Chapter 7
Summary and Conclusion

7.1. Introduction

This chapter is divided into four sections. Section 7.1 presents the introduction, focus of the study; research objectives and methodology. Section 7.2 enlists the major findings of the research. Section 7.3 includes the usefulness of the study and section 7.4 presents the future scope.

Agricultural development in its comprehensive definition is central to all strategies for the planned socio-economic development of any nation. There can be no sustained growth of the Indian economy without broad based progress of Indian agriculture. India has a large and diverse agriculture and is one of the leading producers in several agricultural commodities like wheat, rice, pulses, cotton, spices etc. Due to agricultural trade policy of government of India, the presence of Indian agriculture in the world market has been modest in size in relation to the size of agriculture. In 2008-09, the share of agricultural exports stood at 9.4 per cent of the country's exports. It is earning valuable foreign exchange. Low import intensity and existence of a reasonably lower labour cost in Indian agriculture makes it a promising sector from the point of view of global competition. During the study period the share of agriculture, forestry and fishing in total GDP has declined from 27.69 per cent; to 17.79 per cent. The compound Annual growth rate is 3.0 per cent from 1991-92 to 2008-09. In 2008-09, agricultural exports accounted for 2.5 per cent of the GDP and the share of agricultural exports in GDP originated from agriculture sector is 12.3 per cent. The degree of openness or outward orientation of the agricultural sector, with regard to exports, has increased in recent times. Economic reforms have enhanced the supply capacity of Indian agriculture. Still agricultural sector is less outward-oriented than the economy as a whole.

The slow rise in agricultural exports even after the reforms, calls for diversification of Indian agriculture in a big way to achieve higher levels of production in crops in which India has comparative advantage and generate surpluses for exports. India has a unique opportunity to substantially increase its exports of agricultural products – particularly in the free trade regime under World Trade Organization. From a phase of gradual export
orientation, the agricultural sector in India has entered into a new phase of globalisation with the implementation of the various provisions of WTO (as and when they are made applicable to India). With India being a major negotiator on world agriculture trade, it can be expected that Indian agriculture trade will expand in the years to come. This process started with the India signing the Agreement on Agriculture (AOA) during the Uruguay Round.

7.1.1. Focus of the Study

The livelihood and economic wellbeing of the majority of Indian population depends on the performance of agriculture. The key to the prosperity of a large population engaged in agriculture sector is in the expanding markets both domestically and internally for their produce and better price. Despite inherent strengths of the Indian agriculture, India’s share in the world agricultural exports remained very low in many commodity groups during the period under analysis. With the exceptions of a few commodities like rice, cotton, tea, coffee, oilseeds, oil cakes, tobacco and spices, the share of India in total world export of the particular commodity group is negligible. The share is particularly low in the world trade of fish, meat, poultry, dairy, vegetables and fruits. India has always believed in classical approach i.e., export only after meeting the domestic consumption needs and when there are clear exportable surpluses.

Indian Agricultural infrastructure remained inadequate and agriculture suffered from a variety of ailments, which inter alia includes low growth rates in agricultural production as compared to population growth, low productivity of crops, and dependence on monsoons, low investment, inadequate storage facilities and agricultural credit. Since India is already exporting many agricultural commodities, there is need to have proper assessment of the availability of these commodities for exports as well as identification of export markets. There has been a tremendous increase in the net agricultural exports especially during the 80s. There has been an increase in trade surpluses from ₹ 763 Crore in 1980-81 to ₹ 9794 Crore in 1993-94. This has not come about due to the falling exchange value of Indian rupee. It has been mainly achieved through the policy of import substitution rather than through an export-oriented policy. From ₹6012.78 Crore in 1990-91, the export has risen to ₹84136.3 Crore in 2009-10. The agricultural imports in 1990-91 were ₹1205.86 Crore, which have risen to

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Thus Agricultural Exports have outpaced agriculture imports and India is a net exporter of agricultural products. However, there is an increase in the absolute quantum of agricultural exports; there is consistent decline in the percentage share of primary products in total export from 17.9 per cent in 1990-91 to 10 per cent in 2009-10.

There is considerable increase in the agricultural export since the onset of globalization and liberalization. The ratio of Indian agricultural export to that of nonagricultural export has increased from 1:5 in 1991-92 to 1:8 in 2009-10. Indian agriculture sector as well as world agriculture are in the midst of tumultuous changes brought about by a number of internal and external factors. The internal factors such as advent of new technology in the form of farm input, information technology empowering the farmers and other scientific discoveries are exerting influence in the way farmers carry out their day to day operations. The establishment of WTO and clauses relating to agriculture in Uruguay Round of negotiations of WTO has elevated a local farmer to a global farmer. The study explores the response of Indian agricultural exports to the changes brought about by the reforms and domestic policy changes and growing world demand.

7.1.2. Research objectives

1) To study the World Trade Organization’s policies relating to agricultural export

2) To study the agricultural trade policies of Government of India

3) To study the trend and growth of agricultural export

4) To study the export performance (composition and direction) of Indian agriculture in the reform era and

5) To find the reasons or problems for hindrance in the growth of agricultural export

7.1.3. The Research Methodology

Present study takes into account the Indian agricultural export from 1990-91 to 2008-09. Agricultural export from India has been classified into fourteen commodity groups based on their nature. Data used for this study are collected from various secondary sources. Time series data from 1991 to 2009, related to Indian agricultural export and
export of these commodities by the rest of the world are collected from Food and Agricultural Organization’s TRADESTAT, FAO’s International Trade Statistics Yearbook, FAO Commodity Review and Outlook, Foreign Trade and Balance of payment published by Centre for Monitoring Indian Economy, publications of Agriculture Produce Export Development Agency (APEDA), Annual publication of Reserve Bank of India “Handbook of Statistics on Indian Economy,” reports published by World Trade Organization, Economic Survey report of Government of India, Reports of Reserve Bank of India, trade related data of Ministry of Commerce and Trade, Government of India, books, magazines, national and international journals, and daily newspapers.

7.1.4. Data Processing and Analysis

For the data analysis Constant Market Analysis Method using computer software like excel, Statistical Package for Social Sciences (SPSS) is used. Statistical analysis of the available data is done by using statistical techniques for arriving at the scientific conclusion. The commodity wise agricultural export data collected from various publications from India is reported in the form of financial year (April to March) whereas the data collected from international sources is available for calendar year (January to December). For enabling the comparison between data of Indian and world export of agricultural commodities in chapter 4 and chapter 6, data collected from Indian sources is converted into the calendar year data by dividing each year data into 4 quarters and adding the last quarter of the current year to the following year.

7.1.5. Scope of the Study

The study analyses various facets of agricultural export of India from 1991-92 to 2009-10 i.e., the post liberalised era. These include – (i) Different aspects of WTO provisions relating to international agricultural export and various policy measures taken by the government of India for the growth and improvement of agricultural exports (ii) Commodity group wise composition of India’s agricultural exports (iii) Commodity group wise direction of India’s agricultural exports and (iv) Performance of Indian agricultural export using the decomposition method.

The future concerns and policy matters for further improvement to capture the world
market for Indian agricultural products are also examined. Using the CMSA method the researcher tries to study the significance and comparative growth rate of the major commodities export from India vis-a-vis export from the rest of the world during the period under analysis. The commodities are selected on the basis of their importance in the total agricultural export of India. The importance is measured by way of their contribution to the agricultural exports of India, and new commodities encouraged by the emergence of new trade regime and domestic policy changes.

7.2. Research Findings

The major findings of the study are presented below.

7.2.1. Domestic Policies changes and policies of WTO

India has taken major steps towards trade liberalisation since 1991, partly on its own initiative and partly due to its commitments to WTO. During the WTO Second Trade Policy Review of India, the members complimented India for reduction in the tariffs (WTO, 1998). India’s negotiations for upward revision of tariff bindings under Article XXVIII of GATT 1994 in respect of certain agricultural products which were bound during the previous rounds of GATT negotiations at zero or low levels of tariffs warrant attention (WTO, 1998). Upward revision on these tariff bindings for such agro products under Article XXVIII was done with a view to giving the necessary protection to domestic agriculture and agro-industry. This will affect the Indian economy in various ways as long as institutional complementarities is re-established.

The existing productive inefficiency in agriculture is viewed as the consequences of heavy protection so far given to the industrial sector. Such domestic policy failures should be corrected through a proper domestic policy measures such as effective removal of internal and international restrictions on export of agricultural products, particularly cereals. This implies that India’s trade liberalizing reforms are forced to slow down or could be counter-productive if highly regulated spheres of other markets remain untouched. It has been acknowledged that India can lift and sustain the growth rate from the low 3.5 % per annum to 6.5% per annum through economic reforms and further liberalisation of agricultural trade. When it comes to an international comparison, India still has to open its doors. Indian economy can move forward with
further reforms and not with restrictions. The reforms initiated following the emergence of WTO are as follows -

- There is no obligation under GATT Treaty to reduce any of the subsidies given to our farmers. This is because the total aggregate value of subsidies given to farmers namely, subsidies on fertilizers, electricity, seeds, pesticides and cost of credit available to all crops as well as agricultural commodities is well below the ceiling prescribed in the GATT.

- All our developmental schemes are exempt from the purview of the WTO agreement. These include India’s subsidies for research, pest and disease control, marketing and promotion services, infrastructural services, including capital expenditure for electricity, roads and other means of transport, marketing and port facilities, irrigation facilities, drainage systems and dams etc. There are investment subsidies which are generally available to low income and resource poor farmers. The types of subsidies mentioned above account for the bulk of the agricultural subsidies provided in India.

- Minimum market access opportunities have to be established by those countries which maintain quantitative restrictions for reasons which are inconsistent with WTO. Countries like India which maintain quantitative restrictions for BoP reasons (which is consistent with WTO) do not have to establish minimum market opportunities.

- WTO Agreement will not affect our Public distribution System as the operations of PDS in India are not subsidies to the farmers or producer, but are considered consumer subsidies meant for the rural and urban poor to meet their food requirements. Such consumer subsidies are exempt from WTO discipline, and this is clearly written in the Agreement.

- Agreement on TRIPS does not impose an obligation to provide patent protection to new plant varieties. Countries are free to choose whether to provide patent protection or protection through a sui generis system. So far as India is concerned, we are bringing out new breeders’ rights.

- India has not undertaken any commitments under the Uruguay Round Agreement on Agriculture. The Agreement does not constrain India from
following its developmental policy with regard to agriculture. The Uruguay Round Agreement on Agriculture will create opportunities for our agricultural exports. The industrialized countries have to reduce their subsidies and to provide increased market access. Reduction of subsidies will raise the prices of agricultural products in the world market and this will make our exports more competitive. The liberalization measures will create market openings.

- Domestic policy initiatives undertaken under EXIM Policy such as establishment of AEZ, Vishe Krishi Upaj Yojna, Kisan Credit Card etc., are providing boost to the farmers. Establishment of APEDA and MPEDA as the specialized agencies for the export promotion will definitely help the firms involved in farm export in India.

7.2.2. Composition of India's Agricultural Trade:

The composition of India's agricultural export is analysed by classifying agricultural export into fourteen broad groups. The export performance of each group is examined and the trends of major items are identified. For conceptual clarity and better understanding the study period has been divided into two distinct period comprising the initial period of liberalisation and globalisation i.e., 1991 to 1999 and later period is between 1999 to 2009. The CAGR of each group of commodity exported from India is calculated and compared with that of the world export. Further the instability in export of each of the commodity group is seen with the help of coefficient of variation which is compared with the CV of world export for these commodities. The findings are as follows:

- Cereals and cereals preparations have maintained their position of preeminence throughout the study period. In the year 1991 their contribution to total India agricultural export was at 12.8 per cent and it has increased to 17.2 per cent in the year 2009. However, this growth rate was not consistent and there were fluctuations. The CAGR for the entire study period is 11.18 per cent and which is attributed to better performance after 2000. Even the fluctuation in first phase is greater than the second phase as revealed by coefficient of variation in the first phase as well as second phase is same i.e., 51.0. Looking at the varied markets available at the global level and the market share which has increased to more than 2 per cent of the world cereals export India should concentrate
more on the export potential of this group. The percentage share of processed cereals in total cereals export can be an area that can be looked into.

- Fresh and processed vegetables contribute less than 5 per cent of the total Indian agricultural exports during the study period. The CAGR of this group from 1991 to 2009 is 11.6 per cent. The absolute value of Indian export of fresh and processed vegetables increased from 138.8 million USD to 750.8 million USD. This is a sevenfold increase during the reference period. The CAGR during the first phase was negative 2.5 per cent. In second phase it increased to 18.4 per cent. The coefficient of variation in the second half reveals that there was greater instability but it has been towards the positive side. Since 2000 this group has experienced accelerated growth.

- The contribution of fresh and processed fruits is continuously increasing since 1991. From a mere 1.25 per cent of the total agricultural export it has increased to 7.8 per cent in 2009. This group too has been affected by the high instability as revealed by but the CAGR value is 20.8 and the corresponding CV of 114.1 during the entire period under observation.

- The contribution of pulses export is negligible in the total basket of agricultural export. The earning from pulses is less than 150 million USD during the study period. However, the CAGR of pulses is 10.6 per cent during the reference period. Lack of exportable surplus and growing home demand have attributed to the slow pace of export of pulses. It has been seen that cultivation of pulses has not taken the nature of commercial cultivation in India and very little attention is paid to the research and development of high yielding variety seeds.

- The world floriculture market is estimated at about 40 billion USD with an annual growth rate of 9.8 per cent in its demand. India has started commercial cultivation of flowers for export during in the beginning of the study period. Indian farmers can think of capturing a sizable share of the growing floriculture market. Through establishment of AEZs government is creating better facilities and infrastructure.

- Tea and coffee occupies a place of prominence in India's export. At the beginning of the study period the contribution of these two items was 21 per
cent. By 2007 the percentage contribution of this group has declined to 6.3 per cent. The total value earned by exporting tea and coffee in 2009 stood at 1056.4 million USD. The CAGR of this important item in the basket of export stands at 4.6 per cent. This factor indicates that the importance of tea and coffee in the export basket is declining.

- India is known as the cradle of spices. It occupies around 6 per cent of India’s agriculture export. India’s spices are best in quality at the same time it commands the highest price in the international market. But it scores poorly on the front of price competitiveness. In spite of the above handicap the CAGR of spices for the entire period under analysis is 13.6 per cent.

- The trend in cotton export of India shows high amount of instability. In 1991 its share in the world market was only 1.52 per cent which rose to 18.0 per cent in 2009. In the same year it contributed 9.88 per cent in the total agricultural export of the country. The performance of cotton was very poor in the second half of the study period as indicated by the negative CAGR value, but there is a total change in the scenario in the entire study period where CAGR value is 44.9.

- Export of meat and meat products from India shown more than 10 times increase during the study period. The percentage share in Indian agricultural export is also increasing over the years. In this category the CAGR of India is far greater than that of the world CAGR. It shows that India has outpaced the world in the export of meat and meat preparations. The commodity group is not free from volatility.

- The poultry and dairy export of India has experienced huge rise during the period under analysis. The CAGR value is 16.9 against 4.4 per cent for the world, which means this commodity group has performed four times better than that of the world.

- Oil cakes, oil and oil seeds occupy the second highest share in the total agricultural export of India since 2007. It has shown more than five times increase during the study period. There had been volatility in the export of this group. After the year 2002 the export has been stabilized and it is posting
continuous growth. On the CAGR front India has outdone the world CAGR during all the periods under observation.

- Sugar and molasses export of India has shown a compound annual growth of 7.8 per cent. This is due to accelerated growth in the second phase. The group’s contribution towards agricultural export has reduced drastically to 1.58 per cent during the period under analysis. CV values for Indian sugar and molasses show high degree of instability for all the three periods under observation.

7.2.3. Direction of India’s Agricultural Trade

The commodity group wise, continent wise analysis of the direction of agricultural export of India reveals that Asia is our largest markets for a majority of agricultural commodities. The second largest market is Europe. Americas do not have consistency. However, Africa is emerging as a destination for several goods like Cereals, fresh and processed vegetables, pulses, floriculture, tobacco, meat and meat preparations, poultry and dairy products and sugar and molasses. The continent wise CAGR results for total agricultural export of India reveal that highest growth of 12.1 per cent during the reference period is for Asia, the CAGR for Africa is 10.8 per cent followed by Americas with 9.1 per cent CAGR. The lowest CAGR is observed for European markets i.e. 4.3. Europe is mainly importing large percentage of traditional goods like tea, coffee, tobacco and spices. Though Americas is one of the stable markets the CAGR for Americas is below 10 per cent.

Continent wise direction of value and percentage share of export for the fifteen groups of commodities reveal that Asia is the largest destination for cereals and cereal preparations (91.5%), fresh and processed vegetables (77.6%), fresh and processed fruits (43.8%), pulses (61.7%), Tea (53.6%), Spices (54.8%), floriculture (40.6%) cotton (94.3%), marine products (81.6%), meat and meat preparations (78.8%), poultry and dairy products (64%), oil cakes, oil and oil seeds (82.6%), tobacco (45.8%) and sugar and molasses (72.8%). Europe is the largest destination for coffee (73.8%). Large percentage of spices were exported to USA till the 1999-00, thereafter the share of Asian and European continents has increased.
The export of agricultural commodities under observation are divided into high potential, medium potential and low potential commodities based on the CAGR values for the two periods viz. 1991-92 to 1999-00 and 2000-01 to 2009-10. A commodity showing greater than 10 per cent CAGR values for both the periods under examination are categorised as the ones having high potential for export to the continents. If the CAGR value for the first period is less than second period then it shows the sign of improvement and thus such commodities’ export are having medium export potential. On the other hand, if compound annual growth rate for the second period is less than that of first period then the good is categorised as one having low potential for the export.

The commodity wise continent wise potential reveals that Africa has high potential for fresh and processed fruits, spices, marine products; medium potential for cereals and cereals preparations, fresh and processed vegetables, floriculture products, tea, tobacco, cotton, meat and meat preparations, poultry and dairy products, oil, oilseeds, oil cakes, sugar and molasses; low potential for pulses and coffee. Americas has high potential fresh and processed fruits, spices, tobacco; medium potential for cereals and cereals and preparations, fresh and processed vegetables, floriculture products, tea, coffee, tobacco, cotton, poultry and dairy; low potential for pulses, marine preparations, meat and meat preparations, oil, oilseeds, oil cakes, sugar and molasses.

Asia has high potential for cereals and cereals preparations, fresh and processed fruits; medium potential for fresh and processed vegetables, floriculture products, tea, coffee, spices, tobacco, cotton, meat and meat preparations, poultry and dairy, oil, oilseeds, oil cakes, sugar and molasses and low potential for pulses and marine products. Europe has high potential for fresh and processed fruits; medium potential for fresh and processed vegetables, pulses, floriculture products, tea, tobacco, cotton, sugar and molasses; low potential for cereals and cereals preparations, coffee, spices, marine products, meat and meat preparations, poultry, dairy, oil, oil seeds and oil cakes. Oceania has high potential for fresh and processed vegetables; medium potential floriculture, tea, tobacco, cotton, meat and meat preparations, oil, oil seeds, oil cakes, sugar and molasses and low potential cereals, fresh and processed fruits, pulses, coffee, spices, marine products, poultry and dairy product.
For cereals and cereals, preparations Saudi Arabia, UAE, UK and Bangladesh are the traditional markets. Taiwan, Indonesia, Vietnam, Philippines and Somalia are emerging as new markets. UAE, Bangladesh, Sri Lanka, Malaysia and USA are the traditional markets for the fresh and processed fruits whereas Pakistan and Russia are the emerging markets. For processed and fresh fruits, traditional markets are UAE, USA, Saudi Arabia and Netherlands. No particular trend is observed with reference to the new markets for fruits. Pakistan, Algeria and Lebanon are emerging as new markets for pulses export in the second half of the period under examination. The traditional markets like UAE, Sri Lanka, USA and Bangladesh are still dominating in terms of their total share together. For floriculture products, the traditional markets are USA and Germany, UK and Japan. Several countries like Ethiopia, Canada and UAE have been buying floriculture products from India in the study period but there is lack of growth in these markets. For Indian tea exports Russia, UK, USA and Germany are the traditional destinations whereas Iraq, Iran and Kazakhstan are emerging as new destinations. Significant export of coffee in the study period has been heading towards Russia, Italy and Germany. Coffee export to Belgium is ranging between 0.2 per cent to 12.2 per cent, during the period under observation.

Spices USA and UAE are the traditional buyers of Indian spices. The new destinations are China, Malaysia and Sri Lanka. The traditional destinations for tobacco are Russia, Belgium, UK and Germany and the UAE and USA. Indian cotton is having great demand from the Asian countries such as Hong Kong, Japan, Thailand all throughout the study period. China, Pakistan and Bangladesh have emerged as the new markets in the period after 2000. Even Italy is a traditional buyer for Indian cotton. Traditional buyers for marine and marine preparations are Japan, USA, Spain and UAE. In the year, 2009-10 China imported 11.1 per cent of the total marine products from India. Traditional destinations for the Indian meat and meat products are Malaysia, UAE and Philippines. Vietnam, Egypt, Saudi Arabia and Angola are the emerging markets for this commodity group. Large percentage of poultry and dairy products are imported by Bangladesh, Saudi Arabia and Oman during the period under observation. These countries are also joined by USA, Egypt, Kuwait and Algeria in period after 2000. The emerging destinations for oil, oilcakes and oil seeds such as groundnut, niger seeds etc., China and Vietnam are new destinations whereas Singapore, Indonesia, Thailand,
Japan and South Korea are the traditional buyers. The traditional markets for Sugar and molasses are Sri Lanka and Pakistan.

On the basis of above observations, it can be concluded that a large number of Asian countries are buying agricultural products from India and slowly and gradually, Africa is emerging as important destination for all the agricultural commodities. So far as Oceanic countries are concerned except Australia and New Zealand we are unable to sell agricultural products to other countries. There is a need to prepare a country and commodity focused policy for promoting export of definite agricultural commodities.

7.2.4. Performance of Indian Agricultural Trade

The year over year or annual CMS analysis is performed on 13 groups of commodities and the results and interpretations are presented individually for each commodity group and thereafter phase wise for comparing the performance of all the commodities together. The phase wise comparative picture and interpretation of CMS results are arranged for three phases periods namely 1991 to 2000, 2000 to 2009 and 1999 to 2009. Major findings of the CMS analysis are as follows.

- Export of cereals and cereals preparations from India has not grown at the same pace as that of the world. The growth performance is largely due to markets share effect.

- The growth performance of Indian export of fresh and processed fruits is better than that of the world export of this commodity due to faster market share growth and commodity composition in the Indian basket of this group. The growth can be attributed mainly to market share effect followed by commodity composition effect. This commodity groups does not have the competitiveness in the world market as India did not concentrate on the faster growing world markets.

- The CMS effects of market share, commodity contribution and market distribution do not show any particular trend for the growth of pulses export. Competitiveness effect reveals that Indian pulses have negative competitiveness in the international market. Hence, it will not be wrong to conclude that on all the fronts namely
markets share, commodity composition, market distribution and competitiveness the pulses' performance has suffered.

• The gain in export of tea and coffee is largely due to market distribution and commodity composition. The international competitiveness of this group is negative in the later years of the study period. The demand for Indian coffee in the international market is increasing. Tea board of India needs to understand the requirements of the major tea importers countries and guide the exporters accordingly.

• Spices export shows a positive growth for a large number of years in the reference period. This group has gained due to market distribution effect but lost on account of market share, commodity composition effect. Indian spices export is showing a negative competitiveness effect for all the years from 1992 to 1998, from 2002 to 2007 and 2008 to 09.

• Performance of Indian tobacco export is affected due to its loss of share in the world market. India has not focused on the faster growing markets as market distribution effect shows negative impact. Same is the case with commodity compositions as large percentage of Indian exports consists of unmanufactured export. The competitiveness effect reveals that the Indian tobacco’s competitiveness has declined after 2002.

• Cotton export is showing positive trend after the year 2002. The growth in cotton export can be attributed to the markets size effect because there is faster growth in the share of Indian cotton export as compared to the world cotton export. Also our cotton export during the reference period was concentrated on the faster growing markets. The competitiveness effect reveals a mixed trend in competitiveness in the international market.

• The annual value growth in marine exports of India for a large number of years is positive. This is due to the market share effect. The impact of commodity combination is negative indicating that India did not offer the marine products for exports, which grew faster in the world market. The competitiveness effect shows
that Indian marine products need to improve their competitiveness in the growing world market.

- Indian meat and meat preparations are mainly exported to the traditional market and we need to explore new markets. The growth in this group of commodity can mainly be attributed to combined effect of markets share effect and competitiveness effect. The commodity composition and market distribution largely show a negative impact.

- For poultry and dairy products, CMS is performed for 15 year from 1994-2009. The results indicate that market share effect after the year 2000 is positive. The commodity composition and market distribution effect do not reveal any trend. So far as competitiveness effect is concerned this group needs to improve.

- Oil cakes, oil and oil seeds export has gained mainly due to the increase in market share, commodity composition and market distribution of these products. India’s growth in the world market is faster than rest of the world. However, the international competitiveness has worked on the reverse gear for this group of commodities.

- The CMS results reveal that 11 years out of the eighteen years the growth was much higher than the increase in the world import of sugar and molasses. Due to the impact of market share effect Indian sugar and molasses has gained. The commodity composition effect, market distribution effect and competitiveness effect do not show much effectiveness as there is no particular trend found in these factors.

- The phase wise CMS results reveal that in phase I, except cotton, sugar and molasses, other commodities had growth. The growth is largely due to market share effect, followed by commodity composition and market distribution effect. The competitiveness effect reveals that none of the commodity groups considered for the study are competitive in the international market in the first phase. The picture of the second phase is more or less similar to all the groups except tea and coffee, cotton and sugar and molasses. The results for phase total reveal that all the commodity groups have positive market share effect and negative competitiveness.
But market share value for all of commodity groups is much higher than 100 per cent indicating that the relative share of these commodity groups has declined in the international markets. Cereals group have lost during all the three periods due to commodity composition. Other commodities have benefitted in the two phases but overall there is a negative value of CC% depicting a loss due to the composition of commodities in the export basket. The market distribution effect reveals that except cereals group other commodities are having mixed effect during three phases under observation. Of these the highest focus on the growing market is seen for cereals and lowest for sugar and molasses. The competitiveness effect reveals that Indian cereals and its preparations are not competitive in the world market. For rest other commodities the lack of competitiveness in first phase has been converted into positive form in the second phase. However, during the entire period under observation the commodities lack competitiveness in the international market.

Thus it can be concluded from the study that though overall performance of total agricultural export of the country has gained due to growth in the value. The commodity wise growth is affected by lack of competitiveness. Agencies such as APEDA, MPEDA, Spice Board, Coffee Board etc., are providing guidance to the exporters. A trade center can be setup by the government which will provide a detailed market analysis to the exporters.

7.3. Usefulness of the study

The study presents the in-depth analysis of the direction, composition and performance of export of 14 groups of agricultural commodities from India from 1991 to 2009. The study also presents the performance of these commodities in comparison with that of the rest of the world. The findings of the study and understanding regarding the existing markets and the emerging markets will help the policy makers at center and state level in formulating the market oriented export policies. The study will also be beneficial to agencies involved in agricultural commodities marketing especially exports. Academicians involved in studies of international trade will gain an idea about the export trends of a wide range of agricultural commodities export from India during the reform era. Farm producers and the small entrepreneurs who are involved in the processing of farm goods can use the findings of the study to understand the factors like
present and emerging markets, commodity composition and competitiveness of various commodity groups at an international level. The study will be useful to the non-government organizations involved in helping the small farmers. Finally for the students of economics the study will provide understanding related to the composition, direction and causes of growth in agricultural exports of India since 1991.

7.4. Future Scope of the study

The study can be taken up further by exploring areas concerning different determinants of export such as increase in productivity, standardization, value addition, supply chain management, processing, packaging, marketing and brand development. A study can be conducted examining the causes of lack of competitiveness and competitor analysis of various commodity groups in specific markets. Several agricultural products such as cereals, pulses, fresh and fruits and vegetables, marine products, meat and meat preparations, dairy and poultry products and even cotton are subjected to stringent sanitary and phyto sanitary measures. A study related to the commodity specific and country specific sanitary and phyto-sanitary measures will be a great help to the exporters. An exploratory study on impact of domestic policy measures on agricultural export of India can be taken up. Another area is effectiveness of the formulation of focus market policy of Government of India. There is stiff competition in the international market for all the agricultural commodities. A study can be taken up examining various factors contributing to the international competitiveness. There is a shift from unprocessed products towards ready to use and ready to eat products or processed agricultural products across the world. Thus a study exploring the opportunities in market specific processed products can be conducted. Finally, a study examining the effect of change in the export earnings due to processed products of selected goods such as cereals, fruits, vegetable, fish, poultry, dairy, meat etc., will be useful for developing product specific processing units among different states in the country.