



Agriculture Export Policy, 2018

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Why in News?

- The Union Cabinet recently approved the agriculture export policy.
- The Cabinet also approved the proposal for establishment of Monitoring Framework to oversee the implementation of Agriculture Export Policy.
- India's agricultural export is a paltry 15% of its total produce; which stands 25 % for US and 49 % for China.

Agriculture Export Policy

- Policy looks to provide impetus to agricultural exports, it is aimed at doubling the agricultural exports and integrating Indian farmers and agricultural products with the global value chains
- It envisions making India global power in agriculture and raising farmers' income through various policy instruments.

Objective

- To double agricultural exports from 30 billion dollars to 60 Billion by 2022.
- To diversify export basket, destinations and boost high value and value added agricultural exports including focus on perishables.
- It looks to promote novel, indigenous, organic, ethnic, traditional and non-traditional Agri products exports.
- To provide an institutional mechanism for pursuing market access, tackling barriers and deal with sanitary and **phytosanitary** issues.

Sanitary and Phytosanitary Measures

- With the establishment of the World Trade Organization on 1 January 1995, an agreement on the Application of **Sanitary and Phytosanitary Measures (the "SPS Agreement")** entered into force.

- It concerns the application of food safety and animal and plant health regulations.
- Countries can set their own standards but they should be based on science and should be safe for the consumers.

To strive to double India's share in world agri-exports by integrating with global value chain at the earliest.

Elements of the Policy

Agriculture Export Policy has been organised in two categories – **Strategic and Operational**

- **Strategic:** It Includes,
 - Policy measures
 - Infrastructure and logistics support
 - Holistic approach to boost exports
 - Greater involvement of State Governments in agri exports
- **Operational:** It includes,
 - Focus on Clusters
 - Promoting value added exports
 - Marketing and promotion of "Brand India"
 - Attract private investments into production and processing
 - Establishment of strong quality regimen
 - Research & Development
 - Miscellaneous

India and WTO

- All the measures proposed in the Agriculture Export Policy are compatible with World Trade Organisation norms.
- With India moving out of the income bracket of per capital gross national income of less than \$1000, it is not allowed by the WTO to give any financial assistance or export SOPs.
- Therefore measures such as marketing and promotion and infrastructure building such as development of clusters are only considered in the policy.

Benefits of Export Policy

- India's agricultural trade policies are inconsistent with respect to guaranteed availability of produce for exports which makes India an unreliable trading partner; the policy would help India become a reliable partner.
- It will help India in turning the unfavorable balance of payment as it will become an important source of foreign exchange.

- It will act as a catalyst for crop diversification which helps in averting crop failure, better price realization etc.
- It will also result in social upliftment by increasing farm income.

Challenges

- Prices in international market for food grain, sugar, cooking oil as well as dairy and meat products are very low leaving Indian products at disadvantage from their global peer.
- Current minimum support price (MSP) of wheat and rice make India's food grain quite dear in the domestic market.
- Indian government is always "pro-consumer", backing cheap imports to keep inflation in food prices low, hurting local producer.
- Farmers are not aware of the external factors like global price, quality standard etc which makes them a poor choice as reliable suppliers.
- India's farm produce suffers from poor customs and port infrastructure, and high logistics cost that cut into the exporters' margins.

Way Forward

- Effective cold chains can increase the exports of processed agricultural products, but government needs to put in money to push infrastructure.
- Limited state interference, reform of the Agricultural Produce Market Committee (APMC) Act, liberalization of land leasing norms etc is required to make India a reliable supplier with continued stability.
- Government should ensure easy credit flow to the export sector, especially small exporters to ensure adequate availability of funds to them.
- Trade promotion organizations can be setup at strategic overseas location which can boost India's paltry export to those nations.