

# Farm exports hit high, so do imports

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INDIA'S AGRICULTURAL exports crossed \$50 billion during the fiscal ended March 31, 2022. No less interesting is imports, too, which scaled an all-time-high of \$32.4 billion.

Table 3 shows trends in farm goods trade over the last 10 years. The previous record for exports was \$43.3 billion in 2013-14. That year saw imports of only \$15.5 billion, resulting in an agricultural trade surplus of \$27.7 billion. The subsequent years saw falling exports alongside rising imports, narrowing the surplus to \$8.1 billion in 2016-17. Exports took long to recover, to \$41.9 billion in 2020-21 and \$50.3 billion in 2021-22. But with imports shooting up, the surplus of \$17.8 billion for 2021-22 stood well below the levels in 2012-13 and 2013-14.

## Global prices impact

Chart 1 shows how closely linked India's agricultural trade performance is to international prices. The UN Food and Agriculture Organization's (FAO) Food Price Index - with a base value of 100 for 2014-16 - averaged 122.5 points in 2012-13 and 119.1 in 2013-14. Those were the years when India's farm exports reached \$42-43 billion. The collapse of the index to 90 points in 2015-16 was accompanied by a plunge in exports below \$33 billion. The last two years have seen a renewed boom in global agri-commodity prices, with the lifting of lockdowns and the effects of massive liquidity injections by central banks. The return of demand, reflected in the FAO index averaging 102.5 points in 2020-21 and 133 in 2021-22, has helped Indian agri exports rebound.

In general, high international prices - like during late-2010 to 2014 and from October 2020 - are favourable for agri exports. There's an almost one-to-one relationship between the FAO index and India's exports. High global prices also tend to benefit farmers, by pushing up their realisations closer to export parity levels and by making imports more expensive. But 2021-22 turned out different, recording a surge in exports as well as imports.

## Trade composition

Tables 1 and 2 show India's top agricultural export and import items with individual values exceeding \$1 billion in 2021-22, based on data from the Department of Commerce.

Leading the exports list is marine products, whose value has steadily risen, from just over \$5 billion in 2013-14 to \$7.8 billion in 2021-22.

But the real increase has come from rice (specifically non-basmati), sugar and wheat. Not only did India ship out some 21 million



**Table 1**  
**INDIA'S TOP AGRI EXPORT ITEMS IN \$ MILLION**

	2020-21	2021-22
Marine products	5,962.39	7,772.36
Non-basmati rice	4,810.80	6,123.48
Sugar	2,789.91	4,603.16
Spices	3,983.98	3,927.58
Basmati rice	4,018.41	3,540.86
Buffalo meat	3,171.13	3,303.78
Raw cotton	1,897.21	2,816.24
Wheat	567.93	2,119.98
Fruits & vegetables	1,492.51	1,678.93
Processed F&V	1,120.26	1,202.58
Castor oil	917.24	1,175.51
Oilseeds	1,235.67	1,113.66
Other cereals	705.38	1,084.89
Oilmeals	1,585.04	1,031.65
Coffee	719.66	1,020.74
<b>TOTAL*</b>	<b>41,895.68</b>	<b>50,268.55</b>

\*Includes all other items.

**Chart 1**  
**INDIA'S FARM EXPORTS vs WORLD FOOD PRICES**



tonnes (mt) of rice (17 mt non-basmati and 4 mt basmati) and 7.8 mt of wheat, of take of the two cereals through the public distribution sys-

**Table 2**  
**INDIA'S TOP AGRI IMPORTS ITEMS IN \$ MILLION**

	2020-21	2021-22
Vegetable oils	11,089.12	18,991.52
Fresh fruits	2,131.21	2,460.33
Pulses	1,611.72	2,228.95
Spices	1,090.03	1,299.26
Cashew	1,006.20	1,255.46
Natural rubber	624.35	1,032.71
<b>TOTAL*</b>	<b>21,652.05</b>	<b>32,421.88</b>

\*Includes all other items.

**Table 3**  
**INDIA'S AGRICULTURAL TRADE (\$ BILLION)**

Year	Exports	Imports	Trade Surplus
2012-13	41.73	18.98	22.75
2013-14	43.25	15.53	27.72
2014-15	39.08	21.15	17.93
2015-16	32.81	22.58	10.23
2016-17	33.70	25.64	8.05
2017-18	38.90	24.89	14.01
2018-19	39.20	20.92	18.28
2019-20	35.60	21.86	13.74
2020-21	41.90	21.65	20.24
2021-22	50.27	32.42	17.85

tem, too, hit unprecedented levels of 55.1 mt and 50.6 mt, respectively.

On the other hand, many of the items that

contributed to the previous export boom have seen stagnation, even declines. These include basmati rice, buffalo meat and oil meals.

The spike in imports has been largely courtesy of vegetable oils, whose imports have soared from \$7.2 billion in 2013-14 to \$19 billion. Pulses imports were at \$2.2 billion in 2021-22, but down from the \$4.2 billion high of 2016-17. Other big-ticket import items were fresh fruits (mainly almonds and apples), cashew, spices and natural rubber. In spices, India happens to be both a large importer (\$13 billion in 2021-22) and exporter (\$3.9 billion). Exports mostly comprise chilli, mint products and cumin. On the other hand, there has been a rising trend in imports of pepper, cardamom and other plantation spices from countries such as Vietnam, Sri Lanka and Indonesia.

## Prospects

The war in Ukraine has imparted further bullishness to agri-commodity markets, with the FAO index hitting a high of 159.3 points in March. That, going by past experience, should bode well for India's farm exports. There are expectations of the country's wheat and even maize exporters filling, at least partly, the void left by the two warring breadbasket nations.

That optimism has somewhat ebbed, though, following the severe heat wave engulfing much of India from mid-March. Reports suggest significant yield losses, particularly for the wheat crop that was at the critical grain-filling stage when temperatures spiked. With government procurement set to more than halve from last year's 43.3 mt, the projections of wheat exports topping 10 mt may not easily materialize. The overall prospects for agri-exports hinge largely on the monsoon. Even with regard to 2021-22's star performers, rice and wheat, public granaries clearly aren't overflowing like during the pandemic period.

Meanwhile, there's little respite in sight on the biggest agri-import item: edible oils. The war in Ukraine has dealt a body blow to the sunflower oil trade. That, coupled with drought in South America's soybean-growing area and Indonesia's ban on palm oil exports, is likely to keep global prices elevated for some time. And it isn't edible oils alone. In 2021-22, the country even imported \$610 million worth of oil meals, a commodity that it used to heavily export till quite recently.

All in all, 2022-23 could be more challenging for Indian agricultural trade, notwithstanding high international prices that are normally favourable for exports while keeping imports in check. If the Reserve Bank of India's latest actions and hawkish commentary on food inflation are any indication, the policy push for exports may also not be as intense.