

# Time to foster agri product exports

**SHIFT FOCUS.** India must boost value added agri exports, for which there is growing demand, especially in Europe

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India's rising agricultural exports offers a ray of hope in an otherwise vitiating overall export performance, primarily due to the Russia-Ukraine war, economic sanctions coupled with blockage of financial channels, economic slowdown and disruption of supply-chain(s).

The export of key agriculture commodities rose around 16 per cent in the first half of 2022-23 (April-September) over the corresponding year-ago period. This is good news as agriculture is not only the backbone of the Indian economy but is also the main source of livelihood for more than half the population.

Agri-export income often brings relief when other sectors of the rural economy face stress. In celebrating the performance of farm exports, it is important also to ensure that they are sustainable.

India's agri-export strategy is based on "produce and sell" mentality — also known as commodity trading. However, it is time to shift from 'commodity export' to 'product exports'. Firms that are into agri exports should evaluate what consumers want and, accordingly, leverage the value-addition programme in their commodities. For instance, rather than exporting rice in bulk, the focus should be on creating smaller but targeted products segments such as rice flour which is in high demand in Europe, especially the southern part where it is widely used to produce pasta, crisps, cereals and snacks.

Similarly, rice starch is required by the pharmaceutical industry, and is also used as a thickener in sauces and desserts. Rice sweetener is again a value-added product and is used in sugar syrups and honey.

Some aromatic varieties of Basmati rice are imported by breweries in Europe, especially by some prized beer manufacturers. Likewise, rice bran is in high demand as it is rich in Vitamin B6, iron and magnesium, and utilised in cereals, mixes, and vitamin concentrates.

Also, rice bran oil can be promoted as a treatment for decreasing blood cholesterol. Broken rice, rather than being exported in bulk to western African markets, can be alternatively marketed as rice flour and as a mixture



**PAVE THE WAY.** It is time to bring in operational changes for creating a business ecosystem for agri product exports ISTOCK

for pet foods. There can be various other value-added 'ready-to-eat' products manufactured from rice.

As the international market for value-added products is constantly growing, it is time India moved faster towards export of agri products. The evolving marketplace and market forces offer a plethora of business opportunities in product differentiation and, influenced by rising customer demand for health, nutrition and convenience foods as well as productivity improvements by food processors.

While the shift to a product-driven export strategy will take time, it will eventually help absorb the shocks from domestic as well as the global markets arising out of problems related to stocking, fair and remunerative prices to farmer, distress sale, shelf-life issues, and food losses and waste. The

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agro-producers must look to cater to the needs of end-users. For example, bovine producers should focus on table-ready meat.

India's 350-450 million strong middle-class is already shifting towards value-added products, courtesy urbanisation, affordability, nuclear families and constraint of time for cooking, especially for working professionals. Value-addition in agriculture can be achieved by taking the following steps.

## MEASURES AHEAD

First, by innovation, which in turn focuses on enhancing current processes, procedures, products and services or developing new ones, which can be used to add value to agri-products. Successful value-added products are generally specialised/technical and sell in markets which have low competition.

It is time to leverage policy interventions and bring in operational changes, including training and hand-holding of producers, for creating a business ecosystem for agri product exports. Value-addition can be achieved by promoting the industrial use of food products but only where we have non-utilisable surplus. Resultantly, the traditional crops can be turned into non-food goods using a number of inventive and innovative technologies

— bio-diesel is a case in point.

Second, coordination, especially between producers and marketers of agricultural products, must be improved. Considering India's small landholdings, horizontal coordination that aims to pool or consolidate people or enterprises from the same level of the food chain is one solution. For example, while focussing on vertical coordination to aggregate milk, vegetables produce or fruits, there is need to look at horizontal coordination which includes contract-farming, contractual sourcing, production sharing agreements.

Finally, India's agriculture export policy has been vacillating between export bans/restrictions and minimum export price on one side and free trade on the other. This approach needs to be reviewed.

An abrupt ban on export of a commodity sends wrong signals to the global markets. A predictable and transparent agriculture export policy is the need of the hour to make India a reliable global supplier of value added agriculture products, which will certainly contribute to the goal of doubling farmers' income.

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