



## An Overview of Indian Agricultural Exports: Recent Trends

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### **Abstract:**

*The Indian economy is the world's fourth-largest economy. India's total exports reached a record high of \$824.9 billion in the FY 2024-25, an increase of 6 % from the previous FY. Whereas agricultural exports from India increased from USD 22.70 billion in 2013-14 to USD 48.15 billion in 2023-24 (112% increase). In this study, we have taken data from F.Y. 2013-14 to 2024-25 to analyse trends, particularly in agriculture exports and productivity's implications on export promotion of the primary sector, and also included government initiatives to promote indias export and specifically agricultural exports.*

**Keywords:** *GDP, Export, Trends, Productivity, Agricultural Demand.*

### **Introduction:**

Agriculture and its associated sectors play a significant role in India's economy, accounting for over 20 per cent of the Gross Domestic Product (GDP). It is crucial to recognize that a substantial portion of the population relies on agriculture and resides in rural regions. There exists a close relationship between foreign trade and traditional Indian agricultural practices. Clearly, agriculture serves as a primary source of foreign exchange and export revenue for India. The comparative advantage in agricultural productivity is a key factor contributing to the robust export potential of the nation's agricultural products. Furthermore, the quality of life for landless labourers and small-scale farmers is gradually improving due to advancements in

the agricultural sector. The economic reforms initiated in 1991 led to unforeseen advancements within the economy. India's ratification of the WTO's Agreement on Agriculture has also contributed significantly to this success. Consequently, policies aimed at promoting agricultural exports were established, resulting in a sharp increase in agricultural exports. During this period, India demonstrated a robust capacity to export agricultural products. The various agricultural commodities exported at this time exhibited strong competitiveness in the global market. Key factors influencing the country's export growth include domestic production levels, the global economic landscape, international price indices, and exchange rates.

The transformations within the Indian economy have significantly influenced trade patterns in the global market, leading to a process of trade liberalization. At this critical juncture, the reduction of trade tariffs on agricultural and related products, along with the effects of globalization, must be regarded as highly significant. During this period, India is actively developing new markets and enhancing its competitiveness in various sectors.

The study aims to evaluate India's agricultural export performance from the fiscal year 2013-14 to 2023-24. It endeavours to quantify the growth of agricultural exports during this timeframe and researches to examine the various factors that impact India's agricultural exports. India's market competitiveness, particularly in agricultural and associated sectors, is severely threatened by structural failures in quality control, erratic policy compliance, and escalating geopolitical tensions.

**Quality and Compliance Risks:** A core issue is the difficulty in meeting stringent global quality and Sanitary and Phyto-Sanitary (SPS) standards imposed by industrialised countries. Recurring problems include high pesticide residues, aflatoxin contamination, and the use of prohibited food colourants, notably impacting key exports like spices. Suboptimal post-harvest practices and inadequate infrastructure, such as poor cold storage and transportation networks, lead to significant spoilage and subsequent export rejections, driving up costs and reducing competitiveness. Addressing these gaps requires modernisation through adopting

international certifications (GMP, GAP, HACCP) and deploying technology like blockchain for traceability.

**Policy and Regulatory Instability:** Policy unpredictability generates significant compliance risks. Frequent changes in export policies—such as the sudden bans or restrictions placed on staples like sugar, non-basmati rice, and wheat since 2022—disrupt established trade relationships. While these curbs aim to control domestic inflation, they weaken India's credibility as a reliable global supplier.

**Geopolitical and Competitive Risks:** The foremost geopolitical threat is the 50% tariff imposed by the US on most Indian goods, effective August 27, 2025. Justified under US trade laws and linked to geopolitical friction (e.g., India's Russian oil purchases), this massive duty puts over 55% of India's exports to the US at high risk. The marine products sector is particularly vulnerable, as 35% of these exports go to the US. These tariffs are projected to reduce India's overall GDP growth by 0.2%–0.5%. Furthermore, India faces intense global competition from countries like Brazil and Vietnam, which possess superior infrastructure and competitive pricing in sugar, coffee, and rice. These challenges prevent India from significantly increasing its current 2.4% share of the world agricultural export market.

These three risk factors act like faulty gears in India's export engine: inconsistent quality leads to rejection, policy unpredictability destabilises buyer trust, and sudden geopolitical tariffs halt forward momentum entirely.

### Research Methodology:

The research focuses on the performance of India's agricultural exports from the fiscal year 2013-14 to 2023-24. It utilizes secondary data and existing literature for its analysis. The secondary data were sourced from various reputable organizations, including the Ministry of Commerce and Industry. Additionally, data were gathered from the Ministry of Agriculture's "Agriculture Statistics at a Glance," the Economic Surveys of the Government of India, the Reserve Bank of India's Handbook of Statistics on the Indian Economy, the RBI's database on the Indian economy, the Central Statistical Office (CSO) statistics, and the Directorate General of Commerce Intelligence and Statistics, along with materials published in newspapers, journals, and various research publications.

### Review of Literature:

Tarektawfik Alkhteeb and Ahmad Sultan (2015) studied the factors influencing agricultural export growth in India. Their research found that agricultural exports are affected by the Real Effective Exchange Rate (REER), global import levels, the agricultural output index, and per capita income. Using the Autoregressive Distributed Lag (ARDL) model, they identified a negative correlation between agricultural exports and both per capita income and REER, while other variables showed a positive correlation. In the long term, agricultural exports are influenced by REER, global demand, agricultural productivity, and per capita income.

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Madan and Sharma (2018) aimed to identify the factors influencing agricultural exports in India from 1991 to 2016. Their research examined the effects of per capita GDP, terms of trade, and exchange rates on agricultural exports within the country. Utilizing the Vector Error Correction Model (VECM), the study explored the long-term equilibrium relationship between agricultural exports and these determinants, while also addressing the short-term dynamics of the variables involved. The findings indicated that, in the long term, per capita GDP, terms of trade, and exchange rates significantly affect agricultural exports in India; however, in the short term, only per capita GDP demonstrated a notable impact on agricultural exports.

Dash et al. (2018) examine the determinants affecting India's bilateral export demand function. The study employs the ARDL model and considers macroeconomic variables, including foreign income, real exports, relative pricing, and nominal exchange rates. The findings indicate a long-term relationship among

these variables. In both the short and long term, foreign income exerts the most significant influence on real exports, with relative pricing following closely behind.

Roy (2020) analyzed the factors influencing agricultural exports in India at the commodity level. The primary crops assessed for export potential included rice, tobacco, wheat, cotton, tea, coffee, and sugar. A double log-linear regression analysis was employed to examine the effects of various factors on agricultural exports across these commodities. The findings indicated that lagged exports, production levels, and global income significantly influence India's agricultural export performance. Specifically, in the equations for rice, lagged exports, stock levels, and world income were found to be significant. For wheat and sugar, the timing of shipments and production levels were identified as influential factors. The export of tea was affected by lagged exports, production, market openness, and exchange rates. Similarly, coffee exports were impacted by lagged exports, production, and global income.

Kumari and Kakar (2020) investigated the determinants of agricultural exports in India, providing an empirical assessment of their impact from 1991 to 2019. The study focused on the exports of tea, natural rubber, and coffee, utilising Johansen cointegration, Vector Error Correction Model (VECM), and VEC Granger causality tests to analyse the relationships between Indian agricultural exports and their influencing factors. The research identified key variables such as producer price, real effective exchange rate (REER), consumer pricing, and retail price

as significant determinants of agricultural exports. The findings indicated a long-term relationship among the exports of tea, natural rubber, and coffee, along with their respective influencing factors. Additionally, the results from the VECM indicated long-run causality for tea exports and bidirectional causality for natural rubber exports in the short term.

This research aims to analyse the trends and determinants of India's agricultural exports. The objective is to build upon and enhance previous research by investigating the changes in India's agricultural exports from the fiscal years 2013-14 to 2023-2024

#### Data:

**Table 1.1 India's Exports in US\$ Billion**

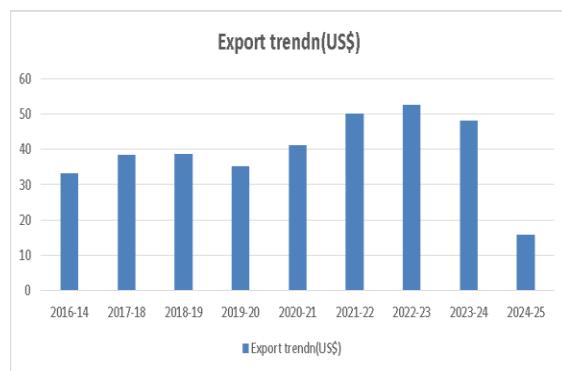
| Year    | Exports | Rate of Growth |
|---------|---------|----------------|
| 2013-14 | 31.5    | -              |
| 2014-15 | 31.1    | -0.01          |
| 2015-16 | 26.3    | -0.15          |
| 2016-17 | 33.3    | 0.27           |
| 2017-18 | 38.4    | 0.15           |
| 2018-19 | 38.7    | 0.007          |
| 2019-20 | 35.2    | -0.09          |
| 2020-21 | 41.3    | 0.17           |
| 2021-22 | 50.2    | 0.21           |
| 2022-23 | 52.5    | 0.039          |
| 2023-24 | 48.2    | -0.081         |

**Source:** RBI's database on the Indian Economy

From the above data, we can see that India's export trends are not stable; it is volatile. Year 2014 to 2016 negative or decline in exports, then it shows an increasing trend from 2017 to 2019. But once again export of India decreased the rate of growth in the year 2020. Then it takes a boost to exports 0.17 to 0.039 % from 2021 to 2023. In the year, it has a negative rate of growth. Export performance varied from

2013–14 to 2023–24, according to the data. Exports fell between 2014 and 2016 before rising sharply in 2016–17 and continuing to rise until 2021–2022, when they peaked at ₹50.2 billion. A recent slowdown in export momentum was indicated by growth slowing in 2022–2023 and going negative once more in 2023–2024. Exports generally exhibit a cyclical pattern, with slowdowns interspersed with periods of revival.

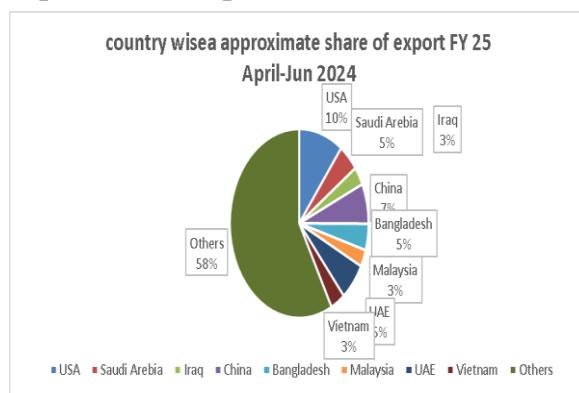
### India's Agriculture Exports Trend (US\$ Billions):



Source: The Ministry of Commerce & Industry

India's agricultural exports increased from US\$33.3 billion to a peak of US\$52.5 billion between 2016–17 and 2022–2023. Strong worldwide demand for rice, seafood, and spices, as well as favourable export regulations, propelled this expansion. However, exports fell to US\$48.2 billion in 2023–2024 due to issues like trade barriers and fluctuating worldwide prices. A significant slowdown is indicated by the steep decline to US\$15.8 billion in 2024–2025, which may be the result of decreased global demand, supply interruptions, or policy changes. Although the long-term trend was generally encouraging, there has been a worrying decline in recent years.

### Country-wise approximate share of export FY 25 (April-Jun 2024):



Source: Ministry of Commerce & Industry

India's agricultural exports are widely distributed, with the US being the biggest market at US\$10.55 billion, followed by China and the UAE. Saudi Arabia, Iraq, Bangladesh, Malaysia, and Vietnam are also important export markets, each contributing between \$3 and \$7 billion. With a total of US\$58.87 billion, the "Others" category demonstrates India's extensive worldwide agricultural trade reach. This broad distribution shows India's strong regional presence and lessens reliance on any one market. The data points to a steady export base that is fueled by the strong demand for Indian agricultural products around the world, including processed foods, rice, spices, and marine goods.

The Rate of Growth in India's Exports are positive due to factors like - The growing international demand for Indian goods, government efforts to enhance export activities, advantageous currency exchange rates, an upsurge in production within export-driven industries, advancements in infrastructure and logistics, competitive labor costs, and an emphasis on quality and technological progress are all contributing factors. the top 10 agricultural products

exported from India Marine products, Non-basmati rice, Sugar, Spices, Basmati Rice, Buffalo meat, Raw Cotton, Wheat, Castor oil, Other cereal.

### Government Initiatives:

Govt. Initiative are most important factor that affect growth rate of export. That are following-

**Agriculture Export Policy 2018 (AEP):** The Government of India has launched an extensive Agriculture Export Policy (AEP) aimed at enhancing the export of agricultural products. The primary goals of the AEP include diversifying the range of exports and their destinations, increasing the export of high value-added agricultural goods, promoting the export of indigenous, organic, traditional, and non-traditional agricultural products, establishing an institutional framework to facilitate market access, and ensuring that farmers can capitalize on export opportunities in international markets.

**Financial Assistance Scheme:** The FAS is an export promotion initiative established by the Agriculture and Processed Food Products Export Development Authority (APEDA). This program is integrated into the Finance Commission Cycle spanning from 2021-22 to 2025-26. Its main objective is to support enterprises in enhancing export infrastructure, improving quality, and developing markets. Financial aid provided through this scheme will vary between Rs. 5 lakh (approximately US\$ 6,500) and Rs. 5 crore (approximately US\$ 650,000).

**Ministry Of Commerce & Industry Scheme:** The Department of Commerce, part of the Ministry of Commerce and Industry, has launched various initiatives

aimed at enhancing export activities. These include the Trade Infrastructure for Export Scheme (TIES) and the Market Access Initiatives (MAI) Scheme, among others.

Moreover, exporters of agricultural products can access support through the Export Promotion Schemes provided by organizations such as APEDA, the Marine Products Export Development Authority (MPEDA), the Tobacco Board, the Tea Board, the Coffee Board, the Rubber Board, and the Spices Board. Additionally, to facilitate the export of honey, India has mandated Nuclear Magnetic Resonance (NMR) testing for honey destined for the United States.

### Concluding Remarks:

India's agricultural sector has become increasingly interconnected with the global market, leading to a significant rise in trade volumes over the years. This progress has been achieved through the gradual elimination of trade barriers, the establishment of agreements with various nations, and the implementation of domestic policies that motivate farmers to cultivate agricultural commodities for export. Additionally, the Indian government has offered incentives to food export companies to enhance export volumes.

Consequently, India has experienced a notable surge in agricultural product exports, escalating from \$6.4 billion in 2001 to \$37.3 billion in 2019, and ultimately reaching \$52.2 billion in the fiscal year 2022-23.

Nevertheless, between the years 2013-14 and 2020-21, there was no significant growth in the export of agricultural products from India. In fact, this

period saw a downward trend in the country's agricultural exports.

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