PREFACE

During most of the years of planning period India faced large deficits in its balance of payments. This resulted in erosion of foreign exchange reserves. Our reserves went down to US $ 1.1 billion just sufficient for only two weeks of imports. India had to obtain financial assistance from IMF to overcome the crisis. IMF provided assistance only when India agreed to bring about Structural Adjustment Programme (SAP) in its economy. Apart from other changes this involved a major change in EXIM policy of India. India switched over to export promotion policy from import substitution policy.

With this background, this study attempts to examine the role of agricultural exports in bringing about a favorable balance of payments situation. The percentage share of agricultural exports in total exports of India has been falling during the post-reform period but in terms of value it has been making a significant contribution to foreign exchange reserves. Agricultural products have very low import content. The foreign exchange spent upon agro-imports is too small as compared to the foreign exchange earnings from its exports. This makes agriculture a net foreign exchange earner.

In this analysis the problems faced by agro-exports have been analyzed. Stress has been laid upon building up of infrastructure and improvement in quality of agro-products. It also highlights the policy measures taken by the government since 1991 to increase the share of India in world agricultural exports. Agricultural exports in the light of WTO guidelines have been examined. Because of better quality India has been able to make a mark for itself in the global market in
certain products while in some products India is lagging behind its competitors in terms of both quality and prices.

Finally, it may be concluded that, more efforts both on the part of the government and the farmers is needed, to tackle the problems associated with technology, productivity and quality of agro-products. If sincere efforts are taken, then India can definitely increase its share in international market of agricultural products.

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