112	44	40	—
<b>Foodgrains</b>				
Rice	70 & 80	70 & 80	70 & 80	—
Wheat	80-100	0-50	0-50	—
Milletts	70	50	50	—
Pulses	100	0	5	—
<b>Fruits</b>				
Apple	50	50	50	—
Fresh Grapes	40	38.5	35	—
Oranges	40	38.5	35	—
<b>Plantations Crops</b>				
Coffee	150	38.5	70	—
Tea	100	38.5	70	—
Natural Rubber in other forms	25	25	25	—
Silk other than silk waste	100	38.5	35	—
<b>Edible Oil</b>				
Refined Palm Oil.	300	71.6	92.4	—
Refined Soya Oil	45	50.8	50.8	—
Crude Palm Oil (for Vanaspati)	300	25	75	65 (w.e.f Oct.30, 2001)
Crude Palm Oil (other than vanaspati)	300	55	75	65 (w.e.f Oct.30, 2001)
<b>Others</b>				
Sugar	150	60	60	—
Cotton (Raw cotton)	100	5.5	5	10 (w.e.f Oct.30, 2001)
Skimmed Milk Powder	60	60	60	—
		15(under TRQ)	15(under TRQ)	—
		60(out-side TRQ)	60(out-side TRQ)	—
<b>Note :</b> In August 3, 2001 the Government imposed a fixed tariff value of \$337/tonne on CPO and \$351/tonne on RBD Palm Oil which were revised downwards to \$286/tonne and \$295/tonne respectively with effect from October 9, 2001.				