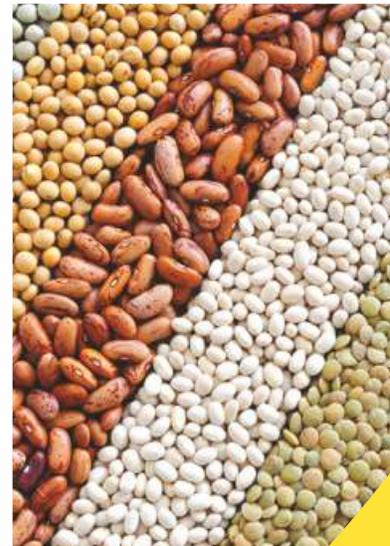




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MUMBAI



INDIA'S AGRICULTURAL EXPORTS - The Untapped Potential

By MVIRDC World Trade Center Mumbai



Bharat Ratna Sir M. Visvesvaraya
(15 September, 1860 - 14 April, 1962)

FIFTY YEARS AND COUNTING

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FOREWORD

Agriculture, and its allied sectors, provide employment to more than half of the population in India and also contribute significantly to our Gross Domestic Product. Agriculture exports provide a unique opportunity to our farmers and people dependent on agriculture and allied sectors to raise their incomes and standard of living.

Under the dynamic leadership of Hon'ble Prime Minister Shri Narendra Modi, India has undertaken several steps to boost agriculture exports that have helped it emerge as one of the top 10 exporters of agro products with exports growing by 29% in 2021 according to the WTO.

I am delighted to write a foreword on the research study titled 'India's Agricultural exports-The Untapped Potential' being conducted by MVIRDC World Trade Center. The research study is an outcome of a rigorous primary survey with industry and meticulous analysis of secondary data on exports of India's agro products.

It is noteworthy that the study highlights the export scenario of India's agro-products and covers emerging sectors such as molasses, floriculture, dairy products, ready-to-eat, ready-to-cook, ready-to-serve, and millet products. The study also identifies untapped potential export markets of the agro-products in India and carries actionable policy recommendations for the above sectors. These policy recommendations provide food for thought for policymakers to design and align policies to make sure that adequate steps are taken for further boosting agriculture exports to make India a developed nation in the years to come.

I appreciate the efforts and hard work of people at MVIRDC World Trade Center Mumbai in conducting this research study on this critical sector of the economy and wish the institution all success in its future endeavors.

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FOREWORD



Agriculture and allied sectors contribute around 17% to India's GDP. India has emerged as a significant player in the global market for agro commodities in the last two years. Our agriculture product exports witnessed third fastest growth after Argentina and Indonesia among top 10 agro exporting nations in 2021, according to the World Statistical Review 2022 released by the WTO. The promising growth in our agro exports presents a valuable opportunity for our more than 120 million farmers to increase their income and diversify their markets.

The last two decades were defined by phenomenal growth in India's exports of marine, meat, rice and sugar products. The coming decade will witness diversification of our agro export basket with ample scope for growth in value added products made of cereals, millets, fruits & vegetables, sugar and other raw commodities. Renewed thrust on Exports of value added commodities will not only create employment opportunities in the food processing sector and attain economies of scale but also promote gender equality and rural development as many food processing units and farmer producer companies owned by women farmers may stand to benefit from export opportunities.

I am happy to note that MVIRDC World Trade Center Mumbai has conducted this study on 'India's Agricultural Exports- the Untapped Potential' to highlight the emerging sectors with export potential within the agriculture sector. The study has rightly focused on sectors such as molasses, dairy products, floriculture, fruits and vegetables, ready-to-eat, ready-to-cook and ready-to-serve products, which are the new growth segments within the agro sector. I am confident that the data analysis and policy suggestions made in this study will be a useful source of reference for policy makers and will generate informed public discussion on this subject, which is critical to double farmer's income as well as attain the vision of USD 1 trillion Merchandise exports by 2030.


(Anupriya Patel)

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Preface

Agriculture export has assumed prime policy importance in recent years given the huge untapped export potential of the country in this sector. Government of India released Agriculture Export Policy in 2018 and since then state-specific Agriculture Export Plans have been prepared by around 16 states/Union Territories with focus on agricultural exports.

The heightened policy focus given to the agriculture sector demonstrates the importance of this sector for achieving inclusive economic growth. Agriculture is the backbone of Indian economy as it provides livelihood to 45% of workforce in the country.

India is spearheading the celebration of the International Year of Millets (IYM) 2023 by positioning the country as the 'Global Hub for Millets'. Already, India rebranded millets as 'Nutri-Cereals' in 2018 and the government is promoting farmer producer organizations (FPOs) and start-ups in developing the millets value chain.

Acknowledging the importance of grassroot intervention, Government of India has identified focus export products across all the 733 districts in the country and majority of these focus products are in the agriculture and allied categories such as horticulture, marine products and processed food. Some of the salient policy actions taken to stimulate farm exports are global market linkages through launch of Farmer Connect Portal, formulation of Districts Export Action Plans and Product specific Export Promotion Forums (EPF) for select goods.

Geographical Indication (GI) tagged agro products such as Darjeeling Tea and Basmati Rice have earned distinct recognition for India in the global market and there is huge scope to create such global brands in other GI tagged products. Government has provided GI tag to more than 417 local products so far and of them around 150 are agricultural and food products.

In this context of historic policy thrust, MVIRDC WTC Mumbai prepared this research study to highlight key trends in agriculture exports, identify potential markets and propose actionable policy recommendations to address gaps and challenges faced by stakeholders.

The study notes that despite posting record growth in agriculture exports in recent years, India still has untapped export potential based on meticulous analysis of secondary data and rigorous primary survey with exporters and industry associations.

In 2021-22, India posted a record farm export of USD 49 billion, and its contribution to the overall merchandise export earnings stood at 12%. Despite the record growth in agriculture exports, we are still the eighth largest exporter of agricultural goods in the world (WTO, 2022), with a share of 2.4% in world exports. There is still untapped export potential, especially by tapping markets such as China, USA, Indonesia and Belgium for products such as dairy, floriculture, molasses, ready-to-eat, ready-to-serve products, millets etc.

The study is done at an opportune time when the world is gearing up for the International Year of Millets showcasing the true potential of these 'Nutri Cereals' and promoting cultivation and consumption of the same. As India assumed the G20 presidency, we can use this opportunity to bring focus to the agriculture sector and have collaborations with countries across the globe in this sector.

I am confident that the findings of this study will generate public debate on this topic and help government departments take evidence-based policy decisions to promote agriculture exports.

Rupa Naik

Executive Director



Executive Summary

The government in 2016 constituted a committee on doubling farmer's income which had recommended various strategies for income growth of farmers. Enhancing agriculture exports was one of the actions through which the government wanted to boost farmer's income. This is because exports would help farmers expand their scale of operations as well as benefit from better prices in the international markets. In lieu of this, the government came up with the Agriculture Export Policy, 2018.

This policy envisaged to boost agro-exports from India to USD 60 billion in 2022 and then to USD 100 billion few years after. Keeping this target in mind, the agricultural sector has had a renewed push with various government initiatives being put into place in order to enhance exports. The main objective of this was to make India a global power in agriculture. Agro-exports from India have gained momentum, crossing USD 49 billion in 2021-22, the highest ever since 2010-11. These figures are remarkable despite the various logistical challenges especially in the form of the pandemic. But there is potential to enhance our exports by utilizing untapped markets.

With India stepping in as the President of G20 coupled with the celebration of 2023 as the 'International Year of Millets'; India can showcase its agriculture sector on global platforms. This will create awareness regarding Indian agro-products as well as aid in exports of the same.

This study has been prepared on the background of these events in the agricultural sector and the analysis in this study highlights emerging sectors like floriculture, millets, and processed foods etc along with the potential markets for these commodities. The study also features views of agricultural exporters and associations on enhancing exports of India's agricultural products.

Objectives of the study

- 1 To highlight the export trends for Indian agriculture products
- 2 To identify major export destinations for these products
- 3 To identify challenges and propose policy suggestions to promote millet exports
- 4 To understand the challenges faced in the export of agro-products
- 5 To propose policy suggestions to overcome these challenges
- 6 To identify the potential markets for Indian agro-products

