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Trends of India's Agricultural Import During the Pre-reform and Post-reform Periods

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Abstract

Agriculture has been the largest sector of the Indian economy. It plays a vital role in providing food for the nation, raw materials to the industry providing employment. Past two and a half decades, India has implemented comprehensive trade policy reforms in the agriculture sector due to internal and external factors. This study has investigated patterns of India's foreign trade in agriculture during pre-reform and reform periods. The effect of liberalization of India's foreign trade has greatly influenced the structure of trade in goods and services. For this study, the agriculture communities have been classified into Food Crops and food items, Pulses, Oil and oilseeds, Commercial crops, Plantation crops, Animal products, and Oilseed cake meals. Data for this study have been collected from Food and Agriculture Organization (FAO) official website (www.fao.org), from 1970 to 2013. In 1970, the highest value of percentage share is observed for the food and food crops import at 55.56 per cent followed by commercial crops at 29.15 per cent, animal products at 6.83 per cent, pulses at 5.73 per cent, and oilseeds and oil at 1.29 per cent. In 2017, the highest value of percentage share is observed for oilseeds and oil import at 40.45 per cent followed by commercial crops at 27.87 per cent, pulses at 14.03 and food crops and food items at 10.59 per cent. Overall, there is a significant increase is noted for the percentage share of oilseeds and oil in total agricultural imports in the study period. In the case of pulses, the percentage share of imports in total agricultural export has been increasing during the study period among the other major group of products. There is downward movement is observed for the import of food crops and food items during the study period.

Keywords: Agricultural Export, Pre-reform, Post-reform, Food and Agriculture Organisation (FAO)

Introduction

This paper deals with the role of major groups of agricultural products in total agricultural export and import during the study period. The major groups of agricultural export include Food Crops and food items, Pulses, Oil and oilseeds, Commercial crops, Plantation crops, Animal products and Oilseed cake meals. The individual commodities export explained in this paper are rice, tea, cotton lint, textiles fibers, bovine meat, cashew nuts, shelled and oil, castor beans. It is also demonstrated the major groups of agricultural imports include Food Crops and food items, Pulses, Oil and oilseeds, and Commercial Crops. The name of the individual commodities import explained in this chapter are oil, palm, and wheat. The objectives of the paper are listed below.

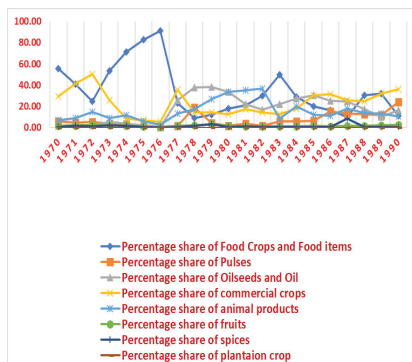
- The Role of Major Groups of Agricultural products in Total Agricultural Imports.
- The Reasons for Trends of Major Groups of Agricultural Products in Total Agricultural Imports

To discuss the above objectives this paper is divided into three sections. Section A focuses on the relative size of each group of agricultural products in total agricultural import Section B is devoted to discussing the reasons for trends of major groups of agricultural products in total agricultural import.

Section A: The Role of Major Groups of Agricultural products in Total Agricultural Import

The role of major groups of agricultural products in total agricultural import has been discussed in this section. The role of major groups of agricultural products and major individual products in total agricultural import is explained with help of the relative size of each group and individual product.

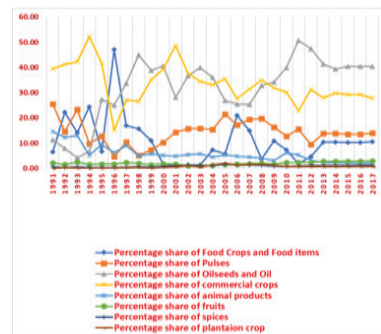
Figure 1 Percentage Share of Major Groups of Agricultural Products Import in Total Agricultural Imports During Pre-Reform Periods



Source: Food and Agriculture Organization

Figure 1 shows that percentage share of major groups of agricultural products imports in total agricultural imports during the pre-reform periods. In 1970, the highest value of percentage share is observed for the food and food crops import at 55.56 per cent followed by commercial crops at 29.15 per cent, animal product at 6.83 per cent, pulses at 5.73 per cent and oilseeds and oil at 1.29 per cent. The highest level of percentage share is noted for the year 1990 for commercial crops at 36.20 per cent followed by pulses at 23.86 per cent, oilseeds and oil at 16 per cent, food crops and food items at 10.77 per cent and animal product at 10.40 per cent.

Figure 2 Percentage Share of Major Groups of Agricultural Products Import in Total Agricultural Imports during Post-Reform Periods

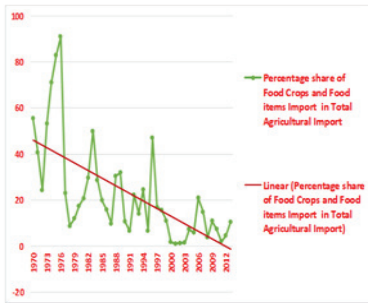


Source: Food and Agriculture Organization

In 2017, the highest value of per centage share is observed for oilseeds and oil import at 40.45 per cent followed by commercial crops at 27.87 per cent, pulses at 14.03 and food crops and food items at 10.59 per cent which is noted from figure 7.16. Overall, there is a significant increase is noted for the percentage share of oilseeds and oil in total agricultural imports in the study period. In the case of pulses, the percentage share of import in total agricultural export has been increasing during the study period among the other major group of products. There is downward movement is observed for the import of food crops and food items during the study period.

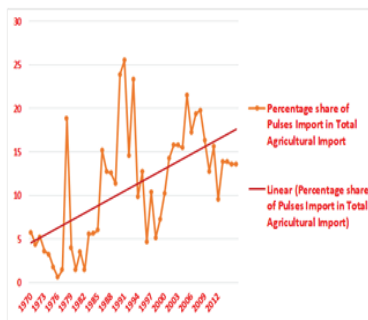
It is observed from figure 2, the highest value of the percentage share of food crops and food items in total agricultural import at 91.01 per cent in 1976. The lowest value is noted for the year 2001 at 1.03 per cent. The percentage share of food crops and food items in total agricultural import is noted between 91.01 per cent and 1.03 per cent during the study period. The linear trend line shows a downward movement of the percentage share of food crops and food items in total agricultural import. It is also noted from the figure for the years 1974,1975 and 1976, the percentage share of food crops and food items import is registered more than 70 per cent in the total agricultural imports and the continuous level of lowest percentage share is registered for the years 2000,2001,2002 and 2003 at 1.70,1.03,1.29 and 1.38 per cent respectively.

Figure 3 Percentage Share of Food Crops and Food Items in Total Agricultural Imports



Source: Food and Agriculture Organization

Figure 4 Percentage Share of Pulses Import in Total Agricultural Imports



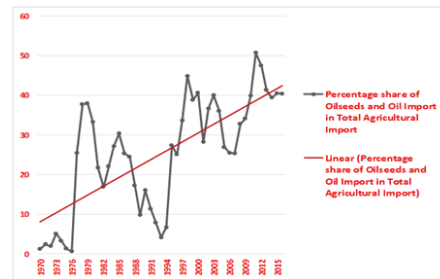
Source: Food and Agriculture Organization

It is observed from the figure 3, the highest value of the percentage share of pulses in total agricultural import at 25.50 per cent in 1991. The lowest value is noted for the year 1976 at 0.58 per cent. The percentage share of pulses in total agricultural import is noted within the range of 25.50 per cent and 0.58 per cent during the study period. The linear trend line shows an upward movement of the percentage share of pulses in total agricultural imports. It is also noted from the figure for the years 1990, 1991, 1993 and 2005, the percentage share of pulses import is registered as more than 20 per cent in the total agricultural import.

It is observed from the figure 3, the highest value of the percentage share of oilseeds and oil in total agricultural import at 50.67 per cent in 2011. The lowest value is noted for the year 1976 at 0.59 per cent. The percentage share of oilseeds and oil in total agricultural import is noted between 50.67

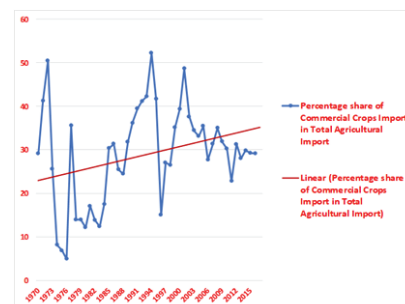
per cent and 0.59 per cent during the study period. The linear trend line shows that upward movement of the percentage share of oilseeds and oil in total agricultural import. It is also noted from the figure, from the year 1995 the percentage share of oilseeds and oil imports has a tendency to increase until 2016.

Figure 5 Percentage Share of Oilseeds and Oil Import in Total Agricultural Imports



Source: Food and Agriculture Organization

Figure 6 Percentage Share of Commercial Crops Import in Total Agricultural Imports



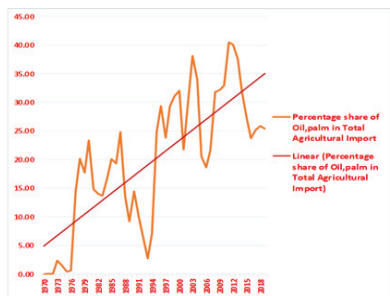
Source: Food and Agriculture Organization

It is observed from figure 4, the highest value of the percentage share of commercial crops in total agricultural import at 52.21 per cent in 1994. The lowest value is noted for the year 1976 at 4.93 per cent. The percentage share of commercial crops in total agricultural import is noted between 52.21 per cent and 4.93 per cent during the study period. The linear trend line shows an upward movement of the percentage share of commercial crops in total agricultural imports.

It is also noted from the figure for the percentage share of commercial crops import tends to decrease when it reaches about 50 per cent in total agricultural

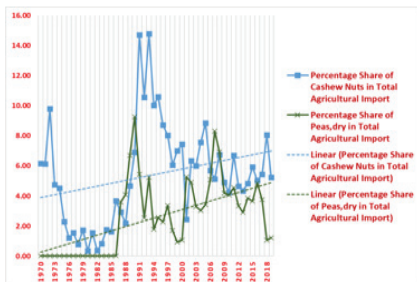
import. Figure 21 shows the highest value of the percentage share of oil, palm in total agricultural import at 40.50 per cent in 2011. The lowest value is noted for the year 1970 at 0.0 per cent. The percentage share of oil, palm in total agricultural import is noted between 40.50 per cent and 0.00 per cent during the study period. The linear trend line shows an upward movement of the percentage share of oil, palm in total agricultural import. It is also noted from the figure, for years 2000,2003,2011 and 2012 percentage share of oil, palm in total agricultural import is registered more than 30 per cent

Figure 7 Percentage Share of Oil, palm Import in Total Agricultural Imports



Source: Food and Agriculture Organization

Figure 8 Percentage Share of Cashew, nuts and Peas, dry Import in Total Agricultural Imports



Source: Food and Agriculture Organization

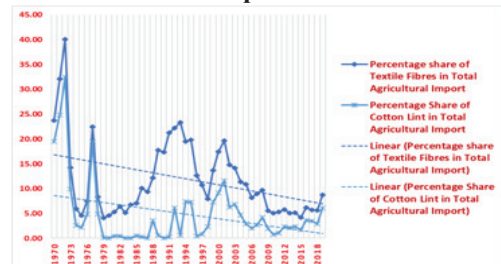
It is observed from figure 6, the highest value of the percentage share of Cashew, nuts in total agricultural import at 14.80 per cent in 1993. The lowest value is noted for the year 1980 at 0.36 per cent. The percentage share of Cashew, nuts in total agricultural imports is noted between 14.80 per cent and 0.36 per cent during the study period. The linear trend line shows an upward movement

of the percentage share of Cashew, nuts in total agricultural import. It is also noted from the figure for the percentage share of Cashew, nuts import is taken uptrend from the year 1982 at 0.36 per cent to 14.73 per cent in 1991, once reached the highest value the value is started to decreasing until 2001.

It is also noted from the figure, the highest value of the percentage share of peas, dry in total agricultural imports at 9.26 per cent in 1990. The lowest value is noted 0 per cent from 1970 to 1986. The percentage share of peas, dry in total agricultural import is noted between 9.26 per cent and 0 per cent during the study period. The linear trend line shows an upward movement of the percentage share of peas, dry in total agricultural imports. It is also noted from the figure for the percentage share of peas, dry import is taken uptrend from the year 1986 at 0 per cent to 9.26 per cent in 1990, once reached the highest value the value and it is started to decreasing until 2000. The percentage share of peas, dry in total agricultural imports is noted ups and down after 2000.

It is noted from figure 7, the highest value of the percentage share of textile fibres in total agricultural imports at 40.09 per cent in 1972. The lowest value is noted 3.26 per cent in 2016. The percentage share of textile fibres in total agricultural imports is noted between 40.09 per cent and 3.26 per cent during the study period. The linear trend line shows a downward movement of the percentage share of textile fibres in total agricultural imports.

Figure 9 Percentage Share of Textile Fibres, Cotton Lint Import in Total Agricultural Imports

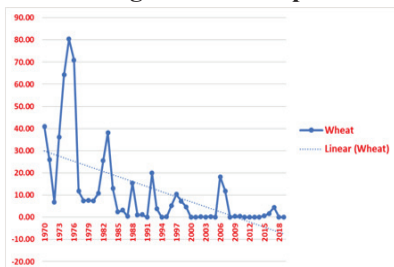


Source: Food and Agriculture Organization

It is also noted from the figure for the percentage share of textile fibres import is taken uptrend from the year 1978 at 4.98 per cent to 23.35 per cent in

1993, once reached the highest value, it is started to decreasing until 2016 at 3.63 per cent. It is also observed from the figure 23, the highest value of the percentage share of cotton lint in total agricultural imports at 32.43 per cent in 1972. The lowest value is noted 0 per cent in 1980. The percentage share of cotton lint in total agricultural imports is noted between 32.43 per cent and 0 per cent during the study period. The linear trend line shows a downward movement of the percentage share of cotton lint in total agricultural imports. It is also noted from the figure for the percentage share of cotton lint import is taken uptrend from the year 1975 at 2.19 per cent to 19.51 per cent in 1977, once reached the highest value, it is started to decreasing until 1979 after that it has ups and downtrend movement till the year 2018.

Figure 10 Percentage Share of Wheat Import in Total Agricultural Imports



Source: Food and Agriculture Organization

It is also observed from figure 8, the highest value of the percentage share of wheat imports in total agricultural import at 80.43 per cent in 1975. The lowest value is noted 0 per cent in 1991. The percentage share of wheat import in total agricultural import is noted between 80.43 per cent and 0 per cent during the study period. The linear trend line shows a downward movement of the percentage share of wheat import in total agricultural imports. It is also noted from the figure for the percentage share of wheat import is taken uptrend from the year 1972 at 6.75 per cent to 80.43 per cent in 1975, once reached the highest value, it is started to decreasing until 1978 after that it has ups and downtrend movement till the year 2000.

Section B: The Reasons for Trends of Major Groups of Agricultural products in Total Agricultural Imports

The reasons for the trend of major groups of agricultural products in total agricultural import have been discussed in this section. The reasons are identified with help of available Literature, Various reports from National and International agencies, and other newspaper and website information.

The Reasons for Trends of Major Groups of Agricultural Products in Total Agricultural Imports

- India imports close to 14 per cent of the total requirement of pulses. Chickpeas and pigeon peas are the major pulses consumed in India. India meets close to half of the domestic requirement of oilseeds through imports. During the past decade yield of oilseeds has depicted positive trends, ranging from 0.46 per cent in sunflower and 9.08 per cent in soybean. the total demand for edible oils by 2030 would be to the tune of 25 million tonnes. There were some concerted efforts to improve the domestic oilseeds production, with the initiative of the Technology Mission on Oilseeds and later with the inclusion of oil palm under the ambit of the programme. However, at the current level of yield growth and area expansion, India will not be able to meet the domestic requirement without imports. (Suresh & Mathur, 2016)
- The comparative advantage of many LDCs in the export of primary products is destroyed by the practice of dumping by Developed Countries and food MNCs in the vast market of India. They had three proximate objectives: first, to capture the massive market; second to disrupt its export potentialities and third, to make it dependent on the MNCs and DCs which can at a later stage dictate the prices and other terms and conditions. Example of dumping and dependency is the monsoonto paddy variety of the US being dumped into India. (Ghosh, 2009)
- The dumping of cheaper food products in a developing country like India is a constant threat to food security and domestic self-reliance. Food liberalization has produced many deleterious

effects on the farm sector in India, including the reduced rate of growth of food production, increased unemployment and poverty. The typical LDCs studied by the FAO showed a rise in the export of agricultural products based on their performance in the early phase of globalization of the 1980s; but in the 1990s, despite of the WTO's special and differential policy, the increase in imports of agricultural products as a result of subsidy-induced price fall in the international market. (Ghosh, 2009)

- In India ever since the mid-1960s when import dependence for cereals had gone up to 16 per cent and the country faced severe droughts continuously for two years. The new strategy launched at that point in time was aimed at 'maximizing the production of cereals', and involved building a solid foundation of food security. With the increase in domestic production of staple food, the dependence on imports was almost eliminated, mainly owing to addition to the increase in domestic cereal production, and reduced instability in production. This happened for two reasons. First, the irrigated area under cereals expanded considerably and reduced the dependency on uncertain rainfalls. Second, the share of more stable grains (wheat) increased while that of unstable grains (coarse cereals) decreased. (Acharya, 2009)
- Farmers have shifted from the low-yielding coarse cereals to non-cereal food products since the middle of the 1980s, a fact which has inter alia helped to increase the production and availability of sugar, fruits, vegetables, spices, milk, eggs, meat, and fish products. As the production growth of all these food items was considerably higher than the population growth, per capita production of nutritive foods went up substantially and long-term data from National Sample Survey Organization (NSSO) has also indicated a declining trend in the per capita consumption of cereals in both rural and urban areas, accompanied by a decrease in the proportion of expenditure on cereals and an increase in that on milk, meat, eggs, fruits, and vegetables. So, the import of coarse cereals has been increasing over the period of time. (Acharya, 2009)
- The technological breakthrough of the Green Revolution has been highly biased towards cereals. It led to a sharp increase in cereal productivity, while pulses and oilseeds witnessed a very small increase. The technological advantage in cereal cultivation has been further reinforced by strong policy support as the Government of India provided remunerative and assured prices for rice and wheat. Ultimately, the production of major crops was almost stable; the production of jowar, bajra, coarse cereals, total pulses and total of nine-oilseeds declined. This situation leads to India has been decreasing the import of the cereals like wheat and rice but tendance to import the core cereals, edible oil and pulses. (Verma, 2007)
- The rising trend in per capita production of cereals during the 1970s and 1980s was accompanied by a rising trend in per capita consumption. One important reason for this was that cereal prices during this period, both in the open market and PDS, increased at a relatively lower rate than the general price level. In other words, in real terms, cereal prices were declining. During the 1990s, demand did not keep pace even with stagnant per capita production because of government-induced hikes in procurement prices and wholesale prices. The consequent increase in retail and PDS prices had an adverse impact on cereal consumption. This could be one of the reasons for less import of cereals items. (Chand, 2005)
- Area of cotton has increased from 7.82 million hectares in 1980-81 to 11.99 million hectares in 2011-12. The Production of cotton has increased 7 million bales to 36 million bales in 2011-12. Yield per hectare has increased from 152 kg/hectare in 1980-81 to 512 kg/hectare in 2011-12. Despite, increase in production of cotton, India consumes about 78 percent of production for domestic purpose and only 22 percent of cotton is exported to world market. Since, the cotton requirement is supplied by internal production, the import of cotton lint and textile fibres is tendency to decreasing during the study period. (Sharma & Bugalya, 2014)

Conclusion

This paper analyzed the import pattern of Agricultural products during the pre and post reform period, to understand the pattern of the import, Percentage method and Trend analysis have been applied. From the above result and discussion, few important finding can be given here, first, the import of food crops and food items has been shows decreasing trend ,this pattern could be explained by the implementation of green revolution which led to technology and productivity shift in production of the cereals in India, this eradicated the dependency of cereals like wheat and rice from foreign countries during reform period compared to pre-reform period. Second, the coarse cereals that is pulses import has been increasing over the period of time as a result of low level of productivity of pulses of production in India, not able to catch up with the population growth rate. Third, important finding from the above discussion is the import pattern of oil, palm is alarming to India and dangerous of dependency and distress on foreign exchange reserve. Though government has taken initiative to increase the production of oil,palm and other oil products in India, still the farmer those who producing the oil seeds and oil, palm expecting more support like Minimum Support Price to meet the production cost at least. Overall, We need to create large number of space for farmers to concentrate on production of oil, palm and coarse cereals to avoid dependency for the above agricultural products and reduce the import bills.

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