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ASSESSING THE EXPORT POTENTIAL AND TRADE COMPETITIVENESS OF INDIAN AGRICULTURAL COMMODITIES IN THE GLOBAL MARKET

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ABSTRACT

This paper explores the multifaceted dimensions of India's agricultural export potential and trade competitiveness in the global market. It meticulously examines the existing landscape, unearthing the opportunities and challenges that confront Indian agrarian commodities in their quest for international recognition and market share (Gilmour et al., 2012; Sharma et al., 2023). By employing rigorous analytical techniques and drawing on a wealth of empirical data, the study aims to provide a comprehensive assessment of India's strengths and weaknesses in the agricultural export sector, thereby informing policy recommendations that enhance its global presence and ensure sustainable growth.

KEYWORDS: Agricultural Exports, Trade Competitiveness, Export Performance, Agricultural Trade Policy.

INTRODUCTION

India, recognized as an agricultural powerhouse, boasts the world's largest cultivation area for commodities like cotton, paddy, wheat, and stands as a leading producer of milk, pulses, and spices (Sharma et al., 2023). Despite its agricultural expertise, the Indian farming community faces numerous challenges, including a lack of awareness regarding demand and storage, inadequate market infrastructure, limited market accessibility, and ineffective price discovery mechanisms (Sharma et al., 2023). These impediments hinder the country's ability to fully capitalize on its export potential and achieve optimal trade competitiveness in the global arena. In recent years, India's economy has undergone a remarkable transformation, particularly in the agricultural sector (Juneja et al., 2021). Due to technological

advancements, policy interventions, and the unwavering dedication of Indian farmers, this sector has evolved from a state of scarcity to one of surplus. A comprehensive assessment of export potential and trade competitiveness is crucial to address existing impediments and fully capitalize on India's agricultural strengths in the global market.

Objectives

1. To analyze the current trends, growth patterns, and composition of India's agricultural exports over the past decade.
2. To evaluate the trade competitiveness of major agricultural commodities
3. To identify barriers and opportunities in agricultural exports.

METHODOLOGY

This research paper employs secondary data collected from a diverse array of sources, including various books, scholarly articles, and official government publications.

Limitations

1. The study relies entirely on secondary data, which may include reporting lags or inconsistencies across data sources.
2. The analysis is limited to selected major agricultural commodities and may not reflect the performance or potential of emerging or underrepresented products.
3. The study focuses mainly on the supply/export side, and does not evaluate changing consumer demand patterns in importing countries

India's Agriculture Trade

India has been both an exporter and importer of agricultural products for a long time. In the agri-products trade, export is one of the most profitable business activities for any developing country. It is a crucial source of foreign exchange earnings, which will be beneficial for the favourable balance of trade. Hence, the export of agricultural products has an important role in securing the surplus in the external trade balance. Table 1 presents India's agricultural trade balance scenario for the period 2010-11 to 2020-21. It shows that India's agricultural trade balance was at its peak in 2013-14 with INR 177051.24 crores.

Similarly, a recent study by Suganthi [9] also mentioned that India's agricultural trade balance reached its highest level in 2013-14. However, the country's agri-trade balance remained volatile during the period 2010-11 to 2020-21.

Table 1: India's agricultural balance of trade

(Values in INR crore)

Year	Agriculture Export	Agriculture Import	Trade Balance
2010-11	113046.58	51073.97	61972.61
2011-12	182801	70164.51	112636.49
2012-13	227192.61	95718.89	131473.72
2013-14	262778.54	85727.3	177051.24
2014-15	239681.04	121319.02	118362.02
2015-16	215395.68	140289.22	75106.46
2016-17	226651.91	164726.83	61925.08
2017-18	251563.94	152095.2	99468.74
2018-19	274571.28	137019.46	137551.82
2019-20	252976.06	147445.81	105530.25
2020-21	308830	154510.72	154319.28

Source: Agricultural Statistics at a Glance 2022, Government of India

Agri-products are increasingly traded regionally and globally, and the volume and direction of exports is changing depending on how the products can be exported competitively, both in the short and long term. A recent report by the United Nations [23] emphasized that global agricultural trade tripled in terms of both imports and exports between 1996 and 2019. In 1950-51, the value of India's agricultural export was only INR 149 crores, which has been significantly increased to the level of INR 3.1 lakh crores in 2020-21. Even during the hardship moments during the COVID-19 global pandemic, India maintained its agri-exports and supply chain in the world market.

Generally, agricultural exports are affected by production, consumption, and governmental policy. As mentioned in Table 2, India has emerged as a significant exporter of agri-products after globalization, the highest export achieved was Rs. 3,08,830.00 crores in 2020- 21. In addition, the percentage share of agricultural export to total national export has increased from 9.94 percent in 2010-11 to 14.30 percent in 2020-21. According to Table 2, this share reached its peak (14.30 percent) in the recent year 2020-21. India's agricultural exports and their proportion of total exports have steadily increased over the years. According to the data above, Table 2 shows the increasing trend in India's agriculture exports during the period 2010-11 to 2020-21. This suggests that India has a high potential to increase its share in the global market for agricultural products.

Table 2: India's agricultural exports and their share in total exports. (Values in INR crore)

Year	Agriculture Exports	India's Total Exports	% Share of Agricultural Export to total national Exports
2010-11	113046.58	1136964.22	9.94
2011-12	182801	1465959.31	12.47
2012-13	227192.61	1634318.29	13.9
2013-14	262778.54	1905011.08	13.79
2014-15	239681.04	1896445.47	12.64
2015-16	215395.68	1716378.05	12.55
2016-17	226651.91	1849433.55	12.26
2017-18	251563.94	1956514.52	12.86
2018-19	274571.28	2307726.19	11.9
2019-20	252976.06	2219854.17	11.4
2020-21	308830	2159043	14.3

Source: *Agricultural Statistics at a Glance 2022, Government of India*

Challenges in India's agricultural export

1. Non-tariff barriers (NTBs)

Indian exporters are unable to comply with standards (e.g., pesticide residue limits, quarantine norms) because of sanitary and phytosanitary (SPS) measures and technical trade barriers (TBT) imposed by importing nations. There is a lack of harmonization with the Codex and international standards about food safety.

2. Poor Infrastructure and Logistics

In rural areas, inadequate cold chains, packaging, storage, and last-mile connectivity lead to post-harvest losses and poor export quality.

The high cost of transportation and port handling reduces a company's competitiveness.

3. Fragmented Supply Chains and Low Value Addition

A high proportion of the country's farmers are small and marginal players, with no economies of scale. Due to a shortage of processing and branding options, India is mainly known for exporting raw or semi-processed food.

4. Inconsistent Quality and Traceability

The grading and sorting of goods are not uniform. Traceability is difficult, which is a crucial requirement for premium markets such as the EU, from farm to export point.

5. Regulatory Bottlenecks

It is difficult to get organic or GI-tagged products certified due to the complex documentation process across departments (customs, APEDA, and DGFT). These challenges are further compounded by limited access to technology and innovation in the agricultural sector. Farmers often lack the knowledge and resources to adopt modern farming techniques, which could improve yield and quality. Additionally, bureaucratic red tape and a lack of streamlined processes make it difficult for exporters to navigate the complex regulatory environment, further hindering their ability to compete on the global stage.

6. Limited Awareness and Export Readiness

FPOs and small agribusinesses are frequently ill-equipped with knowledge of global market trends, documentation, and compliance requirements.

7. Trade Volatility and Price Fluctuations

Exports of agricultural products are highly sensitive to climate events, global demand shocks, and policy restrictions such as export bans or MEPs (Minimum Export Price).

Policy Implications

The assessment of export potential and trade competitiveness of Indian agricultural commodities provides valuable insights for strengthening India's position in the global market. Based on the analysis, several policy measures can be recommended:

1. Enhancing Export Infrastructure

Investment in modern storage, cold chains, logistics, and port facilities is essential to reduce post-harvest losses, maintain quality standards, and ensure timely delivery of agricultural exports. Improved infrastructure will make Indian commodities more competitive in international markets.

2. Diversification of Export Basket

Policies should encourage diversification beyond traditional commodities such as rice, spices, and tea. Promoting exports of high-value crops, processed food, and organic products can reduce risks of price fluctuations and enhance India's global market share.

3. Strengthening Quality Standards and Certifications

International trade increasingly depends on adherence to sanitary, phytosanitary, and sustainability standards. The government should facilitate certification processes, promote good agricultural practices, and provide training to farmers and exporters to meet global quality benchmarks.

4. Market Diversification and Trade Agreements

Expanding into non-traditional markets through bilateral and multilateral trade agreements can reduce dependency on a few importing countries. Strategic partnerships with emerging markets in Africa, the Middle East, and Latin America can open new opportunities for Indian agricultural products.

5. Promotion of Value Addition and Agro-Processing

Export competitiveness can be improved by shifting focus from raw commodities to processed and semi-processed products. Policy support for agro-processing units, food technology, and innovation can enhance export earnings and create employment.

6. Financial and Institutional Support

Easy access to export financing, credit facilities, and insurance schemes will encourage small and medium farmers to participate in global trade. Strengthening institutions like APEDA and commodity boards can ensure better market intelligence, branding, and promotional activities.

7. Sustainability and Climate-Resilient Agriculture

Given the global demand for sustainable and eco-friendly products, policies should encourage climate-resilient farming, organic cultivation, and adoption of water- and energy-efficient technologies. This would enhance both competitiveness and environmental sustainability.

8. Capacity Building and Skill Development

Training programs for farmers, exporters, and agri-entrepreneurs in areas such as digital marketing, e-commerce platforms, and international trade compliance can improve export readiness.

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