

Changing the agri exports basket

India's agri export basket is changing from traditional commodities to non-traditional processed foods.

Traditionally, Basmati rice is one of the top export commodities. Now there is an unusual spike in the export of non-basmati rice.

Indian buffalo meat is seeing strong demand in international markets due to its lean character and near organic nature.

- The export potential of buffalo meat is tremendous, especially in countries like Vietnam, Hong Kong and Indonesia.

The export of processed food products has not been growing fast enough.

- As the domestic prices of processed food products are much higher compared to the world prices.

Agriculture Export Policy

- Diversify and expand the export basket.
- Increase the export of higher value items, including perishables and processed food.

The exporters of processed food confront difficulties and non-tariff measures imposed by other countries on Indian exports like-

- Mandatory pre-shipment examination by the Export Inspection Agency being lengthy and costly.
- Compulsory Spice Board certification being needed even for ready-to-eat products which contain spices in small quantities.
- Lack of strategic planning of exports by most state governments.
- Lack of a predictable and consistent agricultural policy discouraging investments by the private sector.

- Prohibition of import of meat- and dairy based-products in most of the developed countries.

- Withdrawal of the Generalised System of Preference by the U.S. for import of processed food from India.

- Export shipments to the U.S. requiring an additional health certificate.

- Absence of an equivalency agreement with developed countries for organic produce.

Steps taken by the Government:

- The Indian government has been encouraging agricultural exports to meet an ambitious target of \$60bn by 2022.

- As per the Ministry of Food Processing Industries data, the contribution of agricultural and processed food products in India's total exports is 11%.

- The major share is of primary processed agricultural commodities.

Potential of food processing industry:

- From 2015-16 to 2019-20, the value of agricultural and processed food increased significantly from \$17.8bn to \$20.65bn.

- The Indian agricultural economy is changing and the focus is more on developing various processed foods.

- The Indian food processing industry promises high economic growth and makes good profits.

- India's export earnings will increase by focusing more on value-added processed food products rather than primary processed agricultural commodities.

Way Forward:

- The Centre's policy should be in the direction of nurturing FPIs
- Developed countries have fixed higher standards for the import of food items.
- Low cost of production and global food quality standards must be ensured.
- A supportive environment is needed to promote the export of processed food.
- Reputed Indian brands should be encouraged to export processed foods globally as they can comply with the global standard of codex.
- Indian companies should focus on cost competitiveness, global food quality standards, technology.
- India has competitive advantages in various agricultural commodities which can be passed onto processed foods.