



## 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 2<sup>nd</sup>-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**.

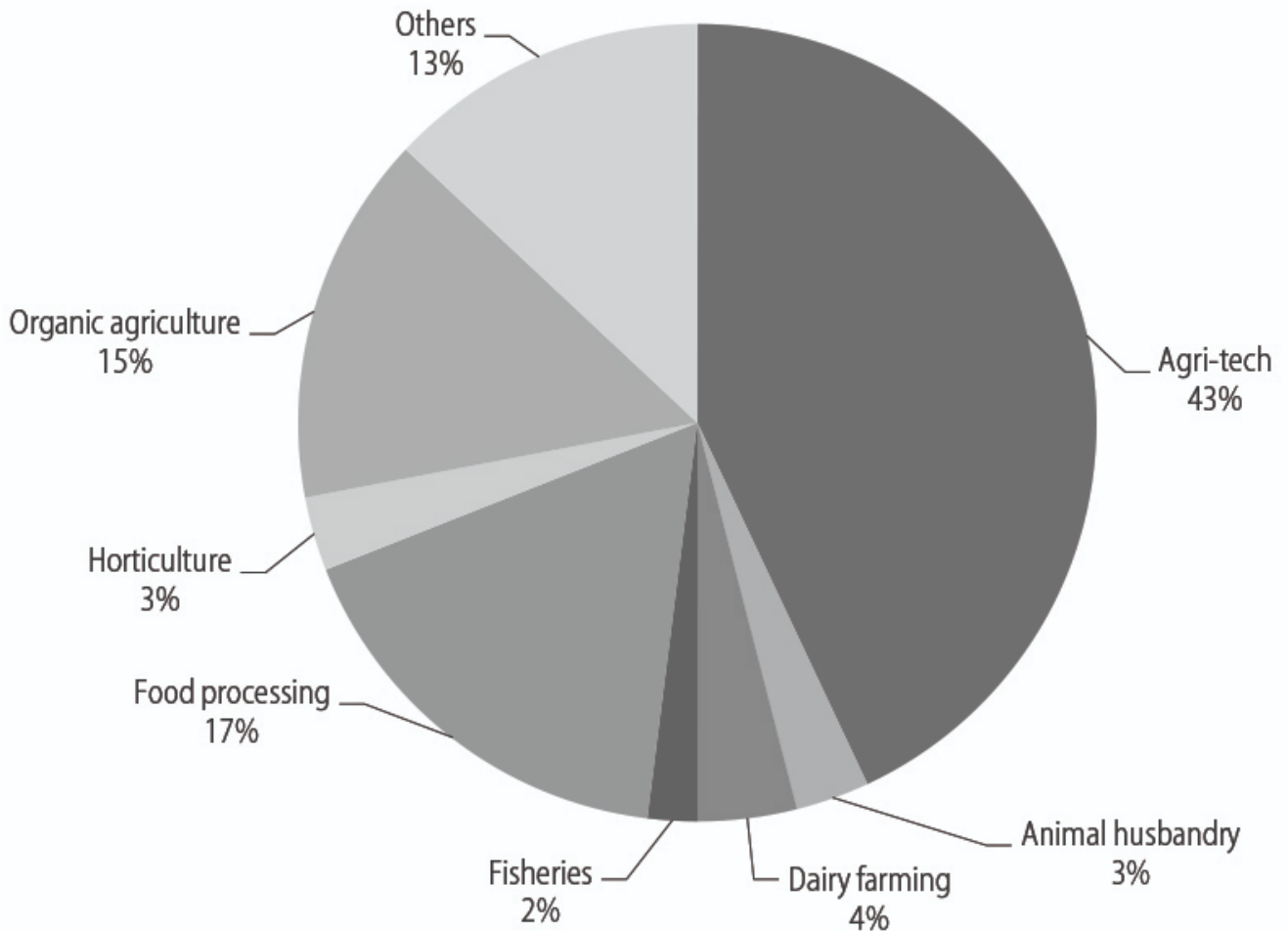
◦ **Imports:**

- **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:**

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**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.



**UPSC**  
The Vision

# 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)**