

What we need is a farmer friendly agri-export policy

Indian Express

Paper - III
(Indian Economy)

Government bans on sugar exports starting October 2023 reduced their value from \$5.77 billion to \$2.82 billion. Non-basmati rice exports dropped from \$6.36 billion to \$4.57 billion due to restrictions imposed in July 2023.

Wheat exports were banned in May 2022, causing a sharp drop from \$2.12 billion to \$56.74 million. Onion exports fell to 17.08 lakh tonnes worth \$467.83 million following export restrictions.

What is the current state of India's agricultural exports?

The target for agricultural exports set by the Indian government was \$60 billion in 2022. However, in 2023-24, exports only reached \$48.9 billion, marking an 8% decline from \$53.2 billion in the previous year.

Between 2004-05 to 2013-14, agricultural exports grew by almost 500%, from \$8.7 billion to \$43.3 billion. However, growth has slowed significantly between 2014-15 to 2023-24, with only a 1.9% annual growth rate.

The main exports include rice (\$10.4 billion), marine products (\$7.3 billion), spices (\$4.25 billion), bovine meat (\$3.7 billion), and sugar (\$2.8 billion).

What Factors Affect India's Agricultural Exports?

Global Market Prices: When global prices rise, Indian exports increase. For example, during the high growth phase, high global prices led to a surge in exports.

Domestic Export Policies: Restrictions and bans on commodities like wheat, rice, sugar, and onions affect exports. For instance, after banning wheat exports in May 2022 and imposing restrictions on rice and sugar, there was a notable impact on trade volumes and values.

Economic Measures: Imposing duties such as the 20% duty on non-basmati rice exports affects the export competitiveness and pricing in international markets.

What should be done to improve farmer incomes and make agriculture more competitive globally?

Modify Export Policies: Implement optimal export taxes instead of bans, such as a suggested 15% duty on rice. This approach helps balance domestic supply with export potential.

Invest in Agriculture: Invest in agricultural research and efficient farming practices like precision agriculture. These investments reduce costs and improve competitiveness.

Address Ecological Impacts: Focus on sustainable farming to preserve resources, particularly water, as rice cultivation is notably water intensive.

Rebalance Policies: Adjust policies like the high minimum export prices for onions, which currently disadvantage farmers, to better support farmer incomes and make domestic and export markets more equitable.

Expected Question for Prelims

Que. Consider the following statements with reference to agricultural exports in India:

1. Between 2004-05 to 2013-14, agricultural exports grew by nearly 500%.
2. The rate of growth of agricultural exports has been quite slow between 2014-15 to 2023-24.

Which of the statements given above is/are correct?

- (a) Only 1 (b) Only 2
(c) Both 1 and 2 (d) Neither 1 nor 2

Answer : C

Mains Expected Question & Format

Que.: Examine the factors contributing to the decline in India's agricultural exports and discuss strategies to improve farmer incomes and enhance global competitiveness.

Answer's Approach:

- ❖ In the first part of the answer, discuss the factors contributing to the decline in agricultural exports
- ❖ In the second part, discuss strategies to improve farmers' income and enhance global competitiveness.
- ❖ Finally give a conclusion giving suggestions.

Note:- The question of the main examination given for practice is designed keeping in mind the upcoming UPSC mains examination. Therefore, to get an answer to this question, you can take the help of this source as well as other sources related to this topic.