From plate to plough: Farm to distant shores

The new Commerce and Industry Minister, Suresh Prabhu, has expressed his resolve to expand exports. He has said that increase in agri-exports will not only increase the country's export basket, but also augment farmers' incomes and ameliorate farm distress. His objective is laudable and achievable, provided there is a paradigm shift in policy-making from being obsessively consumer-oriented to according greater priority to farmers' interests. But before elaborating on this, let us compare the trends in agri-trade, both exports and imports, in the period when the UPA was in office (2004-05 to 2013-14) with that of the three-years of the current regime (2013-14 to 2016-17). A close look at these trends and their drivers can help Prabhu and his team identify agri-commodities that can help boost the agri-trade surplus.

In general, both agri-exports and imports have increased substantially since 2004-05. Agri-trade increased from $14 billion to $59.2 billion between 2004-05 and 2016-17 (Figure 1). As a share of the agri-GDP, the contribution of this trade increased from 11.1 per cent in 2004-05 to 16.7 per cent in 2016-17 after peaking at 19.6 percent in 2012-13, reflecting the increasing integration of Indian agriculture with global markets.

It is interesting to observe that during UPA's tenure in office, agri-trade surplus surged seven fold, from $3.6 billion in 2004-05 to $25.4 billion in 2013-14. But then fell dramatically by two-thirds after the NDA assumed office, touching $8.2 billion by 2016-17 (Figure 1). The tumbling agri-trade surplus was the result of falling exports and rising imports. Agri-exports, after peaking at $42.9 billion in 2013-14 fell to $33.7 billion in 2016-17, while imports kept rising — from $17.5 billion in 2013-14 to $25.5 billion by 2016-17. Agri-exports suffered primarily due to the significant fall in exports of cereals (especially wheat and maize), cotton, oilseeds and, to some extent, bovine meat (Figure 2). This, in turn, was largely due to a steep fall in global prices and restrictive export policies. Global prices of wheat, maize, soybean, and cotton, for example, fell by 47, 39, 25 and 18 per cent, respectively, during 2013-2016. The FAO food price index fell from 209.8 in 2013 to 161.5 in 2016. Export policies for pulses, oilseeds/edible oils and several vegetables were restrictive. Nevertheless, exports of fish-seafood, and fruits-nuts-vegetables (mainly guavas/mangoes, grapes, cashew nuts, onions) have been growing steadily. They touched $5.8 and $3 billion, respectively, in 2016-17 (Figure 2).