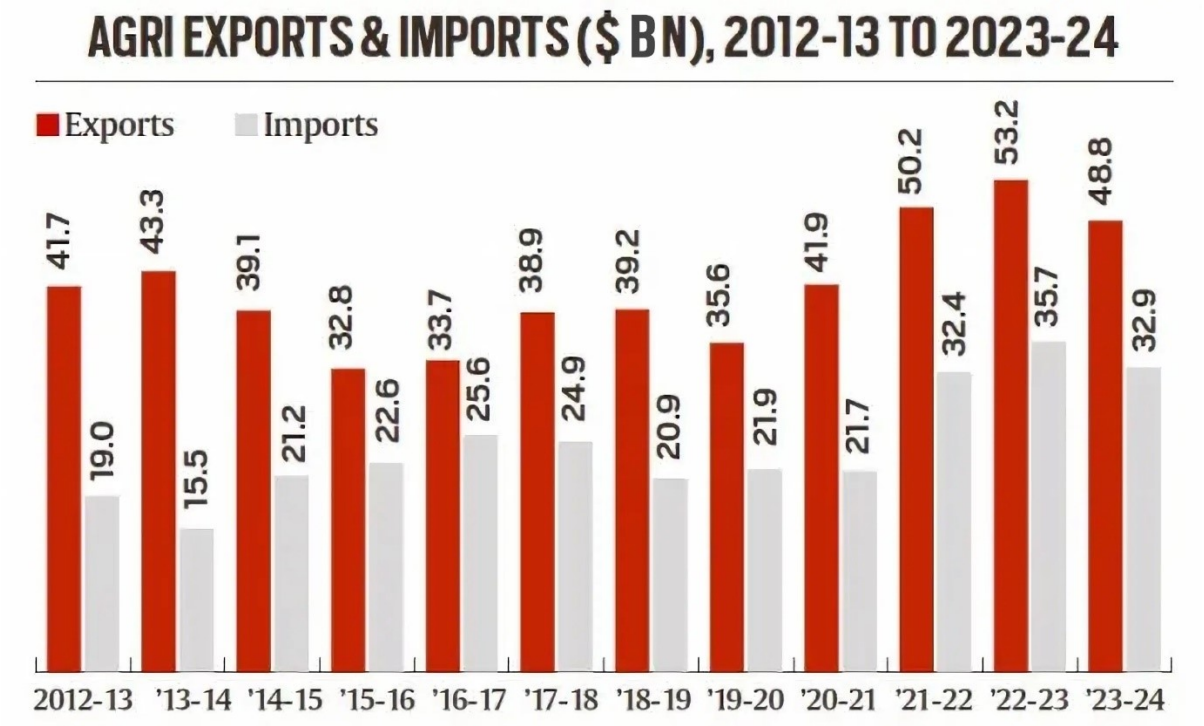
Shrinking Agriculture Trade Surplus

Why in News?

The agricultural trade surplus has reduced from $10.6 billion in April-December 2023-24 to $8.2 billion for the corresponding nine months of the current fiscal (April-March).

What is the status of international agricultural trade of India?

- **India net exporter** - India is a net agri-commodities exporter, with the value of its outward shipments consistently exceeding imports.



- **Agri export growth** - India's agriculture exports have risen 6.5%, from $35.2 billion in April-December 2023 to $37.5 billion in April-December 2024.
- It is 1.9% more than the overall increase in the country's merchandise exports for this period.

TOP EXPORTS ($ MN)

	2022-23	2023-24	Apr-Dec 2023	Apr-Dec 2024
Marine products	8,077.98	7,372.00	5,852.32	5,678.65
Basmati rice	4,787.65	5,843.30	3,971.13	4,322.59
Non-basmati rice	6,356.71	4,573.41	3,347.46	4,404.98
Spices	3,785.36	4,248.56	2,909.24	3,158.63
Buffalo meat	3,193.69	3,743.26	2,758.42	2,927.14
Tobacco	1,213.39	1,449.54	1,110.56	1,530.59
Sugar	5,770.83	2,824.74	1,990.20	1,476.44
Fruits & Vegetables	1,791.05	2,037.58	1,362.94	1,348.73
Processed F&V	1,417.59	1,624.22	1,149.56	1,324.20
Coffee	1,146.18	1,286.28	876.84	1,247.06
Oil meals	1,601.72	1,713.98	1,227.04	1,017.14
Oilseeds	1,337.69	1,437.02	1,031.50	1,009.38
Castor oil	1,265.64	1,071.55	771.40	854.52
Raw cotton	781.43	1,116.52	626.29	575.74
Wheat	1,520.46	56.74	35.35	1.44
Other cereals	1,194.07	517.79	454.60	191.29
TOTAL	53,153.55	48,821.67	35,195.24	37,479.83

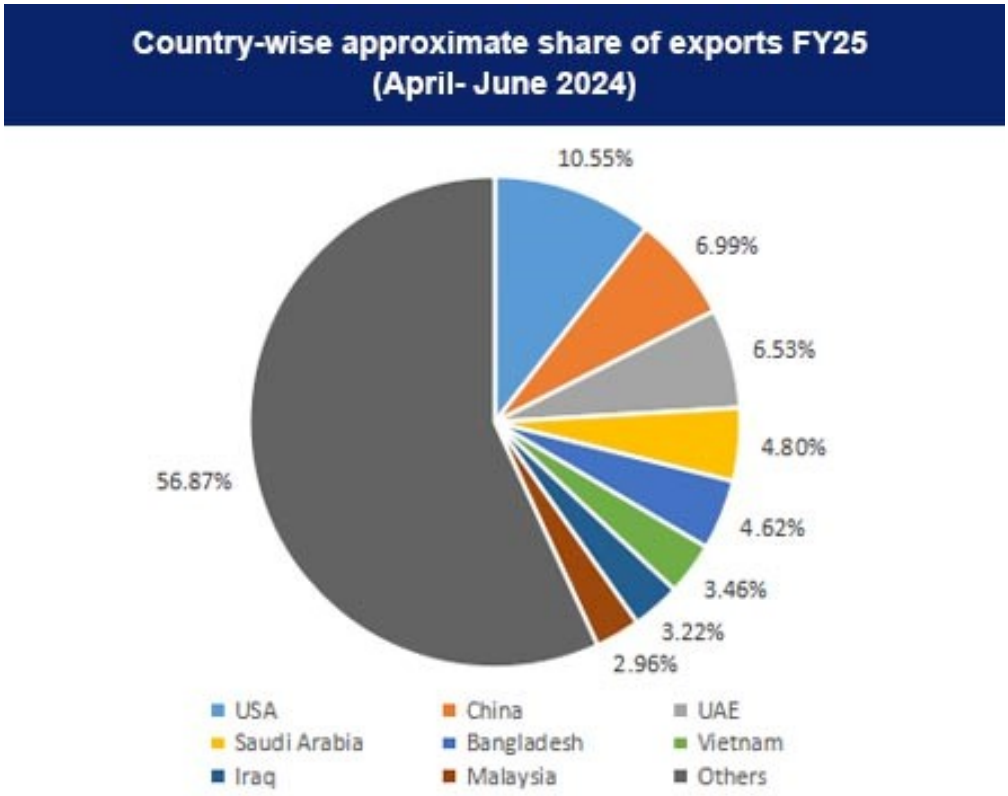
- **Agri imports growth** – Farm import has risen 18.7% (from $24.6 billion to $29.3 billion) during April-December 2024 over April-December 2023, while India's total goods imports during were 7.4%.
- **Reduction in agri trade surplus** - It has reduced from $10.6 billion in April-December 2023-24 to $8.2 billion for the corresponding nine months of the current fiscal (April-March).
- **Decadal trend** - The trade surplus, which peaked at $27.7 billion in 2013-14, shrunk to $8.1 billion by 2016-17.
- It rose thereafter to $20.2 billion in 2020-21, before falling to $16 billion in 2023-24. It is set to further decline this fiscal.

What are the reasons for narrowing surplus?

- **Declining export** - Exports dipped from $43.3 billion in 2013-14 to $35.6 billion in 2019-20, even as imports climbed from $15.5 billion to $21.9 billion.
- **Crash in international commodity prices** - The UN Food and Agriculture Organization's (FAO) food price index (base period: 2014-16=100) plunged from an average of 119.1 to 96.4 points between 2013-14 and 2019-20.
- **Competition** - Low world prices made India's agricultural exports less cost competitive, and its farmers more vulnerable to cheaper imports.
- **Declined export of marine products** - It has registered a drop from $7.8 billion in 2021-22 and $8.1 billion in 2022-23 to $7.4 billion in 2023-24.

> India's marine exports — of which frozen shrimp accounts for roughly two-thirds — are mainly to the US (34.5% share in 2023-24), China (19.6%), and the European Union (14%).

- **Political change in destination countries** – The conservative and import restrictive policies of new government in US can further hurt Indian seafood exports.



Source: The Ministry of Commerce & Industry

- **Concerns over domestic availability** – Sugar and wheat exports have also taken a hit due to government restrictions following concerns over domestic availability and food inflation.

  Sugar exports more than halved from $5.8 billion in 2022-23 to $2.8 billion in 2023-24.

- **High import** - India's agricultural imports are dominated by two commodities, Edible oils and pulses.
- **Reduced pulse production** – Reduction in domestic pulse production will make pulse import crossing $5 billion for the first time.
- **International agri market volatility** –Russia Ukraine wars drove up global edible oil prices which increased India's import billing.
- **Spices net import** - In spices, India is both an exporter and an importer and in 2023-24 it was a net importer of these two traditional plantation spices.

  India's imports of pepper (34,028 tonnes) and cardamom (9,084 tonnes) exceeded its corresponding exports of 17,890 tonnes and 7,449 tonnes.

- **Collapse in cotton export** – India's cotton exports decline from $4.3 billion in

2011-12 to $781.4 million in 2022-23 and $1.1 billion in 2023-24.

India is the largest producer of cotton globally, accounts for 23% of total global cotton production and in 2022, India stood as the third-highest exporter of raw cotton globally, accounting for about 11% of the total global exports.

What lies ahead?

- Encourage the export of value-added agricultural products like processed foods, spices, and organic produce.
- Ensure a stable trade environment to encourage farmers to respond to market signals with confidence, redirecting resources towards high-return products.
- Avoid export restrictions on processed and organic products unless absolutely necessary for food security.

Reference

Indian Express | Shrinking agricultural trade surplus

