



Analysis Export Performance of Organic Products from India

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ABSTRACT

India is one of the top producers of cereals, milk, sugar, fruits, vegetables, spices, eggs, and seafood goods in the world thanks to its extensive and diverse agricultural sector. About 50% of Indians depend on agriculture for their living, which remains the foundation of our civilization. With just 2.4% of the world's land and 4% of its water resources, India is home to 17.84% of the world's population and 15% of the world's cattle. Therefore, it is essential for Indian agriculture to continuously innovate and work towards productivity, pre- and post-harvest management, processing and value-adding, use of technology, and infrastructure building. Current growth rates demonstrate that agri-food production is increasing more quickly than domestic demand, and the amount of surplus for export is expanding more quickly. As a result, there is potential and opportunity to gain access to international markets, generate foreign currency, and raise agricultural product prices for producers. Agricultural Export Policy: Goals and Objectives With 1.3 billion customers, a growing middle class, shifting dietary habits, a sizable farming area, a diverse agricultural sector, and a sizable population dependent on agriculture, India has catapulted to the forefront of the global food supply chain and has become a major consumer market.

Keywords:- Agricultural ,fruits, organic products, Sugar

INTRODUCTION

It has frequently been argued that "Bake in India," or a revived emphasis on value addition and processed agricultural goods, is a necessary component of the "Made in India" initiative. Scientists and policymakers are being pushed to reevaluate how we produce and feed the world's 7.5 billion people as a result of the fast expanding global population, diminishing farmland, changing socioeconomic, agro-climatic, and nutritional patterns. India's goal is to

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trade freely, advance peacefully, and expand sustainably. Agricultural export will be able to revolutionise the agricultural economy provided it is effectively supported by infrastructure, institutional backing, packaging, freight transport, and connections to the internal production system backed by market access.

But there are many obstacles to overcome, including insufficient infrastructure, unstable global prices, and limited market access. It would take a number of interventions to increase production and productivity, improved price realisation for farm products, combined with lowering the cost of production, in order to achieve Prime Minister Shri Narendra Modi's goal of doubling farmer income by 2022. In India, the necessity for a focused agricultural export policy has long been recognised. Studies on fresh fruits, vegetables, and fisheries in India have shown losses of between 8% and 18% as a result of poor post-harvest handling, a lack of a cold chain, and inadequate processing facilities. As a result, agro processing and agricultural exports are important, and it is pleasing to see that India's contribution to global agricultural exports is continuously growing. According to WTO trade figures for 2016, India is now ranked tenth among the top exporters internationally. India now accounts for 2.2% of all agricultural product exports worldwide, up from 1% a few years ago.

Indian Agricultural Exports' Future

Competitiveness, Diversification, and Growth Connections. For developing nations like India, the contribution of agricultural commerce to attaining economic growth, reducing poverty, and establishing food security is incalculable. Yet, ensuring an effective and sustainable domestic production system is a top priority in order to protect the food security of the nation's steadily growing population. Through increasing agricultural output, the nation has achieved self-sufficiency in the bulk of its crops. Huge surpluses of various commodities are being produced as a result of the increased output, and these surpluses must be successfully directed to other markets. This is crucial in a system where increasing farmer income is the goal of all government agendas and initiatives. By creating a trading environment that is effective and encourages both domestic competition and chances for farmers to profit from global markets, the goal of doubling farmers' incomes can be accomplished. In addition, strategies are needed to economically shift domestic surplus produce to foreign markets, increasing the farmers' revenue.

It is impossible to dispute India's significance on the world economy. India has improved its export competitiveness in a number of specialised items over time (ITA, 2021). India has retained its status as a net exporter of agricultural goods since the start of the economic reforms in 1991, exporting goods valued at over Rs. 2.52 lakh crore in the fiscal year (FY) 2019–20. A major change in the mix of the exported agricultural goods has occurred as a result of changing food habits. It has been noticed. Throughout the past few years, the export of marine goods from India has grown significantly, increasing its percentage of all agricultural exports from 14.5% in 2015–16 to 19% in 2019–20. (GOI, 2021). As seen by their growing share of the total agricultural export, sugar, spices, and non-basmati rice from India have also seen an increase in demand. It demonstrates the growing demand for agricultural products from India. This highlights the need of carefully examining export diversification across commodities and regions. We haven't been able to unlock the full potential of agricultural exports, despite rising trends in this area. There is enormous untapped export potential that may be realised with the right initiatives. According to reports (Mosé et al., 2013), export in developing nations is strongly responsive to the standard of transportation facilities and the availability of trade-related infrastructures. Several scholars have emphasised the importance of policies that address governance, infrastructure, and educational barriers in order to improve agricultural trade performance (Mosé et al., 2013). Moreover, trade-growth connections have received the proper attention in global trade research.

A limited number of studies have been conducted to investigate export-led growth (ELG), and they have supported the theory that it depends on the country's level of development and its trade involvement. In the long run, growth-led exports (GLE) and manufactured exports are causally related in both directions, according to a study done in the United Arab Emirates (UAE) (Kalaitzi and Cleeve, 2018). Similar estimates have been made for Nigeria, where an increase in agricultural exports per unit is expected to result in a more than commensurate rise in real GDP (Gbaiye et al, 2013). Also, the four East Asian Tiger economies—South Korea, Hong Kong, Singapore, and Taiwan—can be used as empirical evidence for ELG (Palley, 2012). Taking these into account, this study offers an overview of Indian agricultural exports. The study looked at the performance, trends, and composition of agricultural exports. In order





to comprehend the dynamics of export, it has also concentrated on geographic diversification. The study also made conclusions regarding the causality and export-growth relationships. The conclusions will be helpful in creating suitable strategies for more effectively managing and focusing Indian agricultural exports.

Data and Method

The study focuses on analysing the patterns and expansion of the nation's main agricultural exports. Additionally, the study calculated diversification indexes for the products that were chosen. The study also looked at connections between export growth. This section goes over the data sources and methodology used to examine these significant aspects of agricultural exports. The United Nations (UN) Comtrade database at HS 02 and HS 04 digits from 1988 to 2019 is where this chapter's data came from. Based on export values and shares in agricultural exports, a complete study was done for the key agricultural commodities (including livestock and fisheries). For important crops based on their contribution to agriculture at the HS 04 level classification, the ELG and GLE hypotheses was investigated. It contains a complete list of the commodities that were subject to the analysis.

Exports of Agriculture

The agricultural products are included in this study, including beef, cane or beet sugar, crustaceans, mollusks, onions, tea, spices (pepper, fennel, coriander, cumin), groundnuts, other oil seeds, fixed vegetable fats and oils, cotton, cotton thread, and cotton fabric. A significant portion of agricultural exports are grains, mainly rice, cotton, fish and crustaceans, coffee, tea, and spices. Moreover, beef and meat offal are becoming more common in India's agricultural exports. Cotton and cereals have contributed most to India's export of agricultural goods since 2001. Because rice is the most common exportable grain from India, the performance of the country's cereal exports is more or less steady. It has been seen that cotton exports have decreased from 25% in 2001 to less than 20% during the past five years. Fish and crustacean exports have done well, as have exports of meat and edible meat offal. Between 2001 and 2018, the percentage of meat and edible meat offal increased from 3.2% to almost 9%. India and Ecuador are the two countries that export crustaceans the most globally. From 2001 through 2018, the export shares of coffee, tea, and spices were largely steady.

India is the world's second-largest producer of both wheat and rice. Due to the importance of grains to India's food security, the country's export strategy for them has remained uncertain. Bangladesh, Nepal, Pakistan, Saudi Arabia, and the United Arab Emirates are the top countries to which Indian cereals are exported. India's primary grain crop for export has always been rice. India's efforts to increase the volume of cereal exports by looking into fresh chances in other nations or markets have begun to bear fruit. Exports of rice, both basmati and non-basmati, will increase, especially between 2020 and 21. India exported non-basmati rice to nine nations: Timor-Leste, Puerto Rico, Brazil, Papua New Guinea, Zimbabwe, Burundi, Eswatini, Burma, and Nicaragua. The shipment was smaller in Nicaragua because that country had not previously allowed exports. In the years 2018–19 and 2019–20, the total amount of rice exported to these nine nations was only 188 metric tonnes and 197 metric tonnes, respectively; in the years 2020–21, the volume shipped increased to 1.53 lakh tonnes (Minister of Trade & Industry, 2021).

India's agricultural exports have significantly changed in terms of trends, makeup, and diversity.

We attempted to identify a causal association between agricultural exports and economic growth using econometric time series approaches. Since these make up the majority of agricultural exports, cotton, cotton yarn, fennel, coriander, and cumin, groundnuts, onions, pepper, rice, and tea exports were also taken into consideration. GVA, or total gross value added, was chosen to represent economic growth. The stationary ADF test findings showed that all variables have unit roots in their levels. All variables, though, are stationary in their initial differences. The causality was examined using VAR analysis once stationarity had been verified.

Future work

For developing nations like India, the contribution of agricultural commerce to attaining economic growth, reducing poverty, and establishing food security is incalculable. India is becoming more and more significant on the global market, and it has improved its export competitiveness in some niche markets. As seen by their increased share of the total agricultural export, there has been an increase in demand for Indian Basmati rice, non-Basmati rice, spices, and sugar.



**Taking these factors into account, the study looked at the trends, composition, and performance of agricultural exports**

In order to comprehend the dynamics of exports, it also concentrated on geographic diversity. The study also made conclusions regarding the causality and export-growth relationships. The conclusions will be helpful in creating suitable strategies for more effectively managing and focusing Indian agricultural exports. The study also identified structural breaks in Indian agricultural exports from 1990–1991 to 2019–2020 (post-economic reform), which were limited to three major structural breaks with four phases in exports of agricultural products: the first from 1990–1991 to 1994–1995; the second from 1995–1996 to 2005–06; the third from 2006–2007 to 2010–11; and the fourth from 2011–2012 to 2019–2020. or less stable as a result of rice's dominance as the majority of the group's exporting goods. It has been noted that the percentage of cotton exports has decreased from 25% in 2001 to less than 20% between 2015 and 20. Exports of meat, edible meat organs, fish, and crustaceans have done well. Meat and edible beef offal now make up a larger portion of the diet. India and Ecuador are the top two global exporters of crustaceans.

Examples

Cotton Fennel, coriander, and cumin are the top three agricultural products that are exported and have an increasing trade advantage, according to the revealed comparative advantage of agricultural commodities. Cotton yarn made of $\geq 85\%$ cotton is next, followed by fixed vegetable fats and oils. According to the index values, India has a competitive edge in each of the goods that were chosen. Indian tea had a drop in RCA indexes. To maintain its long-standing position in the international market, India must enhance the chain of supply for its tea exports and carry out a thorough comparative analysis.

Over time, it is discovered that rice has a remarkable trade performance. To analyse India's export diversification of agricultural products, the HH index was used. The expansion of export destinations for products like "woven cotton fabrics, weighing = 200 g/m² and other oil seeds and oleaginous fruits" indicates more regional diversification. The foods with the greatest HH Index throughout 2020 included rice, cane or beet sugar, tea, other oil seeds and oleaginous fruits, woven cotton fabrics, and foods that weighed less than 200 g/m². Due to rice's relative advantage in terms of low perish ability, more of it was consumed, and as a result, the DXI gradually increased from 56.59 percent in 2001 to 77.13 percent in 2020. The DXI for raw cotton, however, gradually decreased during that time.

CONCLUSION

In numerous researches, the impact of exports on economic growth has been proven. Also, this study tried to investigate the causal link between agricultural exports and economic expansion. Since these make up the majority of agricultural exports, cotton, cotton yarn, fennel, coriander, cumin, groundnuts, onions, pepper, rice, and tea exports were also taken into consideration. Total GVA was chosen as a measure of economic expansion. It's also interesting to notice that the economic expansion showed bidirectional correlation with the vegetables onion, fennel, coriander, and cumin (total GVA). The majority of agricultural exports, including onion, pepper, rice, fennel, coriander, cumin, and tea, supported the ELG hypothesis. The nation must prioritise a stable trade policy, especially for those goods with the highest trading potential. Moreover, SPS measures should be properly followed while complying to international norms. The growth of clusters and specialised supply chains will support export-oriented production and improve the international standing of Indian goods. Supply networks focused on exports should operate well. managed to lower the expenses and increase the competitiveness of exports. India must come up with practical solutions to become a global leader in agricultural exports given the government's focus on doubling agricultural exports and the existence of an Agricultural Export Policy. The secret to success lies in market information and commodity orientation. The proper markets will be chosen, the right segmentation, positioning, and targeting will be used, and the necessary market linkages and regional crop planning exercises will be made possible with the aid of appropriate diagnostics.





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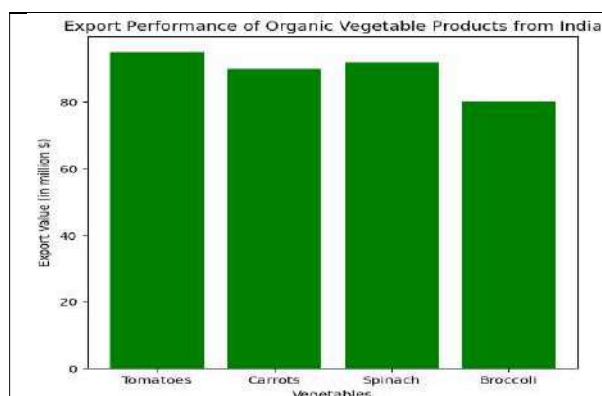


Fig. 1 Examples of Statistical Analysis Export performance of organic products vegetables

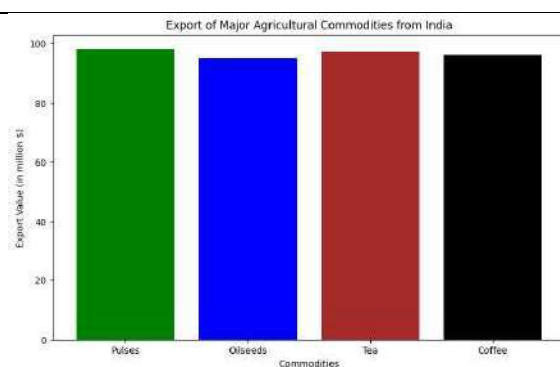


Fig. 2. Agricultural Sectors

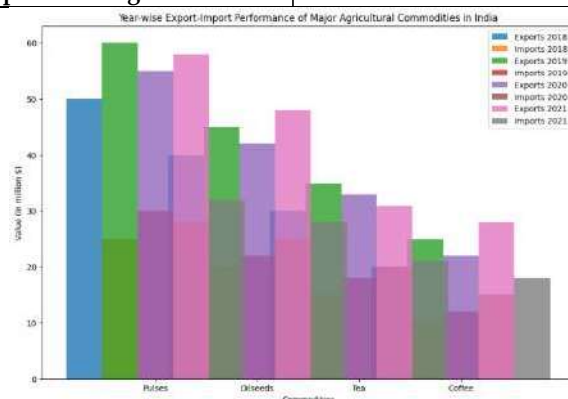


Fig. 3. Performance of Major impact of Agricultural economic growth

