

### III. Agri-trade

8.42 India, in recent years, has been a net exporter of agricultural goods. The exports of agricultural products from India, which stood at US\$6,734 million and US\$7,533 million in 2002-03 and 2003-04, respectively, were more than two times the import of agricultural products in the corresponding years. During the first half of the current year 2004-05, the exports of agricultural products were US\$3,511 million, which were slightly less than double of the imports of the agricultural products during the same period.

#### Agri-exports

8.43 Despite an increase of 11.87 per cent during 2003-04 and 14.43 per cent during the first six months of 2004-05, the share of agri-exports in total merchandise exports came down from 12.8 per cent in 2002-03 to 11.8 per cent in 2003-04 and further, to 9.7 per cent during the first six months of 2004-05 (Table 8.23). The decline in the share of the agri-exports to total exports, notwithstanding the growth in its volume in the range of 12-14 per

cent, was because of a much faster growth in the volume of merchandise exports, which ranged between 21 and 32 per cent during the same period. Marine products, with a share of 17.6 per cent in 2003-04 and 15.6 per cent in agri-exports during the first half of 2004-05, continued to dominate the agri-exports, although its share in agri-exports remained much below the level of 2002-03 at 21.3 per cent. The export of oil meals gained substantially, both in volume and share, during 2002-03. The growth was also sustained during the first half of 2004-05, because of the increasing demand for Indian oil meals in world market, which is mainly flooded with oil meals of genetically modified (GM) oil seeds. Indian oil meals command a premium because of its non-GM nature. Despite an impressive growth of basmati rice exports, especially during the first half of the current year (from \$ 426 million in 2002-03 to \$ 433 million in 2003-04, and from \$ 170 million in the first half of 2003-04 to \$ 256 million in the corresponding period of 2004-05), there was a fall both in the volume of rice exports and its share in agri-

**Table 8.23 : Agricultural exports**

	2002-03		2003-04		2003-04 (Apr.-Sept.)		2004-05 (Apr.-Sept.)	
	Million US dollar	Percent share of agri- exports	Million US dollar	Percent share of agri- exports	Million US dollar	Percent share of agri- exports	Million US dollar	Percent share of agri- exports
Tea	343.6	5.1	356.3	4.7	155.5	5.1	197.2	5.6
Coffee	205.5	3.1	236.3	3.1	116.0	3.8	111.0	3.2
Rice	1218.1	18.1	907.0	12.0	458.4	14.9	456.3	13.0
Wheat	363.6	5.4	520.4	6.9	227.9	7.4	220.7	6.3
Sugar & molasses	375.1	5.6	269.0	3.6	189.3	6.2	14.8	0.4
Tobacco	212.5	3.2	238.6	3.2	113.6	3.7	131.7	3.8
Spices	342.8	5.1	336.1	4.5	141.7	4.6	222.1	6.3
Cashew	424.2	6.3	370.0	4.9	159.1	5.2	240.2	6.8
Sesame and niger seeds	93.2	1.4	164.2	2.2	47.3	1.5	47.1	1.3
Guargum meal	100.6	1.5	110.5	1.5	60.2	2.0	51.0	1.5
Oil meals	308.8	4.6	728.7	9.7	78.5	2.6	298.4	8.5
Fruits & vegetables	300.2	4.5	453.2	6.0	176.7	5.8	200.5	5.7
Processed fruits & vegetables	118.8	1.8	74.8	1.0	32.5	1.1	38.4	1.1
Meat & meat preparations	284.6	4.2	373.1	5.0	142.8	4.7	170.4	4.9
Marine products	1431.6	21.3	1328.7	17.6	625.2	20.4	549.5	15.6
Others	611.1	9.1	1066.1	14.2	343.3	11.2	561.7	16.0
Agricultural exports	6734.0	100.0	7533.0	100.0	3068.0	100.0	3511.0	100.0
Total exports	52719.4		63843.0		27412.0		36235.0	
Agri-export as per cent of total exports	12.8		11.8		11.2		9.7	

Source : Ministry of Industry & commerce.

exports in 2003-04 and the first half of 2004-05, in view of the decision of the Government to ban fresh export of foodgrains from the FCI since August 2003, in the light of the declining stock of foodgrains. The export of wheat also declined both in volume and share in the first half of 2004-05 as compared to the corresponding period of 2003-04.

8.44 The Foreign Trade Policy 2004-09, emphasized the importance of agricultural exports and announced the following policy measures to boost agri-exports:

- A new scheme called the Vishesh Krishi Upaj Yojana (Special Agricultural Produce Scheme) for promoting the export of fruits, vegetables, flowers, minor forest produce, and their value added products has been introduced (Box-8.6).
- Funds shall be earmarked under ASIDE (Assistance to States for Infrastructure Development of Export) for development of Agri Export Zones (AEZ).
- Capital goods imported under EPCG shall be permitted to be installed anywhere in the AEZ.

#### **Box 8.6 : Vishesh Krishi Upaj Yojana**

##### **Objective**

The objective of the scheme is to promote export of fruits, vegetables, flowers, minor forest produce, and their value added products, by incentivising exporters of such products.

##### **Entitlement**

Exporters of such products shall be entitled for duty credit scrip equivalent to 5 per cent of the FOB value of exports for each licencing year commencing from April 1, 2004. The scrip and the items imported against it would be freely transferable.

##### **Imports allowed**

Duty credit may be used for import of inputs or goods including capital goods, as may be notified, provided the same is freely importable under ITC(HS). Imports from a port other than the port of export shall be allowed under TRA (Telegraphic Release Advice) facility as per the terms and conditions of the notification issued by Department of Revenue.

##### **Cenvat/ Drawback**

Additional customs duty/excise duty paid in cash or through debit under Vishesh Krishi Upaj Yojana shall be adjusted as CENVAT Credit or Duty Drawback as per rules framed by the Department of Revenue.