



Increased Farm Exports

Why in News

According to the Ministry of Commerce and Industry, **farm exports have registered 9.8% growth** for the period of April-December 2020.

- Previously, the government of India launched the [Remission of Duties or Taxes on Export Product \(RoDTEP\)](#) scheme replacing [Merchandise Exports from India Scheme \(MEIS\)](#) to further improve exports.

Key Points

▪ Data for April-December 2020:

- **Overall merchandise exports:** Registered 15.5% fall.
- **Farm exports:** Registered 9.8% growth.

- Overall merchandise exports include all the goods manufactured in India while Farm exports include only the agricultural products.

▪ Reasons For Growth in Farm Exports:

◦ Rising International Prices:

• Normalisation of Demands:

- Due to steady normalisation of demand with most countries unlocking their economies after May 2020 and, at the same time, **restoration of supply chains** post-**Covid** not keeping pace has made exports of many farm products from India competitive.
- That includes **non-basmati rice, sugar, oilseed meals, cotton and even wheat and other cereals (mainly maize)**.
- Earlier, the [United Nations \(UN\) Food and Agricultural Organization \(FAO\)](#), released its latest **Food Price Index (FPI)** for January 2021, which showed that the [FPI has increased from a 48-month-low to a 78-month-high](#).

• Chinese Stockpiling:

- Global prices have also been increased by Chinese stockpiling.
- It had stepped up imports of everything – from maize, wheat, soyabean and barely to sugar and milk powder – **to build strategic food reserves amid geopolitical tensions**.

◦ Dry Weather of Different Countries:

- The current export revival is equally a result of **dry weather conditions** in major producing countries such as **Argentina, Brazil, Ukraine, Thailand and Vietnam**.
- **Russia** (world's largest wheat exporter) and **Argentina** (No. 1 in soybean meal and

No. 3 in maize) have even **announced temporary suspension or taxes on grain shipments in response to high domestic food inflation.**

- **India's Surplus Monsoon:**

- India, on the other hand, hasn't faced serious weather issues; both 2019 and 2020 **recorded surplus monsoon rainfall** along with **timely onset of winter.**

- **Agriculture Exempted from Lockdown:**

- Farmers harvested a bumper rabi crop during April-June, enabled by the government exempting agriculture-related activities from **lockdown** restrictions.

- **Significance of Rising Exports:**

- If it sustains, it can help **increase crop prices** when the next rabi harvest is due from March 2021. This may be **politically useful** in a context of **farm unrest.**
- It will help in achieving the USD **5-trillion economy** goal by India.
- It will help achieve an ambitious target of **doubling farmers' income** by 2022.

Export promotion : Steps taken so far

Export promotion measures taken in last few years

- **Interest Equalization Scheme (IES)** on pre and post shipment rupee export credit introduced from 1.4.2015 providing interest equalisation at 3% to exporters on 416 lines and for all MSME exporters.
- *The IES rate increased to 5% for MSME exporters with effect from 2.11.2018 and merchant exporters were covered under the scheme with effect from 2.1.2019.*
- India's rank in **World Bank 'Ease of doing business'** ranking improved from 142 in 2014 to 77 in 2018, with the *sub-rank in 'Trading across borders' moving up from 122 to 80.*
- **"Trade Infrastructure for Export Scheme (TIES)"** launched with effect from 1st April 2017 to address the export infrastructure gaps in the country.
- Comprehensive **"Agriculture Export Policy"** launched on 6th December, 2018 with an aim to double farmers' income by 2022
- **"Transport and Marketing Assistance" (TMA) scheme** launched in 05th March 2019 for mitigating disadvantage of higher cost of transportation for export of specified agriculture products.
- **Scheme for Rebate of State and Central Taxes and Levies (RoSCTL)** covering export of garments and made-ups notified on 7.3.2019 providing refund of duties/taxes at higher rates.

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Source: IE

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