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## India

### Agricultural Situation

### Brief on Indian Agriculture

**1999**

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#### Report Highlights:

**India's agricultural production grew 4.5 percent in 1998/99 following a 6.0 percent decline in the previous year. Agricultural exports of US\$ 6.7 billion were more than double agricultural imports (US\$ 3.3 billion). The US took 9 percent of India's ag exports, but captured only 3 percent of its ag imports.**

India's economy grew by 6 percent in 1998/99 (Apr/Mar), marginally above the 5 percent growth in 1997/98 but well below the 8 percent growth registered in 1995/96 and 1996/97. Agricultural output grew 4.5 percent after experiencing a 6 percent decline in 1997/98. Agricultural production growth has decelerated to an average annual rate of 1.9 percent over the last five years (1994-1998), barely equal to population growth, and significantly lower than the 2.4 percent annual growth of the preceding five years. Agricultural exports increased by 2.4 percent in 1998/99 to US\$6.7 billion, twice the value of agricultural imports (US\$3.3 billion). Foreign exchange reserves reached a record US\$30 billion by March 31. Inflation, after peaking at 8.8 percent last September, slowed to 2 percent following a record harvest of food grains and large, cheap imports of vegetable oils and sugar.

The mid-term general election held in February 1998 following the fall of the previous coalition government was not decisive, and ushered in a new coalition government led by Prime Minister A. B. Vajpayee of the Bhartiya Janta Party (BJP) and 17 regional parties. Despite its "Swadeshi" (self-reliance) rhetoric, the new government has continued the economic reforms and liberalization policies of previous governments. However, the withdrawal of support by one of its leading coalition partners resulted in the fall of the 13 month-old government in April. The next national election will take place in September; until then the incumbent government will continue in a "caretaker" status.

India remains a net agricultural exporter and is usually self-sufficient or surplus in food grains, though inadequate incomes leave millions malnourished. For food security purposes, the government periodically imports significant quantities of wheat. India is the world's second largest importer of vegetable oil, and volume is rising rapidly. It is also the world's largest importer of pulses. The country reemerged as a net importer of cotton and sugar in 1998/99 following sharp declines in production. India recently surpassed the United States as the world's largest producer of milk, though productivity in the dairy sector is extremely low. Agricultural export earnings increased marginally in dollar terms last year due to a significant increases in rice exports (India ranked second worldwide). Exports of oilseed meal declined sharply. Other export items are marine products, tea, spices, coffee and cashews. Indian trade data, shown in the following tables, are provisional and based on the Indian Fiscal Year (Apr/Mar). They may vary significantly from US Census data.

The amendment to the Five-Year Import/Export policy announced on March 31, 1999, provides some new opportunities for imports of seafood, dairy products, fresh and processed fruits and vegetables, processed foods, food ingredients and oilseeds and products. In general though, access for foreign agricultural products remains quite limited as India continues to employ non-tariff barriers and high customs duties on most food products. Under its WTO commitments, India is pledged to remove all quantitative restrictions by March 2003.

*Additional information on India's commodities, agricultural policies and marketing opportunities can be found on the FAS/USDA home page: <http://www.fas.usda.gov>*

## INDIA: KEY ECONOMIC INDICATORS

	1995/96	1996/97	1997/98	1998/99
<b>Income, Production, Employment</b>				
Nominal GDP (Billion US\$)	329.8	362.0	383.9	NA
GDP, per capita (US\$)	353.0	380.0	390.0	NA
Exchange rate (rs./US\$)	33.4	35.5	37.2	42.0
Industrial Production Index (1993/94=100)	122.3	129.1	137.6	139.2
Agricultural Production Index (Triennium ending 1981/82 = 100)	160.7	175.4	164.9	172.3
Population (million)	934	952	970	988
Labor Force (million)	350	357	363	370
<b>Balance of Payments &amp; Trade (mil. US\$)</b>				
Indian Exports	31,797	33,470	35,011	38,106
to U.S.	5,520	6,545	6,804	8,300
U.S. Share	17%	20%	19%	22%
Indian Imports	36,678	39,133	41,490	41,435
from U.S.	3,861	3,374	3,717	3,605
U.S. Share	11%	9%	9%	9%
Indian Agricultural Exports	6,098	6,780	6,607	6,769
to U.S.	469	655	670	764
U.S. Share	8%	10%	10%	11%
Indian Agricultural Imports	2,127	2,114	2,633	3,251
from U.S.	147	107	121	112
U.S. Share	7%	5%	5%	3%
Balance of Trade	-4,881	-5,663	-6,479	-3,329
Balance of Trade in Agriculture	3,971	4,666	3,974	3,518
Gross Foreign Exchange Reserves	17,044	22,367	25,975	

Sources: GOI Central Statistical Organization, Reserve Bank of India Bulletins  
GOI Economic Survey & U.S. Embassy Economic Office Estimates  
Directorate General of Commercial Intelligence & Statistics (DGCI&S)

**INDIA: PRODUCTION OF MAJOR AGRICULTURAL COMMODITIES**  
(April/March Year)

	1995/96	1996/97	1997/98	1998/99 1/
Food grains (million tons):				
Rice	77.0	81.7	82.3	84.7
Wheat	62.1	69.4	65.9	71.0
Coarse Grains	29.0	34.1	31.2	31.0
Pulses	12.3	14.2	13.1	15.8
Total	180.4	199.4	192.4	202.5
Oilseeds (million tons):				
Peanuts	7.8	9.0	7.6	7.5
Rapeseed & Mustard	6.1	6.9	4.9	5.8
Soybeans 2/	4.5	5.2	5.4	6.0
Cottonseed	5.4	5.8	4.8	5.3
Other Oilseeds 3/	3.3	3.8	2.8	1.9
Total	27.1	30.8	25.5	26.5
Sugarcane (million tons)	281.1	277.6	276.3	290.7
Centrifugal Sugar (million tons)	16.5	12.9	12.8	15.0
Cotton (million bales of 170 kgs) 2/	16.7	17.8	15.7	16.4
Tobacco, unmfed (th. tons)	562.0	623.7	633.2	648.6
Tea (th. tons) 4/	753.0	780.0	810.6	812.3
Coffee (thousand bags of 60 kgs)	3,717.0	3,417.0	3,867.0	3,835
Jute & Mesta (million bales of 180 kgs)	8.8	11.1	11.1	9.8
Potatoes (million tons)	18.8	24.2	17.6	22.1

	1995/96	1996/97	1997/98	1998/99 1/
Milk (million tons)	66.0	69.0	72.0	74.5
Sheep & Goat Meat (th. tons)	630.0	852.0	890.0	906.0
Eggs (billions)	27.0	28.5	31.4	33.1
Wool (th. tons)	44.2	45.0	NA	NA
Poultry Meat (th. tons)	578.0	590.0	630.0	670.0
Agricultural Production Index (triennium ending 1981/82 = 100)	160.7	175.4	164.9	172.3
Agricultural Growth Rate	-2.7%	9.1%	-6.0%	4.5%

1/ Provisional Government/Agricultural Affairs Office estimates

2/ Foreign Agricultural Affairs Office estimate

3/ Includes sunflower, sesame, copra, safflower and flaxseed

4/ CY basis

NA Not Available

Source: Directorate of Economic Statistics and National Horticultural Board except as noted.

## EXPORTS OF MAJOR AGRICULTURAL COMMODITIES AND U.S. SHARE

1998/99 (April/March)

COMMODITIES	Total Mil. \$	To U.S. Mil. \$	U.S. Share %
Marine products	1,027.8	146.6	14.3
Rice, non-basmati	1,019.9	1.2	0.0
Tea	541.7	19.3	3.6
Oil meal	450.0	4.8	1.1
Rice, basmati	439.1	4.7	1.1
Coffee	400.8	32.4	8.1
Spices	380.4	121.1	31.8
Cashew nuts	378.8	168.6	44.5
Meat & preparations	178.9	0.2	0.1
Guar gum	169.8	73.4	43.2
Castor oil	157.4	27.0	17.2
Tobacco, unmanufactured	139.1	3.2	2.3
Sesame & Nigerseed	76.4	13.9	18.3
Processed fruits & juices	69.6	6.8	9.8
Fresh vegetables	64.7	2.7	4.2
Fresh fruits	59.9	1.4	2.3
Processed foods	59.8	7.3	12.3
Cotton, raw & waste	52.7	0.3	0.6
Pulses	51.5	5.0	9.8
Tobacco, manufactured	44.3	5.9	13.4
Processed vegetables	38.5	6.7	17.4
Peanuts	28.8	0.1	0.4
Floriculture products	24.3	5.9	24.1
Poultry & dairy products	23.3	1.1	4.6
Shellac	16.4	3.7	22.3
Fruits and vegetable seeds	14.4	4.9	34.1

Sugar and molasses	5.4	0.3	4.7
Other cereals	3.7	0.1	2.0
Cashew shell liquid	0.8	0.0	0.0
Wheat	0.6	0.0	0.0
TOTAL AGRICULTURAL	6,769.0	763.8	11.3
ALL COMMODITIES	38,106.4	8,299.7	21.8

Agricultural Share 17.8% 9.2%

Exchange Rate (rs./\$) 42.5

Source: Directorate of Commercial Intelligence & Statistics, GOI

**IMPORTS OF MAJOR AGRICULTURAL COMMODITIES AND U.S. SHARE  
1998/99 (April/March)**

COMMODITIES	Total Mil. \$	To U.S. Mil. \$	U.S. Share %
Vegetable oils	1,678.0	67.6	4.0
Wood & wood products	356.3	2.0	0.6
Sugar	255.3	0.3	0.1
Wheat	221.1	0.2	0.1
Cashew nuts, raw	163.1	0.0	0.0
Wool, raw	109.7	0.1	0.1
Pulses	95.2	1.2	1.3
Fruits & nuts, other	94.6	29.5	31.2
Cotton, raw & waste	87.4	4.9	5.6
Silk, raw	56.9	0.4	0.7
Hides and skins, raw	42.0	1.2	2.9
Spices	29.8	0.3	1.0
Jute, raw	21.6	0.0	0.0
Natural rubber	20.5	0.3	1.3
Cereal preparations	7.6	2.8	36.2
Vegetable & animal fats	7.4	0.8	10.7
Oilseeds	2.1	0.1	4.1
Milk & cream	2.1	0.0	0.2
Other cereals	0.2	0.0	0.0
<b>TOTAL AGRICULTURAL</b>	<b>3,250.7</b>	<b>111.6</b>	<b>3.4</b>
<b>ALL COMMODITIES</b>	<b>41,435.0</b>	<b>3,604.5</b>	<b>8.7</b>

Agriculture Share 7.8% 3.1%

Exchange Rate (rs./\$) 42.5

Source: Directorate of Commercial Intelligence & Statistics, GOI