



Foreign Agricultural Service

GAIN Report

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India

Agricultural Situation

Brief on Indian Agriculture

2001

Approved by:

Weyland Beeghly

U.S. Embassy

Prepared by:

A. Govindan

Report Highlights:

Indian imports of food and agricultural products declined 28 percent in 2000/01 despite several years of trade "liberalization." Agricultural exports rose 7 percent.

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
New Delhi [IN1], IN

India's economic growth slowed to 5.2 percent in Indian Fiscal Year 2000/01 (Apr/Mar) after registering a healthy 6.4 percent gain in 1999/00. Growth rate of agriculture and allied activities further declined from 0.7 percent in 1999/00 to 0.2 percent in 2000/01. Agricultural output, as measured by the production index (weighted average of farm products), had negative growth of 5.0 percent in 2000/01, following a negative growth rate of 0.7 percent in 1999/00.

Grain production (including pulses) dropped 6.2 percent in 2000/01 after a record 209 million tons in 1999/00. The largest decline was in wheat, as poor seeding conditions in the unirrigated regions reduced planted area by 10 percent. Oilseeds and cotton production also fell due to drought at the time of seeding. In the last decade, growth in grain production has decelerated to an average annual rate of 1.7 percent, slightly below population growth and well below the 2.85 percent annual growth of the 1980s.

India remains a net exporter of agricultural products and purports to be "self-sufficient," even "surplus," in foodgrains, although relatively high consumer grain prices and inadequate incomes leave tens of millions malnourished. Foodgrain stocks are presently at record levels (62 million tons) and the GOI is seeking to export wheat/rice at subsidized prices to ease storage problems.

India is the world's largest importer of vegetable oil. Volume has more than doubled in the past few years, and now exceeds five million tons annually. India is also the world's largest importer of pulses. While cotton imports continue, sugar imports have ceased and India has once again become a net sugar exporter. India recently surpassed the US as the world's largest producer of milk, though productivity in the dairy sector is extremely low.

Agricultural exports increased by 7 percent in 2000/01 to US \$6 billion, more than twice the value of agricultural imports. The share of agriculture in total imports dropped from 7.7 percent in 1999/00 to 5.6 percent in 2000/01.

Although India has historically had a highly restrictive import market, in recent years the GOI has gradually lifted quantitative restrictions (QRs) on most food and beverages. On April 1, 2001 all remaining QRs were removed. Nonetheless, the government continues to discourage imports with the use of higher tariffs and other non-tariff barriers. For example, wheat, cotton and corn, which formerly carried no duty, are now subject to tariffs, while the tariffs on edible oils, wine, poultry meat and sugar have been sharply increased. On many products where duties were not raised, the government is using surcharges, additional and/or countervailing duties to make the aggregate tariff prohibitive. Most recently they have imposed a regulation requiring that each and every shipment of food product be detained and tested, resulting in increased demurrage and other costs. Apart from these constraints, factors which dampen prospects for imported foods include a poorly developed infrastructure; unorganized retailing sector; dated food laws; and non-transparent SPS regulations.

With exports of US \$44.4 billion and imports of US \$49.7 billion, India's overall trade deficit declined from \$13 billion in 1999/00 to \$5.3 billion in 2000/01. Foreign exchange reserves rose to \$40.8 billion, compared with \$33.3 billion a year ago. The rate of inflation, based on the Wholesale Price Index, is around 5.2 percent, down from 6.5 percent a year ago.

Note: Indian trade data, shown in the following tables, are provisional and based on the Indian Fiscal Year (Apr/Mar). They may vary significantly from final official and US Census data.

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

	1997/98	1998/99	1999/00	2000/01
Income, Production, Employment				
GDP at factor cost (Billion US\$)	372.2	383.0	409.3	430.1
GDP per capita at factor cost (US\$)	388	393	413	427
Exchange rate (rs./US\$)	37.2	42.1	43.3	45.6
Agricultural Production Index (Triennium ending 1981/82 = 100)	165.3	178.0	176.8	168.1
Population (million)	959	975	991	1007
Balance of Payments & Trade (million US\$)				
Indian Exports	35,006	33,195	36,743	44,410
To U.S.	6,804	7,195	8,390	9,299
U.S. Share	19%	22%	23%	21%
Indian Imports	41,484	42,350	49,776	49,731
From U.S.	3,717	3,638	3,567	2,810
U.S. Share	9%	9%	7%	6%
Indian Agricultural Exports	6,607	6,030	5,599	6,008
To U.S.	670	677	851	783
U.S. Share	10%	11%	15%	13%
Indian Agricultural Imports	2,633	3,620	3,836	2,774
From U.S.	121	126	149	137
U.S. Share	5%	4%	4%	5%
Balance of Trade	-6,478	-9,155	-13,033	-5,321
Balance of Trade in Agriculture	3,974	2410	1,763	3,234
Foreign Exchange Reserves (Yr.End)	25,975	29,522	35,058	40,800

Sources: GOI Central Statistical Organization; Reserve Bank of India Bulletins; Economic Survey & Directorate General of Commercial Intelligence & Statistics, GOI

INDIA: PRODUCTION OF MAJOR AGRICULTURAL COMMODITIES
(July/June Year)

	1996/97	1997/98	1998/99	1999/00	2000/01 1/
Foodgrains (million tons):					
Rice	81.7	82.5	86.1	89.5	85.5
Wheat	69.4	66.4	71.3	75.6	68.5
Coarse Grains	34.1	30.4	31.3	30.5	30.4
Pulses	14.3	13.0	14.9	13.4	11.7
Total	199.4	192.3	203.6	208.9	196.1
Oilseeds (million tons):					
Peanuts	8.6	7.4	9.0	5.3	6.6
Rapeseed & Mustard	6.7	4.7	5.7	6.0	4.3
Soybeans 2/	5.2	5.4	6.0	5.2	5.3
Cottonseed	5.8	4.8	5.3	5.2	4.9
Other Oilseeds 3/	3.8	2.8	1.9	2.0	2.0
Total	30.1	25.1	27.9	23.7	23.1
Other Agricultural Products:					
Sugarcane (million tons)	277.6	279.5	288.7	299.2	286.0
Centrifugal Sugar (million tons)	12.9	12.8	15.5	18.2	18.1
Cotton (million bales of 170 kgs) 2/	17.8	15.8	16.5	15.6	14.0
Tobacco, unmfed (thousand tons)	623.7	633.2	648.6	661.6	NA
Tea (thousand tons) 4/	780.0	810.6	870.0	806.0	NA
Coffee (thousand tons)	205.0	228.3	265.0	292.0	NA
Jute & Mesta (million bales of 180 kgs)	11.1	11.0	9.8	10.5	10.4
Potatoes (million tons)	24.2	17.7	23.6	25.0	NA
Onions (million tons)	4.2	3.6	5.3	4.9	NA

	1996/97	1997/98	1998/99	1999/00
Milk (million tons)	69.0	72.0	74.5	77.0
Sheep & Goat Meat (thousand tons)	852.0	890.0	923.0	938
Eggs (billions)	28.5	31.4	33.1	36.0
Poultry Meat (thousand tons)	590.0	630.0	670.0	680.0
Agricultural Production Index (Triennium ending 1981/82 = 100)	175.7	165.3	178.0	176.8
Agricultural Growth Rate	9.3%	-5.8%	7.6%	-0.7%

- 1/ Provisional Government/Foreign Agricultural Affairs Office estimates
- 2/ Foreign Agricultural Affairs Office estimates
- 3/ Includes sunflower, sesame, copra, safflower and flaxseed
- 4/ CY basis

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

**IMPORTS OF MAJOR AGRICULTURAL COMMODITIES AND U.S. SHARE
1999/00 & 2000/01 (Apr/Mar)
Million US\$**

COMMODITIES	1999/00			2000/01		
	Total	From US	U.S. Share %	Total	From US	U.S. Share %
Vegetable oils	1,858	68	4	1,301	37	3
Wood & products	452	3	1	468	3	1
Cotton, raw	290	16	5	260	20	8
Sugar	257	0	0	7	0	0
Cashew nuts, raw	277	0	0	211	0	0
Wool, raw	114	2	1	100	0	0
Wheat	179	6	4	1	0	0
Fruits & nuts, other	137	39	28	176	63	36
Pulses	82	1	1	108	2	2
Hides and skins, raw	46	1	2	57	2	3
Coarse grains	26	8	31	3	0	0
Spices	68	1	2	55	1	2
Milk & cream	25	0	0	2	0	3
Cereal preparations	10	5	47	11	6	57
Tea	6	0	0	9	0	0
Rice	7	0	0	4	2	63
Oilseeds	4	0	1	2	0	9
TOTAL AGRICULTURAL	3,836	149	4	2,774	137	5
ALL COMMODITIES	49,776	3,567	7	49,731	2,810	6
AGRICULTURE SHARE %	7.7	4.2		5.6	4.9	
Exchange Rate (rs./US\$)	43.3			45.6		

EXPORTS OF MAJOR AGRICULTURAL COMMODITIES AND U.S. SHARE
1999/00 & 2000/01 (Apr/Mar)
Million US\$

COMMODITIES	1999/00			2000/01		
	Total	To US	US Share %	Total	To US	U.S. Share %
Marine products	1184	181	15	1397	239	17
Cashew nuts	567	272	48	412	183	44
Tea	412	21	5	433	24	6
Rice, basmati	411	16	4	470	28	6
Spices	408	134	33	356	76	21
Oilmeal	378	0	0	448	0	0
Rice, non-basmati	311	1	0	172	1	1
Coffee	331	21	6	261	17	7
Castor oil	247	43	17	209	37	18
Guarmeal	188	72	38	129	51	39
Tobacco, unmanufactured	188	2	1	145	3	2
Meat preparations	189	0	0	322	0	0
Fruit juices	86	9	10	131	19	15
Pulses	97	6	6	118	7	6
Sesame & niger seed	86	18	20	131	27	20
Vegetables	77	5	7	100	10	10
Fruits	71	2	3	85	2	2
Processed food	68	11	17	109	15	13
Tobacco, manufactured	45	12	27	46	10	22
Peanuts	86	0	1	69	0	0
Processed vegetables	43	10	24	51	19	38
Poultry & dairy products	28	1	3	47	2	4
Floriculture products	14	5	35	24	6	24

Shellac	18	2	13	28	2	9
Cotton	18	0	0	49	0	0
Beverages	16	1	4	37	1	3
Seeds	18	5	28	13	3	20
Molasses	5	0	0	16	0	0
Sugar	4	0	7	94	1	1
Other cereals	2	0	2	9	0	1
Cashew shell liquid	1	0	20	1	0	22
Wheat	0	0	0	97	0	0
TOTAL AGRICULTURAL	5,599	851	15	6,008	783	13
ALL COMMODITIES	36,743	8,390	23	44,410	9,299	21
AGRICULTURE SHARE %	15.2	10.1		13.5	8.4	
Exchange Rate (rs./US\$)	43.3			45.6		

Source: Directorate of Commercial Intelligence & Statistics, GOI