



Enhancing India's Agri-Exports

For Prelims: [Food Inflation](#), [Pulses](#), [Sanitary and Phytosanitary \(SPS\)](#), [Technical Barriers to Trade \(TBT\)](#), [MSP](#), [WTO](#), [Development Box](#), [FTAs](#), [Agricultural Export Policy \(AEP\)](#), 2018.

For Mains: Trends in India's agricultural exports, associated challenges and way forward.

[Source: IE](#)

Why in News?

India's agricultural **exports** grew by **6.5%** to **USD 37.5 billion** (Apr-Dec 2024), while **imports** rose by **18.7%** to **USD 29.3 billion** that has reduced the [agricultural trade surplus](#).

What are the Trends in India's Agricultural Exports?

- **Shift in Cotton Trade:** India is now a net importer of cotton, reversing its earlier status as an exporter.
 - Once the 2nd-largest exporter after the US, India's **cotton exports fell** from USD 4.3 billion in 2011-12 to **USD 1.1 billion in 2023-24**.
- **Shrinking Agricultural Trade Surplus:** India's agricultural trade surplus peaked at USD **27.7 billion in 2013-14**, fell to **USD 16 billion in 2023-24**.
- **Impact of Global Commodity Prices:** Between 2013-14 and 2019-20, falling **global food prices** reduced India's agri-export competitiveness.
 - Post [Covid-19](#) and the **Russia-Ukraine war**, prices surged, boosting exports to USD **53.2 billion in 2022-23**.
- **Major Export Commodities:**
 - **Marine Products:** Export of marine products, **India's leading agri-export**, **declined** in 2023-24, with the downward trend continuing in 2024-25.
 - **Sugar & Wheat:** Sugar and wheat exports **fell** in 2023-24 due to **government restrictions** aimed at controlling **domestic food inflation**.
 - **Rice:** Rice exports, especially non-basmati, remained **strong** despite a ban on white rice and **export duty** on parboiled rice.
 - **Basmati rice, spices, coffee, and tobacco** exports are set to reach record highs in 2024-25.
 - **Cash Crops:** Coffee and tobacco exports surged due to adverse weather affecting key producers like **Brazil, Vietnam, and Zimbabwe**.
 - **Others:** India has also consolidated its position as the **world's leading exporter** of **chilli, mint products, cumin, turmeric, coriander, fennel**, etc.
- **Major Import Commodities:**
 - **Edible Oil:** Edible oil **imports** in 2024-25 are projected to be the **highest** mainly due to **price hikes** caused by the **Russia-Ukraine war**.
 - Pulses imports averaged **USD 1.7 billion (2018-23)** due to **higher domestic pulses production** but are expected to surpass **USD 5 billion (2024-25)** due to low

production in 2023-24.

▪ **Key Destinations:**

◦ **Exports:**

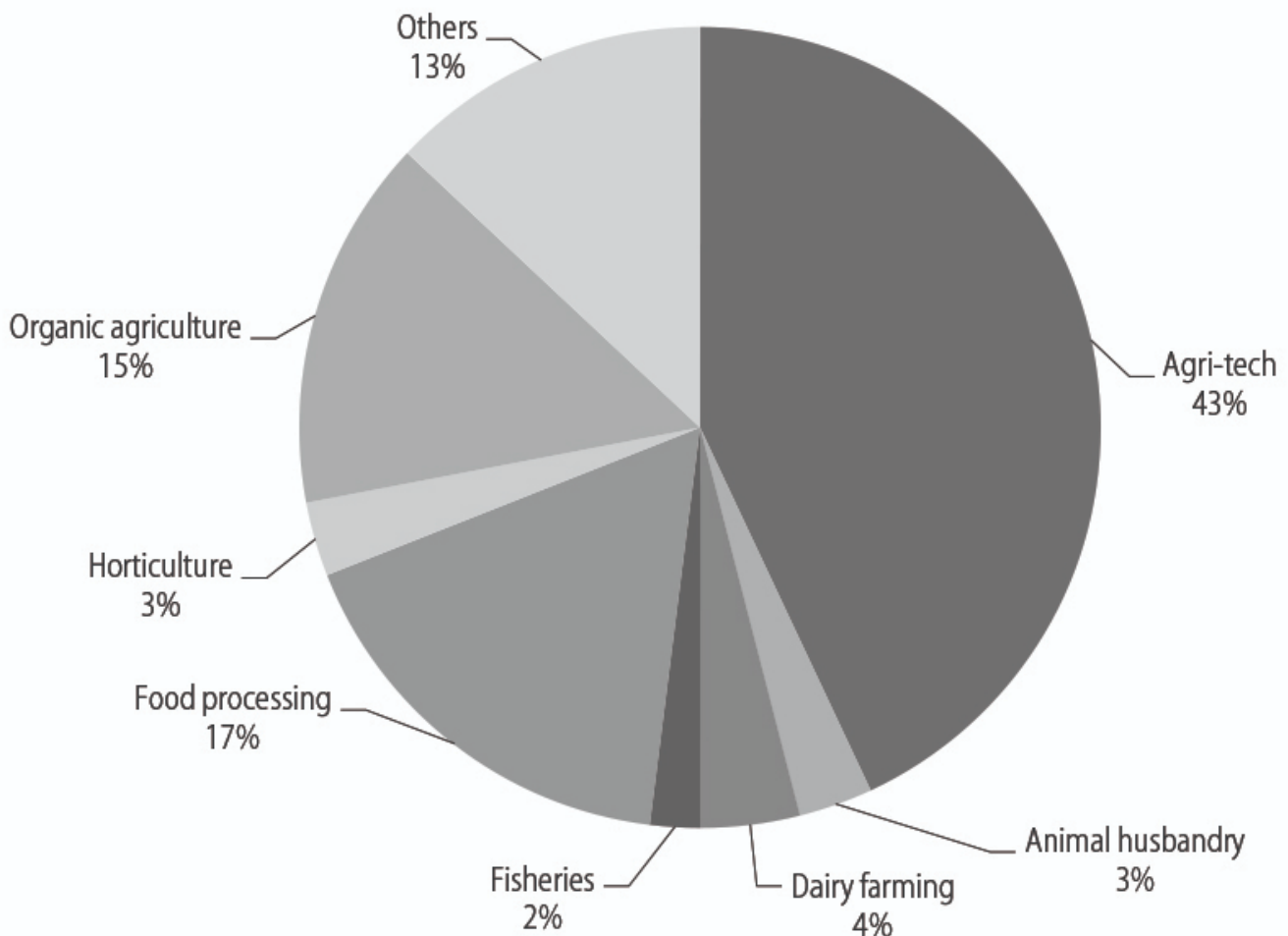
- **Asia:** In 2023, India exported **USD 48 billion** in agri-products, with the **Global South (75%)** and **Asia (58%)** as key markets.
 - **China** and the **UAE** each imported **USD 3 billion** each in Indian agri-products, while Vietnam imported **USD 2.6 billion**.
- **Africa:** Africa accounted for **15%** of India's total agri exports.
- **US:** US accounts for **13.4%** of Indian agri exports primarily consisting of **rice** (Basmati & Non-Basmati), sesame seeds, and fresh fruits.
- **Europe:** Europe accounts for **12.6%** of Indian agri exports primarily consisting of **tobacco, fresh fruits and ornamental plants**.

◦ **Imports:**

- **Global South:** The Global South supplies **48%** of India's agri-imports, led by **Brazil**, China, Mexico, Argentina and Indonesia.
- **Developed Economies:** Top three suppliers are the **US, the Netherlands, and Germany**.

▪ **Agricultural Start-ups:**

Figure 1: Distribution of Agriculture Start-ups in India across Sub-sectors



Source: Author's own analysis based on Startups India database, Department for Promotion of Industry and Internal Trade.

Click Here to Read: [What is Agricultural Export Policy?](#)

What are Challenges in India's Agricultural Exports?

- **Non-Tariff Barriers (NTBs):** Developed countries impose stringent **Sanitary and Phytosanitary (SPS)** and **Technical Barriers to Trade (TBT)** creating **trade barriers** for Indian agricultural exports. E.g.,
 - India's **basmati rice and tea** exports have faced European bans over **pesticide contamination**.
 - Japan has banned imports of **cut flowers from India** over **zero-tolerance pest rules** in floricultural products, although such pests are found in Japan.
- **Unfair Level Playing Field:** Developed nations' **heavy farm subsidies** to their farmers and **high tariffs on Indian agri exports** create a disadvantage for Indian farmers.
 - The US provides **USD 61,286 per farmer annually**, while **India** gives only **USD 282**, lowering global prices and hurting Indian farmers.
- **Challenges to India's MSP Policy:** Developed countries like the US, Canada, and Australia challenge **India's MSP** at the **WTO**, claiming it exceeds the **10% limit (Amber box)** under the **AoA**, risking dispute proceedings.
 - India can provide **uncapped input subsidies** under the AoA's '**Development Box**' for developing nations, but developed countries seek limits that can threaten **small farmers' livelihoods**.
- **Challenges from FTAs:** India's **FTAs** with countries like Singapore, ASEAN, and Japan **lower tariffs on imported agri-products**, hinders farmers' adoption of **new technologies** and **investment in infrastructure**, reducing global competitiveness.
- **Frequent Export Restrictions:** India's export restrictions to control price shocks **deter foreign importers and domestic investment** in post-harvest management and food processing.
 - **Frequent onion bans** disrupt supply chains and **reduce India's reliability in the global market**, prompting import partners to seek alternatives.

WTO AGREEMENT ON AGRICULTURE (AoA)

A WTO treaty negotiated during the Uruguay Round of the General Agreement on Tariffs and Trade (GATT); formally ratified in 1994 at Marrakesh, Morocco; Came into effect in 1995

FEATURES

- Market access (Promote market access for agricultural products by reducing trade barriers)
- Domestic support (Subsidy Boxes are included in this)
- Export subsidies (Reduce the use of export subsidies, which can distort trade)

SUBSIDY BOXES

Amber Box Subsidies:

- Can distort international trade by making a country's products cheaper in comparison to those of other countries
 - » Examples: Subsidies for inputs such as **fertilisers, seeds, electricity, irrigation, and Minimum Support Price (MSP)**
- Amber box is used for all domestic support measures that are deemed to distort production and trade
 - » As a result, the **signatories are required to commit to reducing domestic supports** that fall into the amber box
- Members who do not make these commitments must keep their amber box support within 5–10% of their value of production. (**De Minimis Clause**)
 - » 10% for developing countries
 - » 5% for developed countries
- India's **MSP program** remains under scrutiny, as it exceeds 10% ceiling

Blue box Subsidies:

- "Amber box with conditions" — designed to reduce distortion
- Any support that would normally be in the amber box is placed in the blue box **if it requires farmers to limit production**
 - » These subsidies aim to limit production by imposing production quotas or requiring farmers to set aside part of their land
- At present there are **no limits on spending on blue box subsidies**

Green Box Subsidies:

- Domestic support measures that don't cause trade distortion or at most cause minimal distortion
- These subsidies are **government funded without any price support to crops**
 - » Also include environmental protection and regional development programmes
- **Allowed without limits** (except in certain circumstances)



What are Government Initiatives to Boost Agriculture Exports?

- [Agricultural Export Policy \(AEP\), 2018](#)
- [APEDA \(Agricultural and Processed Food Products Export Development Authority\)](#)
- [PM Formalisation of Micro Food Processing Enterprises \(PM-FME\) Scheme](#)
- [Krishi Udan Yojana 2.0](#)
- [National Programme for Organic Production \(NPOP\)](#)

Way Forward

- **Establish Market Intelligence Units:** The government should set up **external market intelligence units** to provide real-time data on **international export demand**, helping farmers and exporters **meet global market needs**.
- **Support Agri-Tech Startups:** India's vast agriculture sector provides startups opportunities to **scale, expand, and innovate** to maximize trade potential.
- **Diversify Export Markets:** India should explore new products and markets, prioritizing dairy, poultry, vegetables, and fruits in **Africa, Southeast Asia, and the Middle East**.
 - With rising post-pandemic demand for **superfoods (e.g., millets)** and **herbal products**, India should promote their **cultivation and processing**.
- **Compliance with SPS Measures:** India should educate **agri-value chain participants** (both upstream and downstream) on **SPS compliance** and develop processing infrastructure to **boost quality and global competitiveness**.
 - Cooperatives and **FPOs** educate farmers on SPS regulations, food safety, and best practices through **workshops on pest control, residue management, and hygiene**.
- **Develop Agro-Climatic Clusters:** Identifying suitable **agro-climatic zones** for cultivating **export-oriented crops** will optimize productivity and quality.
 - Microsoft's **Project Farm Vibes (PFV)** can **boost crop yields by 40%** while reducing resource consumption.
- **Establish a Credible Trade Policy:** India needs to streamline its **agricultural trade policy** to minimize the frequent imposition of export restrictions.

Drishti Mains Question:

What steps should India take to increase its share in global agricultural trade?

UPSC Civil Services Examination, Previous Year Question (PYQ)

Prelims

Q. With reference to the circumstances in Indian agriculture, the concept of "Conservation Agriculture" assumes significance. Which of the following fall under the Conservation Agriculture?

1. Avoiding the monoculture practices
2. Adopting minimum tillage.
3. Avoiding the cultivation of plantation crops
4. Using crop residues to cover soil surface
5. Adopting spatial and temporal crop sequencing/crop rotations

Select the correct answer using the code given below:

(a) 1, 3 and 4

(b) 2, 3, 4 and 5

(c) 2, 4 and 5

(d) 1, 2, 3 and 5

Ans: (c)

Mains

Q. What are the present challenges before crop diversification? How do emerging technologies provide an opportunity for crop diversification?(2021)

Q. What are the main constraints in transport and marketing of agricultural produce in India? (2020)

PDF Refernece URL: <https://www.drishtiias.com/printpdf/enhancing-india-s-agri-exports>

