



# Agricultural and Processed Food Products Export Contribution to Indian GDP and Future Trend

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## ABSTRACT

Increasing population in global scale has imposed a great demand on basic amenities such as food, shelter and clothing. Clearly food and clothing's are the derived out of agriculture, India's traditional farming occupation and tropical climate have induced a great scope for producing products and food for consumption. Despite India is being a 2nd largest populated country is rising itself in world economy by increasing GDP through Export. India is the second largest producer of fruits around the world whose global share is estimated to be approximately 10% and second largest producer of vegetables whose global share is calculated to be ≈15%. Despite of 20-30% wastage due to lack of infrastructure, technology, inadequate knowledge on – processing, storage and transportation, India could still stand as largest producer of agro products. India's agricultural and processed food exports are negligible in comparison to the total production because, large amount of production are used for domestic consumption. Currently 16% of India's GDP rely on agriculture. Agriculture and processed food export constitutes 10% of the total country's export. Thereby export is an important tool to hedge the demand of foreign currencies and increase the Indian money value in international market alongside lifting the economy from the surplus produced. This paper examines the contribution of agricultural and processed food towards Indian GDP. Secondary data had been used for the purpose of trend analysis to forecast the future contribution by agricultural and processed food industry. The result thus derived through trend analysis indicates increased net income in projected years despite of decrease in production of agricultural and processed food metric tonnage.

**KEYWORDS : APEDA- Prospects, GDP contribution**

### 1.1 Introduction

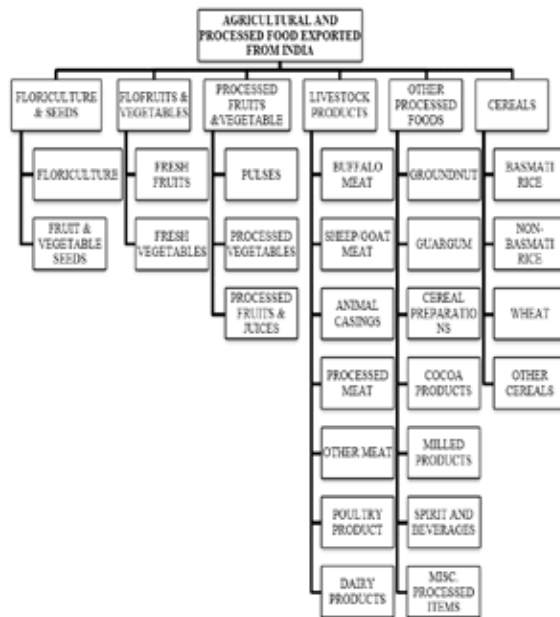
India's contribution towards global food basket is significant ever since India started international trade and export. Agrarian culture existing in India have made the country posses largest population of cows and buffalos for dairy farming, Indian is the largest producer of milk in the world, it produces on an average of 140 million tonnes per year. India posses 56.7% of the total buffalo population around the world, whose value is accounted to be 112.9 million, which are formally employed in producing dairy products and biogas preparation (apeda.gov.in, 2016). The tropical climate of the country is an added boon for cultivation of varieties of fruits and vegetables that has exciting taste and flavors in international market. India ranks second in fruits (90 million tonnes approximately/year) and vegetables (165 million tonnes approximately/year). India is country surrounded by ocean on three sides, thereby fisheries has become an important source of occupation to people living alongside the sea. Indian is the second largest producer of fish; it had produced 10 million tonnes during 2013-14 (CCI, 2016). It is 10% of the total produced agriculture and food processing are exported. Agriculture, processed food and its allies sector is providing employment to 47% of the Indian population and have contributed 16% of the India's GDP (tradingeconomics.com, 2016). Agriculture and food processing sector is an instrument for economic growth and a vital component for most of the industrial sector to function as it provides raw material.

### 2.1 Export of Agricultural and Processed Food from India

Indian agriculture and food industry s segregated into five segments namely; fresh fruits and vegetables, floriculture – comprising fruits, vegetable seeds and flowers, processed fruits and vegetables and other processed food, and cereals such as rice and wheat. During 2014-15, Indian agricultural and processed food export has fetched US\$ 21.5 billion. Among the exported goods, cereals and animal products had accounted 69.7% followed by fruits and vegetable, whose value is calculated to be 5.7% and floriculture products accounting 0.67% (IBEF.Org., 2016). Indian agricultural and processed foods are exported to more than 100 countries around the world (APEDA, Annual Report, 2014). Major exported items include cereals, processed meat, groundnut, guar gum, jiggery, confectionary and fresh onions. These achievements are made possible because, though India is small country in considering land area, it possess the sec-

ond largest area for agricultural cultivation, which is calculated to be 179.9 million hectares (statisticstimes, 2016).

**Figure 1 - Agricultural and Processed Food Exported From India**



**Source - (APEDA, Annual Report, 2012, 2013)**

The report generated by RBI statistical department of India is presented in Figure-1, wherein the quantity of Agricultural and processed food produced in metric tonnes and its corresponding revenue generated is indicated in Rupees in lakhs (www.dgciskol.nic.in, 2016). The figure depicts steady decrease in quantity export production and increase in revenue. The export production decrement indicates level of increment in wastage of goods produced and domestic demand. Whereas the increase in revenue on export indicates that, the demand for Indian agricultural and processed food in international market.

PRODUCT	2012-13		2013-14		2014-15	
	Qty - MT	Rs. Lacs	Qty - MT	Rs. Lacs	Qty - MT	Rs. Lacs
FLORICULTURE	44289.86	77116.99	40301.91	86644.38	35446.58	88781.03
FRESH FRUITS & VEGETABLES	2933094.97	598670.13	2917405.49	876096.53	2500961.88	747413.65
PROCESSED FRUIT & VEGETABLE	926929.45	512116.53	1082204.49	648384.08	1006679.44	667035.89
ANIMAL PRODUCTS	1831930.55	2077840.13	2112231.31	3228857.01	2163060.54	3312830.32
CEREALS	22104004.2	5256781.38	21064766.7	6345209.61	18414186.8	5827979.92
OTHER PROCESSED FOODS	2332732.4	3302968.82	2784448.19	2506815.47	3012631.55	2489305.42
Grand Total	30172981.4	11825494	30001358.1	13692007.1	27132966.8	13133346.2

**Table 1 - Three Year Export Statement of APEDA Products - Source: DGCIS Annual Data**

#### TREND ANALYSIS

PRODUCT	2013	2014	2015	2016(Projected)	2017(Projected)
	Qty	Qty	Qty	Qty	Qty
FLORICULTURE	44289.86	40301.91	35446.58	31169.5	26506.92
FRESH FRUITS & VEGETABLES	2933095	2917405	2500962	2351688	2024301
PROCESSED FRUITS & VEGETABLES	926929.5	1082204	1006679	1085021	1060785
ANIMAL PRODUCTS	1831931	2112231	2163061	2366871	2468694
OTHER PROCESSED FOODS	2332732	2784448	3012632	3389837	3667694
CEREALS	22104004	21064767	18414187	16837835	14545331
Grand Total	30172981	30001358	27132967	26062421	23793311

**Table 2 - Agriculture and Processed food export projection for 2016 and 2017 in Metric Tonne (MT) Quantity**

#### TREND ANALYSIS

PRODUCT	2013	2014	2015	2016(Projected)	2017(Projected)
	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs
FLORICULTURE	77116.99	86644.38	88781.03	95844.84	99623.88
FRESH FRUITS & VEGETABLES	598670.1	876096.5	747413.7	889470.3	851033.9
PROCESSED FRUITS AND VEGETABLES	512116.5	648384.1	667035.9	764098.2	808886.8
ANIMAL PRODUCTS	2077840	3228857	3312830	4108166	4429260
OTHER PROCESSED FOODS	3302969	2506815	2489305	1952700	1762158
CEREALS	5256781	6345210	5827980	6381189	6220772
Grand Total	11825494	13692007	13133346	14191468	14171735

**Table 3 - Agriculture and Processed food export projection for 2016 and 2017 in Rupees in Lakhs**

#### 3.1 Agricultural and Processed Food Export Contribution to GDP

In India out of total produced agricultural and processed food, less than 10% of the goods are exported, 20-30% are lost due to inadequate knowledge on producing, processing, storage, packaging and transportation of produced goods. Rest 60-70% of the goods produced is used for domestic consumption.

Year	GDP - Rs in Lakhs	Agricultural & Processed food export	Contribution in %
2013	237020500	11825494	4.989228358
2014	256777800	13692007	5.332239391
2015	276617000	13133346	4.747844854
2016(Projected)	296401600	14191468	4.787918824
2017(Projected)	316222600	14171735	4.481569312

**Table 4 - Projected - Agricultural and Processed Food Export Contribution to GDP in percentage**

#### 4.1 Conclusion

From the analysis, it can be interpreted that, there is possibility of export production may trend to reduce in forthcoming years. Despite in decrease in export production the international market value for the goods exported will increase thereby; for the less quantity exported we may have more profit than previous years as compared. The export production demonstrate a steady decrease in the value the in every corresponding year including projected year i.e. 2013(30172981), 2014(30001358), 2015(27132967), 2016(26062421) and 2017(23793311). While there exist steady increase value in Rupees for corresponding years, indicated the demand value and market

price of the Indian agro and processed food commodity going to poses in international market. The value in Rupees is calculated to be – 2013(11825494), 2014(13692007), 2015(13133346), 2016(14191468), 2017(14171735). It is the year 2017 which projected highest down trend in quantity of export production and Export revenue. The decrease in export revenue is solely due to the decrease in export production. Thereby if export production in agro and processed food is increased, the export revenue is expected to increase. The agro and processed food is consistently contributing (4.4 – 5.3) % total GDP. With less than 10% of the total produced goods that is being exported could contribute on an average of 4.5% of GDP, if the 20-30%

wastage is efficiently employed through proper technology and more export production would result in better GDP growth in India.

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