

Published: February 17, 2015 22:11 IST | Updated: February 17, 2015 22:11 IST

Growth in export of agri products slides

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Growth in exports of agricultural products is seen sliding, causing a concern.

Decline in commodity prices, glut in global markets, and import ban by several countries have led to a slowdown in agri exports, after registering a consistent growth..

According to available data, the year-on-year growth in agricultural exports has reduced considerably in 2012-13 and 2013-14. Though in absolute terms, agri products exports have increased to Rs.1.96 lakh crore in 2013-14 from Rs.1.74 lakh crore in 2012-13, it is significantly lower than 68.4 per cent growth (y-o-y) registered in 2011-12 (Rs.1.33 lakh crore in 2011-12 against Rs.78,854 crore in 2010-11).

“Post global economic slowdown in 2008-09, agricultural exports have been instrumental in keeping India’s export afloat. When most primary commodities had registered slower or negative growth, agricultural products exports from India had registered a steady growth, which is now seen falling,” said Exim Bank of India Chief Manager Suman Sarkar said. Commerce Ministry data until December, 2014, indicate a negative growth in exports of a number of agricultural products, including tea, cereals (except non-basmati rice), spices, fruits and vegetables, tobacco and oil meals.

Guar gum shows a steep fall after rising steadily in recent years. Meat and meat products, rice (non-basmati), cashew and oilseeds, however, continued to register a healthy growth. Exports of basmati rice also have registered a negative growth, mainly on account of ban imposed by Iran recently.

“Besides decrease in global demand for certain commodities, exports have been significantly affected by factors, including inferior quality and presence of pests and chemicals. Recent ban by Saudi Arabia and the EU has had a negative impact,” Ms. Sarkar said . She said a decline in trade might have a significant impact on production levels as well as on the income of farmers.

“The decline in growth is a concern from the point of view of forex earnings. Agri exports account for around 12-14 per cent of our total exports and, hence, they are critical from our balance of payments position. The reason for lower exports is due to high production levels in other countries and domestic issues like quality. Also, prices have come down in global markets which makes it difficult for Indian exporters to compete,” said CARE Ratings Deputy Managing Director Rajesh Mokashi. According to Mr. Mokashi, agri exports are important as most of this demand is based on the pull factor rather than the push factor. “There are limited options to support such exports. Exploring more markets is the way out,” he said.

Despite setbacks, Russia’s decision to open its markets for Indian agricultural products can be a game changer.

Keywords: [agricultural exports](#)

Printable version | Feb 18, 2015 10:15:14 AM | <http://www.thehindu.com/business/Industry/growth-in-export-of-agri-products-slides/article6905756.ece>

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