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Study the commodity and market diversification of agricultural exports from India during the post-reform period

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Abstract

The goal of the current study was to Study the commodity and market diversification of Agricultural export during the 1990–1991 to 2019–2020. The entire study period was divided into three decades: decade I (1991-2000), decade II (2001-2010), decade III (2011-2020). Secondary data on the exports of Agricultural commodities were mostly gathered from the Directorate General of Commercial Intelligence and Statistics (DGCIS), APEDA, Ministry of commerce and several official websites. Export destinations were studied for top ten destinations in Basmati rice, non basmati rice, sugar, pulses, wheat, sesame seeds, guar gum, cashew nut shell liquid, spices, ground nut, fruits/vegetables, others among decade I,II and III. Top ten destinations at three decades were found to be more or less same with little changes in their positions for certain commodities.

Keywords: Agriculture export, spices, Asia, India

Introduction

Exports from India have long history, during India used to export spices to various regions of the world. India was also known for its textiles, which were a major export. In the 16th century the main items was tobacco, cotton, and textiles exported to Arab countries from Gujarat. During the Mughal Empire, India exported a variety of precious stones including ivory, pearls, and tortoise stones. During the British era, Indian exports are decreased because of east India Company. India also sends a large amount of merchandise abroad. There are many agricultural items, such as fresh fruits and vegetables, coffee, tea, cereals, spices, cashews, oil meals, meats and their preparations, and marine products. The nation deals with strong rivalry from other significant players in the field, particularly those that have recently entered the market. Ironically, the entire continent of Asia is in danger as nations like China, Malaysia, the Philippines, Thailand, Singapore, and Indonesia pose a severe threat to Indian agricultural goods, among other things. As the main focus was on developing the home market, growth was rapid. On the other hand, the number of industries was minimal. Other relevant difficulties such as exclusive agricultural goods and some manufacturing industries. India is a market leader for agricultural goods internationally. However, its entire basket of agricultural exports only represents slightly more than 2.5 percent of global agricultural commerce. United States, Saudi Arabia, Iran, Nepal, and Bangladesh were the top export destinations.

Methodology

The study is largely being undertaken for India with the goal of examining the past and future of Indian agricultural exports. The research relates to the years 1990-1991 to 2019-2020. India experienced a fourfold growth and a subsequent 12 times in value in 1990–1991. This makes this time period special time for the present study. The periods were classified as below.

Period I: 1991 to 2000

Period II: 2001 to 2010

Period III: 2011 to 2020

Overall Period: 1991 to 2020

Selection of the Commodities

For a thorough investigation, the main agricultural exports from India between 1990-1991 and 2019-2020 were chosen. The value-based export trends were examined based on the top 20 commodities exported from India, i.e, Basmati Rice, Non Basmati Rice, Sugar, Gruound nut,

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Cashew, Tobacco, Oil Meals, Fruits, Vegetable Seeds, Pulses, Wheat, Tea, Spices, Castor oil, Marine Products, Shellac, Sesamum Seeds, Cotton (including raw materials), Guargram, Cashew nut liquid, Coffee and livestock products.

Analysis of the data

Exports of Agricultural commodities from India were analyzed for the top 10 destinations of commodities from India during the decade I, decade II, decade III. The changes in the destinations for these commodities were compared.

Results and discussion

Table 1. represents top 10 destinations of Agricultural exports in India in decade I, II and III.

1.1. Basmati rice

In the decade I, 1991–2000, the top three destinations were Saudi Arabia, UAE, and Kuwait. In decade II, 2001–2010, the top three destinations were Saudi Arabia, the UAE, and Iran. In decade III, 2011–2020, the top three destinations are Iran, Saudi Arabia, and Iraq. Data from the All India Rice Exporters Association (AIREA) shows that during the 2012–13 fiscal year, India's basmati rice exports to Iran exceeded one million tons, then gradually reached the top one million in decade III, while shipments to Iraq totaled over 2 lakh tonnes. Given that Iraqi customers prefer imported rice from India, there is a significant opportunity to increase rice exports to that country. As basmati rice exports from India have increased in this decade, Iraq is starting to emerge as a new market for the aromatic rice. Exporters are optimistic about the future and intend to increase their shipments to roughly 2.5 million tons this fiscal year.

1.2. Non basmati rice

In the decade I, 1991–2000, the top three destinations were Saudi Arabia, the UAE, and Kuwait. In decade II, 2001–2010, the top three destinations were Bangladesh, Nepal, and Saudi Arabia. In decade III, the top three destinations are Saudi Arabia, the UAE, and Sri Lanka. Even though Bangladesh is one of the world's top producers of rice, it must import rice due to catastrophic floods that have caused a loss in rice stock and spiking rice prices in its local market. According to the All India Rice Exporters Association, Bangladesh is anticipated to import roughly 500,000 tons of non-basmati rice during decade II. So it reaches the top 1 in decade II. As a measure to control inflation, the export of non-basmati rice was banned from 2007 to 2010. But India has allowed exports to a few African countries and also Nepal, citing humanitarian reasons. This reason leads to Nepal in the top 2. In decade III, Saudi Arabia and the United Arab Emirates returned to form, and Sri Lanka was added to the top three because, in response to rising rice prices in the South Asian nation, the government of Sri Lanka plans to import 400,000 metric tons of rice from India.

1.3. Sugar

In the decade I, 1991–2000, the top three destinations were Indonesia, Bangladesh, and the UAE. In decade II, 2001–2010, the top three destinations were Indonesia, Bangladesh, and the UAE. In decade III, 2011–2020, Indonesia, Bangladesh, and Sudan. Almost the same destinations with variations in position are observed in decades I & II. In decade III, exports shifted to Sudan because of complaints about shortages. The Sudan government opened up sugar

imports and eliminated customs charges in 2012.

1.4. Ground nut

In the decade I, 1991–2000, the top three destinations were Indonesia, Malaysia, and the Philippines. In the decade II, the top three destinations were Indonesia, Malaysia, and the Philippines. In Decade III, Indonesia, the Philippines, and Vietnam. In decades I and II, no variation was observed. In the third decade, Vietnam occupied the top three positions due to a larger domestic crop and healthy demand from nations like Vietnam, Malaysia, and Indonesia. Groundnut exports have increased by more than a third, and also Vietnam increased India's groundnut exports as a result of a number of factors, including better access to the seeds, competitive pricing in the worldwide market, and groundnuts of a high-quality standard.

1.5. Cashew kernel

In the decade I, 1991–2000, the top three destinations were the UAE, Japan, and the Netherlands. In decade II, 2001–2010, the top three destinations were the UAE, Japan, and the Netherlands. In decade III, the top three destinations are the UAE, Japan, and the Netherlands. In all three decades, destinations were the same with slight variations in positions.

1.6. Tobacco

In the decade I, 1991–2000, the top three destinations were Belgium, Egypt, and the Philippines. In the decade II, the top three destinations were Belgium, Egypt, and the Netherlands. In decade III, the top three destinations are Belgium, Egypt, and the Netherlands. In all three decades, destinations were the same with slight variations in positions.

1.7. Oil meals

In the decade I, 1991–2000, the top three destinations were Korea, Bangladesh, and Vietnam. In decade II, 2001–2010, the top three destinations were Korea, Bangladesh, and Vietnam. In decade III, the top three destinations are Korea, Bangladesh, and Vietnam. In all three decades, destinations were the same with slight variations in positions.

1.8. Fruits/vegetables

In the decade I, 1991–2000, the top three destinations were Pakistan, the USA, and Japan. In decade II, 2001–2010, the top three destinations were the USA, the Netherlands, and Bangladesh. In decade III, the top three destinations are the USA, the Netherlands, and Bangladesh. The top ten destinations in decade I and decade II are the same. In decade I, Pakistan was at the top position and in decade II and III it went down because of informal trade that occurred between Pakistan and India, which is unlawful trading across land boundaries. Also, in August 2019, GOI announced the cancellation of Article 370 (A). Pakistan completely banned all trade activities with India.

1.9. Pulses

Bangladesh, the UAE, and the United States were the top three destinations in decade I, 1991–2000. In decade II, the top three destinations are the UAE, China, and the USA. In decade III, the top three destinations are the UAE, China, and the USA. Destinations were in the same position in decade II and III, but there was a slight difference in decade I compared to decade II. Position goes down in decades II and III because of rising demand from some major importers.

1.10. Wheat

In the decade 1991–2000, the top three destinations were Myanmar, Bangladesh, and France. In decade II, 2001–2010, the top three destinations were Myanmar, Bangladesh, and France. In decades I & II, the top ten destinations are the same. In decade III, it shifted to Nepal, Bangladesh, and the UAE. Though India is not one of the top ten wheat exporters in the world trade, its rate of increase in exports has overtaken that of all these countries, reflecting the quick steps it is taking in accessing new markets worldwide because it focuses on exporting to neighboring countries.

1.11. Tea

In the decade I, 1991–2000, the top three destinations were Iran, UAE, and the USA. In decade II, 2001–2010, the top three destinations were Iran, the UAE, and the USA. In decade III, the top three destinations are Iran, the UAE, and the USA. In all three decades, destinations were the same with slight variations in positions.

1.12. Spices

The top three destinations from 1991 to 2000 were the USA, China, and the UAE. In decade II (2001–2010), the top three destinations were China, the USA, and Bangladesh. In decade III (2011–2020), China, the USA, and the UAE were the major destinations. In these three decades, almost the same destinations were observed with slight variations in position.

1.13. Castor oil

In the decade I, 1991–2000, the top three destinations were the USA, China, and the Netherlands. In decade II, 2001–2010, the top three destinations were China, the Netherlands, and the USA. China, the Netherlands, and the United States are participating in Decade III, which runs from 2011 to 2020. With minor variations in positions, all three decades of export destinations are the same here

1.14. Marine products

In the decade I, 1991–2000, the top three destinations were the USA, China, and Japan. In decade II, 2001–2010, the top three destinations were the USA, China, and Japan. In decade III, the top three destinations are the USA, China, and Japan. In all three decades, destinations were the same with slight variations in positions.

1.15. Shellac

In the decade I, 1991–2000, the top three destinations were the USA, Bangladesh, and China. In decade II, 2001–2010, the top three destinations were the USA, Bangladesh, and China. In decade III, 2011–2020, the top three destinations are the USA, Bangladesh, and China. In all three decades, destinations were the same with slight variations in positions.

1.16. Sesame seeds

In the decade I, 1991–2000, the top destinations were Korea, the USA, and China. In decade II, 2001–2010, the top three destinations were Korea, the USA, and China. In decade III, 2011–2020, the top three destinations are Korea, the USA, and China. In all three decades, destinations were the same with slight variations in positions.

1.17. Cotton

In the decade I, 1991–2000, the top three destinations were

Bangladesh, China, and Indonesia. In decade II, 2001–2010, the top three destinations were Bangladesh, China, and Vietnam. In decades I & II, the same destinations with slight variations in positions were observed. In decade III, the top three destinations are Bangladesh, China, and Vietnam. Here, almost the same destination with a slight variation is shown. In the decades II and III, Vietnam registered in the top three because, since 2002, Vietnam's demand for raw cotton has grown rapidly and imports have reached record highs. This is a particularly encouraging development for India's cotton exports.

1.18. Guar gum

In the decade I, 1991–2000, the top three destinations were the USA, China, and Germany. In the decade II, 2001–2010, the top 3 destinations were the USA, China, and Germany. In Decade III, the USA, China, and Russia. In the decades I & II, almost the same destinations were observed with variations in positions. In decade III, 2011–2020, Russia is in the top three compared with decade II, where it is in the top four because of increased crude oil prices in Russia have raised guar gum demand as well.

1.19. Cashew nut shell liquid

In the decade I, 1991–2000, the top three destinations were the USA, Korea, and the Netherlands. In decade II, 2001–2010, the top three destinations were Korea, the USA, and Italy. In decade III, the top three destinations are Korea, the USA, and Italy. In the decade I, Italy was not at least in the top ten, but in decades II and III, it shifted to the top three because since 1997–1998, Indian exports to Italy have been steadily rising. After the liberalization of the Indian economy, there are more possibilities for business, investment, and trade between Italy and India. Trade between Italy and India on a bilateral basis has greatly increased.

1.20. Coffee

In the decade I, 1991–2000, the top three destinations were Italy, Germany, and Belgium. In decade II, 2001–2010, the top three were Italy, Germany, and Belgium. In decade III, 2011–2020, the top three destinations are Italy, Germany, and Belgium. In all three decades, the top three destinations were the same without any change.

1.21. Livestock products

In the decade I, 1991–2000, the top three destinations were Bangladesh, Indonesia, and the UAE. In decade II, 2001–2010, the top three destinations were the UAE, Saudi Arabia, and Malaysia. In decade III, the top three destinations are Saudi Arabia, Iran, and Vietnam. In all the three decades, the destinations are the same with variations in positions, but in decade II and III, Vietnam is added because a bilateral trade agreement was concluded between the two countries that led to continuous exports increasing from 1995 to 2016. Vietnam is one of India's top export destinations for agricultural products among the ASEAN nations.

Policy suggestions

Governments should continue their bilateral trade agreements with other nations while also introducing new goods, services, or characteristics that will appeal to consumers in these new markets in order to broaden market diversification.

Table 1: Top 10 destinations of Agricultural exports in India in decade I, II and III.

Commodities	1991-2000	2001-2010	2011-2020
Basmati rice	Saudi Arabia-30.56% UAE-17.18% Kuwait-5.65% UK USA Yemen Republic Oman Canada Netherland Qatar	Saudi Arabia-33.45% UAE-32.19% Iran-19.04% Kuwait UK USA Yemen Republic Oman Canada Netherland	Iran-34.96% Saudi Arabia-25.8% Iraq-12.3% UAE Yemen Republic USA Kuwait UK Oman Canada
Non basmati rice	Saudi Arabia-22.8% UAE-13.6% Kuwait-6.7% Bangladesh Yemen Republic USA South Africa Russia Srilanka Nigeria	Bangladesh-14.14% Nepal-21.5% Saudi Arabia-11.23% Singapore South Africa United Arab Emirates Yemen Republic Maldives Vietnam Philippines	Saudi Arabia-20.07% UAE-15.93% Srilanka-7.42% Yemen Republic Bangladesh Nepal Benin Malaysia Iraq Madagascar
Sugar	Indonesia-15.6% Bangladesh-11.4% UAE-6.9% Saudi Arabia Malaysia Pakistan Srilanka China Yemen Republic Nepal	Indonesia-37.9% Bangladesh-9.56% UAE-1.41% Saudi Arabia Malaysia Srilanka Pakistan Yemen Republic Nepal China	Indonesia-19.6% Bangladesh-17.47% Sudan-15.29% UAE China Nepal Saudi Arabia Malaysia Srilanka Afghanistan
Ground nut	Indonesia-26.8% Malaysia-9.8% Philippines-16.8% Thailand UK USA UAE Singapore China Mexico	Indonesia-46.2% Malaysia-21.6% Philippines-20.9% Thailand UK USA UAE Singapore China Mexico	Indonesia-37.95% Philippines-8.46% Vietnam-24.9% Malaysia Thailand Ukraine Russia Iran Nepal Netherland
Cashew kernel	UAE-16.9% Japan-12.45 Netherlands-9.7% Saudi Arabia Vietnam USA Spain Qatar Kuwait Germany	UAE-26.2% Japan-15.2% Netherlands-13.1% Saudi Arabia Vietnam USA Spain Germany Kuwait Qatar	UAE-20.7% Japan-10.8% Netherlands-15.2% Saudi Arabia Vietnam USA Spain Germany Qatar Kuwait
Tobacco	Belgium-25.6% Egypt-3.4% Philippines-12.4% Nigeria Nepal UAE Indonesia Korea RP Oman France	Belgium-40.5% Egypt-1.32% Philippines-10.2 % Nigeria Nepal UAE Indonesia Korea RP France Oman	Belgium-36.8% Egypt-6.95% Philippines-14.11% Nigeria Nepal UAE Indonesia Korea RP France Oman
Oil meals	Korea RP-11.6% Banglades-33.2% Vietnam-9.8% Nepal USA France Germany Netherland	Korea RP-8.51% Bangladesh-13.1% Vietnam-22.7% Nepal USA France Germany Netherland	Korea RP-32.7% Bangladesh-10.5% Vietnam-12.3% Nepal USA France Germany Netherland

	Japan Thailand	Japan Thailand	Thailand Japan
Fruits/vegetable seeds	Pakistan-42.8% USA-4.8% Japan-11.2% Netherlands Bangladesh Malaysia UK Nepal Taiwan Italy	USA-1.98% Netherlands-2.18% Bangladesh-20.8% UAE Thailand Japan Korea RP France Kenya Nepal	USA-5.66% Netherlands-1.33% Bangladesh-46.57% UAE Thailand Japan Korea RP France Kenya Nepal
Pulses	Bangladesh-31.85 UAE-15.6% USA-13.4% Srilanka Kuwait UK Bahrain Island Canada Qatar Egypt	UAE-10.1% China-29.7% USA-14.9% Nepal Canada Iran UK Saudi Arabia Qatar Singapore	UAE-8.04% China-14.9% USA-11.9% Nepal Canada Iran UK Saudi Arabia Qatar Singapore
Wheat	Myanmar-8.9% Bangladesh-12.5% Nepal-26.8% France UAE USA Kenya New Zealand Canada Spain	Myanmar-9.3% Bangladesh-10.1% Nepal-62.6% France UAE USA Kenya New Zealand Canada Spain	Nepal-75.3% Bangladesh-15.4% UAE-3.9% Somalia Srilanka Malaysia Afghanistan UK Jordan Kuwait
Tea	Iran-15.6% UAE-11.6% USA-6.8% Russia Germany UK Iraq Japan Netherland Australia	Iran-24.4% UAE-15.4% USA-9.7% Russia Germany Iraq UK Japan Netherland Australia	Iran-27.6% UAE-7.8% USA-8.11% Russia UK Germany Iraq Japan Netherland Australia
Spices	USA-13.6% China RP-10.8% UAE-8.6% Bangladesh Thailand Malaysia Indonesia Srilanka UK Nepal	China RP-5.55% USA-16.8% Bangladesh-12.7% UAE Thailand Malaysia Indonesia Srilanka UK Nepal	China RP-31.5% USA-11.1% UAE-6.18% Thailand Indonesia Malaysia Srilanka UK Nepal Somalia
Castor oil	USA-10.9% China RP-36.9% Netherlands-13.8% UAE Japan Thailand Korea RP UK Turkey France	China RP-40.8% Netherlands-19.5% USA-12.7% France Japan Thailand Korea RP Turkey UAE UK	China RP-44.3% Netherlands-18.4% USA-11.9% France Japan Thailand Korea RP Turkey UAE UK
Marine products	USA-8.75 China-26.8% Japan-10.7% Vietnam Canada Spain Thailand Italy UAE	USA-7.8% China-31.5% Japan-14.2% Vietnam Thailand Italy Canada Spain UAE	USA-29.8% China-32.6% Japan-8.0% Vietnam Thailand Spain Canada Italy UAE

	UK	UK	UK
Shellac	USA-26.8% Bangladesh-11.9% China-3.2% Germany Afghanistan France Korea RP Indonesia Iraq UK	USA-7.05% Bangladesh-8.6% China-1.37% Germany Afghanistan France Iraq Korea RP UK Indonesia	USA-37.5% Bangladesh-17.8% China-5.4% Germany Afghanistan France Iraq Korea RP UK Indonesia
Sesame seeds	Korea RP-16.9% USA-18.4% China-6.3% Russia Indonesia Israel Taiwan Vietnam Iraq Canada	Korea RP-22.1% USA-13.8% China-8.5% Russia Indonesia Israel Taiwan Vietnam Iraq Canada	Korea RP-13.8% USA-13.7% China-10.2% Russia Indonesia Israel Vietnam Iraq Taiwan Canada
Cotton	Bangladesh-48.9% China RP-16.7% Indonesia-10.5% Vietnam Taiwan Oman Thailand UAE Belgium Germany	Bangladesh-9.0% China RP-56.5% Vietnam-3.8% Indonesia Taiwan Oman Thailand UAE Belgium Germany	Bangladesh-59.2% China RP-18.4% Vietnam-8.6% Indonesia Taiwan Oman Thailand Belgium Germany UAE
Guar gum	USA-39.6% China-11.8% Germany-4.2% Australia Italy South Africa Netherlands UK Belgium Canada	USA-45.9% China-16.3% Germany-3.9% Russia Australia Italy South Africa Netherlands UK Belgium	USA-33.4% China-7.2% Russia-9.6% Norway Germany Netherlands Argentina UK Italy Canada
Cashew nut shell liquid	USA-20.8% Korea RP-18.4% Netherlands-15.8% UAE UK Japan France Spain China RP Germany	Korea RP-1.25% USA-55.02% Italy-2.5% UAE France Canada Spain Japan China RP Nepal	Korea RP-65.3% USA-3.2% Italy-11.4% Russia Spain Italy Japan China RP UK Nepal
Coffee	Italy-40.7% Germany-15.8% Belgium-11.5% Russia USA Jordan Turkey UAE Poland Kuwait	Italy-38.7% Germany-20.8% Belgium-11.8% Russia USA Jordan Turkey UAE Kuwait Poland	Italy-44.8% Germany-12.04% Belgium-7.3% Russia USA Jordan Turkey UAE Kuwait Poland
Livestock products	Bangladesh-15.3% Indonesia-22.8% UAE-9.6% Saudi Arabia Kuwait Iran USA Malaysia UK Russia	UAE-26.9% Saudi Arabia-49.4% Malaysia-4.3% Bangladesh USA Vietnam Kuwait Iran UK Indonesia	Saudi Arabia-4.18% Iran-2.4% Vietnam-1.5% UAE USA UK Kuwait Malaysia Indonesia Russia

Conclusion

On the basis of the discussion above, it can be concluded that Market diversification is shown in some crops like Basmati rice, non basmati rice, sugar, pulses, wheat, sesame seeds, cotton, guar gum, cashew nut shell liquid, spices, and ground nut, fruits/vegetable seeds, others among top ten destinations and remaining other commodities like cashew kernel, tobacco, oil meals, marine products, shellac, cotton, tea, coffee, castor oil, sesame seeds are registered top ten destinations with slight variation in position.

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