Food Export in Globalised Market Economy: Structural Changes in India

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India: Strengths as a Large Producer

India is the 3rd Largest Producer of Agricultural Commodities, next to USA & China

Produce/Crop	Rank in World Production
Milk, Pulses, Tea	1st
Wheat, Rice, Fruits, Vegetables, Sugarcane	2nd
Coarse grains, Edible Oilseeds,	3rd

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Disconnect between the Farmer and the Consumer

- **Leads to heavy value losses besides inefficiencies in production**
- **Long and fragmented value chain results in wastages and quality degradation**
- **High cost of transport, logistics & delivery erode the advantage of low cost production**

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From Subsistence Agriculture to Agri Business

- **Agri Export Zones**
- **Contract Farming**
- **Supply – Cold Chain**
- **Modern Auction Centres**
- **Agri Marketing Reforms**

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Exports to Drive the Growth

- **Though the domestic demand for processed food is growing, this domestic demand on its own can not make this sector a driver of growth for the economy**
- **Export oriented growth strategy only can succeed in the short and medium term.**

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- **The strategy should be one that enables the domestic industry to go global.**

- **Such a realization has to be central to policy making for this sector, if the desired goals of development have to be attained with the least cost**

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- **Most efficient way of dealing with constraints would be to start with the demand side and working backwards along the supply chain, creating conditions enabling the industry to meet the requirements of the international market.**

- **The marketing strategy is thus the key to the growth of the sector.**

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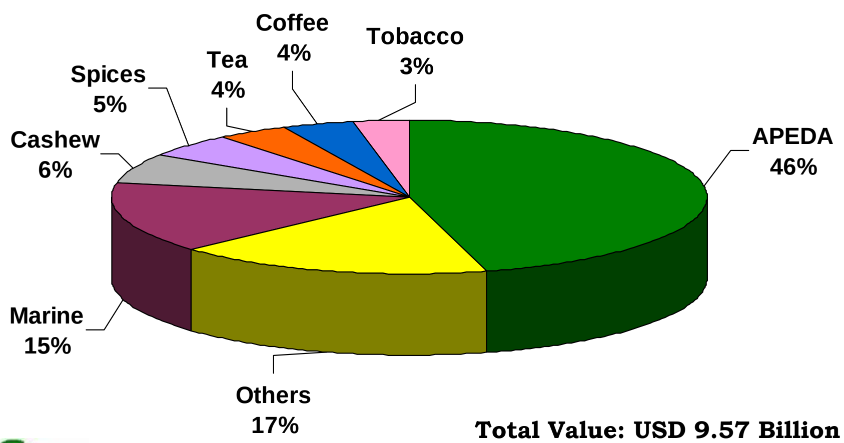
Global Trade in Agriculture Value USD Billion

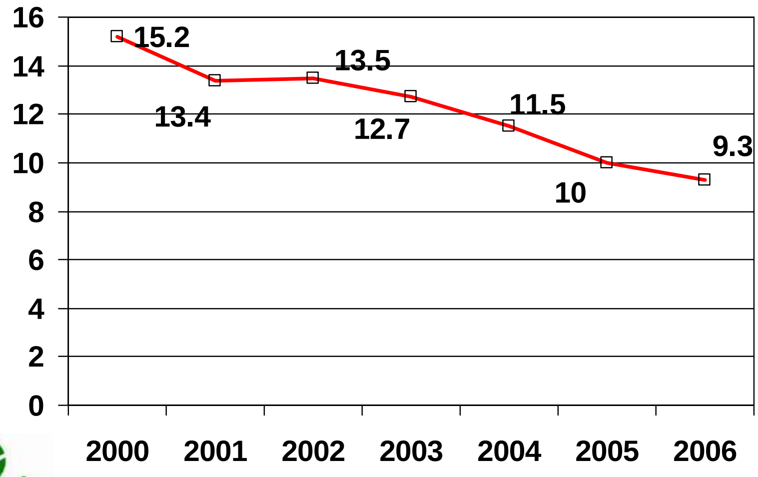
2000	421.83
2001	424.33
2002	454.00
2003	537.58
2004	620.56
2005	669.00
India's share	**1.4%**

Share of Agro Products



Total Value: USD 9.57 Billion (2005-06)

Agro Exports as % Share of Total Merchandise Exports



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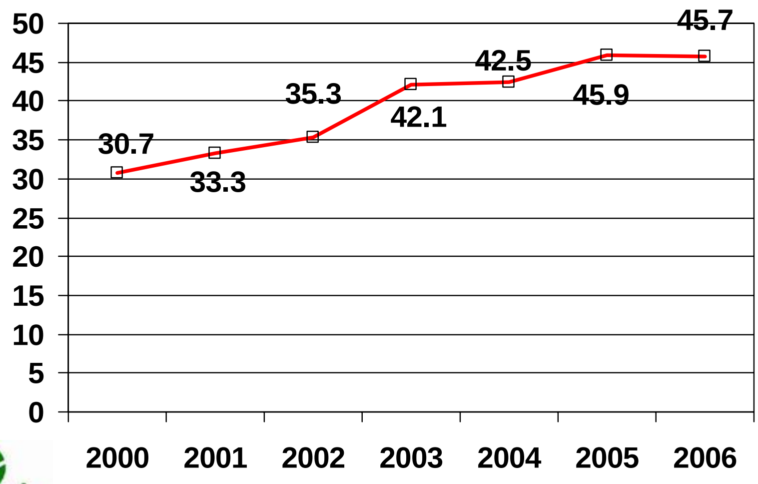
APEDA Products as % share of Total Agro Exports



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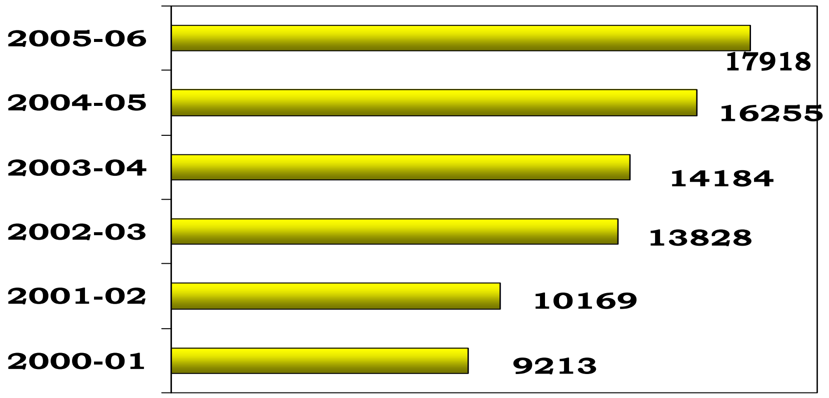
Growth in Exports - APEDA Products

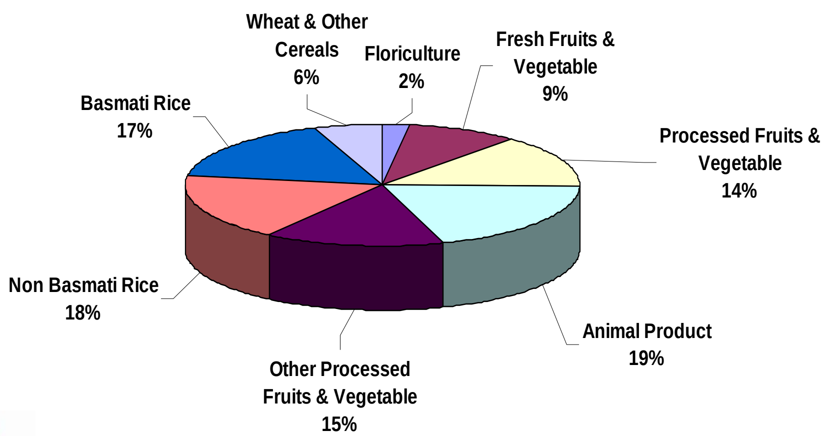
Value Rs. Crore



Annual Growth in 2005-06 10.23%

CAGR for 5 years – 14.2%

Share of Various Products



Value in Rs. 17918 Crore

Direction of Exports
Top 15 Markets Share 67.4%

Saudi Arabia	13.6	Philippines	2.3
Bangladesh	11.4	South Africa	2.2
UAE	6.9	Sri Lanka	2.1
USA	6.5	Nepal	2.1
Malaysia	5.2	Germany	1.8
U.K.	3.4	Indonesia	1.8
Kuwait	3.3	Netherlands	1.7
Nigeria	3.1		

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While negotiations with developed markets for market access, conformity assessments for SPS measures and equivalence etc. are important we need to focus adequately on emerging markets in SAARC, CIS and African countries.

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Concerns of Global Markets

- Adherence to international standards (Codex, OIE, IPPC as minimum)
- Human, Animal & Plant life and safety
- Private standards viz EUREPGAP
- Social & environmental standards
- Traceability in food chain
- Consistency in supply

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Supply chain : The Key Issue

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Supply Chain: Present Status

- **Currently 4733 cold storage with total Capacity of 19.54 million tons (80% of this is in private sector)**
- **82% of capacity dedicated to potatoes and only 0.2% for other fruits and vegetables**
- **While the cold chain exists for meat, dairy and frozen foods, it is almost non existent for F&V other than potatoes**

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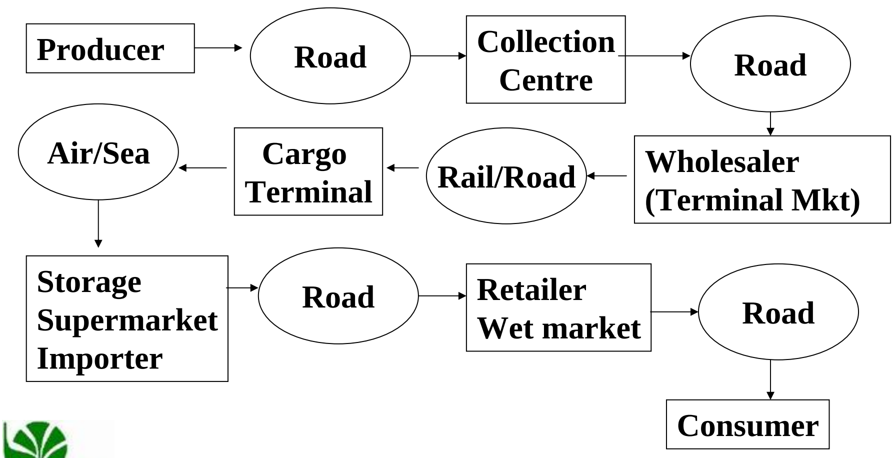
Cold Chain – Major Nodes



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Strategic Requirements

- Market orientation of production
- Multimodal transport
- Protocols for transportation by sea
- Logistic corridors
- Market Facilitation Centres in gateway markets viz. Singapore, UAE, & Moscow

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Strengthening Backward Linkages The Beginning has been Made

Big Apple

Reliance Industries Limited

bharti

Subhiksha

Store Locator

FOOD BAZAAR

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Linkage to International Retail

- **There is also a need to promote consolidation of supply to meet the requirements of big retailers in the international markets**
- **Big suppliers can supply a wide range of products of sufficiently big quantities and high quality.**
- **Hence, organised retail in India would also lead to improved supply consolidation for increased exports**

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Thank you

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