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India

Agricultural Situation

Brief on Indian Agriculture

2000

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Report Highlights:

India's agricultural growth continues to decelerate despite record 1999/00 crops of wheat and rice.

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

The Indian economy grew by a healthy 6.4 percent in 1999/00 (Apr/Mar), marginally below the 6.8 percent growth achieved in 1998/99 but in line with the post 1991 trend. The reduced growth rate of agriculture and allied activities from 7.2 percent in 1998/99 to 1.3 percent in 1999/00 was largely offset by strong industrial growth and improvement in the service sector. Agricultural production, measured by the production index, had a negative growth rate of 1.3 percent compared with growth of 8.2 percent in 1998/99 (coming off a mediocre 1997/98 harvest).

Record rice and wheat production (88.3 million tons and 74.3 million tons, respectively) took total foodgrain production to a record 205.9 million tons from 203.0 million tons in 1998/99, despite a sharp decline in the production of coarse grains and pulses. Oilseeds and cotton output also fell. In the last five years (1995/96 - 1999/00) agricultural growth has decelerated to an average annual rate of 1.5 percent, slightly below population growth and well below the 2.4 percent annual growth of the preceding five years.

India remains a net agricultural exporter and claims to be "self-sufficient" or "surplus" in the basic foodgrains, although relatively high consumer grain prices and inadequate incomes leave millions malnourished. While the government periodically imports significant quantities of wheat for food security purposes, stocks are presently at record levels (40 million tons) and the GOI is seeking to export wheat at subsidized prices in order to ease storage problems.

India is the world's largest importer of vegetable oil, and volume has been 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. While cotton imports continue, sugar imports have ceased and India is again in the export market. India recently surpassed the United States as the world's largest producer of milk, though productivity in the dairy sector is extremely low.

Agricultural exports declined by 9 percent in 1999/00 to US \$8.5 billion, but were still 2.5 times the value of agricultural imports. The share of agriculture in total imports dropped from 8.5 percent in 1998/99 to 7.5 percent in 1999/00. 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.

With total exports of US \$37.6 billion and imports of US \$47.2 billion, India's overall trade deficit rose from \$9.2 billion in 1998/99 to \$9.6 billion in 1999/00. Foreign exchange reserves (excluding gold and SDR) fell to US \$32 billion by October 31, 2000 from a record US \$35 billion in March (2000). The annual rate of inflation, based on the Wholesale Price Index, was 8.0 percent for the week ending December 9, 2000 compared with 2.53 percent a year earlier. The average rate of inflation (weekly basis) was 3.3 percent in 1999/00 (Apr/Mar) compared to 5.9 percent in 1998/99, and an average of 9.0 percent for 1990/91 - 1997/98.

National elections, held September - October 1999, brought to power the BJP-led National Democratic Alliance (NDA), a coalition of 27 national and regional parties. The new government enjoys a comfortable parliamentary majority and remains committed to economic reform.

Although India has historically maintained a highly restrictive import market, in recent years the

government has gradually lifted quantitative restrictions on most food and beverage products. This process will be completed on April 1, 2001 when all remaining quantitative restrictions are to be removed. Nonetheless, the government is continuing to curb imports with higher tariffs and other restrictive devices. For example, wheat, cotton and corn, which formerly carried no duty, have been brought under the tariff umbrella, while tariffs on vegetable oils and sugar have been hiked.

On many products where duties were left alone, or even lowered in the last budget, the government is using surcharges, additional and/or countervailing duties to make the aggregate tariff prohibitive on most food products. Apart from these constraints, factors which dampen prospects for imported foods include a poorly developed infrastructure (transport, cold storage and electricity); unorganized retailing sector; fractured supply chains; dated food laws; and non-transparent SPS regulations.

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
Income, Production, Employment			
GDP at factor cost (Billion US\$)	372.2	383.0	409.3
GDP per capita at factor cost (US\$)	388	393	413
Exchange rate (rs./US\$)	37.2	42.1	43.3
Industrial Production Index (1993/94=100)	139.1	144.4	156.2
Agricultural Production Index (Triennium ending 1981/82 = 100)	165.1	178.6	176.2
Population (million)	959	975	991
Balance of Payments & Trade (mil. US\$)			
Indian Exports	35,006	33,195	37,627
To U.S.	6,804	7,195	8,540
U.S. Share	19%	22%	23%
Indian Imports	41,484	42,350	47,248
From U.S.	3,717	3,638	3,632
U.S. Share	9%	9%	8%
Indian Agricultural Exports	6,607	6,030	5,502
To U.S.	670	677	857
U.S. Share	10%	11%	16%
Indian Agricultural Imports	2,633	3,620	3,536
From U.S.	121	126	131
U.S. Share	5%	4%	4%
Balance of Trade	-6,478	-9,155	-9,621
Balance of Trade in Agriculture	3,974	2410	1,966
Foreign Exchange Reserves (Yr.End)	25,975	29,522	35,058

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 1/
Foodgrains (million tons):				
Rice	81.7	82.5	86.0	88.3
Wheat	69.4	66.4	70.8	74.3
Coarse Grains	34.1	30.4	31.5	30.3
Pulses	14.3	13.0	14.8	13.0
Total	199.4	192.3	203.0	205.9
Oilseeds (million tons):				
Peanuts	8.6	7.4	9.2	5.6
Rapeseed & Mustard	6.7	4.7	5.8	5.7
Soybeans 2/	5.2	5.4	6.0	5.2
Cottonseed	5.8	4.8	5.3	5.4
Other Oilseeds 3/	3.8	2.8	1.9	2.0
Total	30.8	25.5	26.5	23.9
Other Agricultural Products:				
Sugarcane (million tons)	277.6	279.5	295.7	309.3
Centrifugal Sugar (million tons)	12.9	12.8	15.5	18.1
Cotton (million bales of 170 kgs) 2/	17.8	15.8	16.5	15.8
Tobacco, unmfed (thousand tons)	623.7	633.2	648.6	661.6
Tea (thousand tons) 4/	780.0	810.6	870.0	806.0
Coffee (thousand tons)	205.0	228.3	265.0	292.0
Jute & Mesta (million bales of 180 kgs)	11.1	11.0	9.7	10.6
Potatoes (million tons)	24.2	17.7	22.5	24.1
Onions (million tons)	4.2	3.2	5.5	4.8

	1996/97	1997/98	1998/99	1999/00 1/
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)	175.4	165.1	178.6	176.2
Agricultural Growth Rate	9.1%	-5.9%	8.2%	-1.3%

- 1/ Provisional Government/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
1998/99 & 1999/00 (April/March)
Million US\$**

COMMODITIES	1998/99			1999/00		
	Total	From US	US Share %	Total	From US	U.S. Share %
Vegetable oils	1,802.6	66.1	3.7	1,843.8	69.1	3.8
Wood & wood products	373.9	2.0	0.5	447.1	3.3	0.7
Cotton, raw	90.5	5.3	5.9	283.3	15.7	5.6
Sugar	263.9	0.0	0.0	255.4	0.3	0.1
Cashew nuts, raw	230.1	0.0	0.0	220.2	0.2	0.1
Wool, raw	116.5	0.1	0.1	112.8	1.5	1.3
Wheat	276.7	0.0	0.0	95.2	0.2	0.2
Fruits & nuts, other	159.2	45.7	28.7	84.2	28.2	33.4
Pulses	168.4	0.3	0.2	63.2	0.7	1.2
Hides and skins, raw	51.6	2.1	4.1	43.2	0.8	1.7
Coarse grains	0.3	0.0	0	26.5	8.3	31.4
Spices	70.9	0.5	0.7	23.7	0.8	3.2
Milk & cream	2.9	0.0	0.0	22.4	0.4	1.8
Cereal preparations	9.3	4.0	43.1	6.3	1.6	25.2
Rice	1.3	0.0	0.0	5.7	0.0	0.0
Oilseeds	2.0	0.1	3.6	3.1	0.0	0.0
TOTAL AGRICULTURAL	3,620.1	126.2	3.5	3,536.2	131.2	3.7
ALL COMMODITIES	42,359.1	3,637.6	8.6	47,247.7	3,632.3	7.7
AGRICULTURE SHARE %	8.5	3.5		7.5	3.6	
Exchange Rate (rs./US\$)	42.1			43.3		

Source: Directorate of Commercial Intelligence & Statistics, GOI

**EXPORTS OF MAJOR AGRICULTURAL COMMODITIES AND U.S. SHARE
1998/99 & 1999/00 (April/March)
Million US\$**

COMMODITIES	1998/99			1999/00		
	Total	To US	US Share %	Total	To US	U.S. Share %
Marine products	1,037.7	148.4	14.3	1181.0	184.6	15.6
Cashew nuts	386.6	171.1	44.3	566.2	277.5	49.0
Tea	538.0	19.7	3.7	407.8	19.4	4.8
Rice, basmati	445.8	4.8	1.1	400.9	16.0	4.0
Spices	387.8	123.1	31.7	393.1	130.9	33.3
Oilmeal	461.2	4.7	1.0	370.3	0.4	0.1
Rice, non-basmati	1046.0	0.3	0.0	316.3	0.3	0.1
Coffee	410.4	33.0	8.0	315.0	21.1	6.7
Castor oil	159.6	27.3	17.1	245.3	42.5	17.3
Guarmeal	172.9	75.2	43.5	189.1	72.1	38.1
Tobacco, unmanufactured	135.9	2.5	1.8	184.8	1.7	0.9
Meat preparations	187.2	0.3	0.2	180.4	0.4	0.2
Fruit juices	69.1	6.9	9.9	113.2	8.3	7.3
Pulses	53.0	5.1	9.7	93.5	5.4	5.8
Sesame & niger seed	78.0	14.2	18.2	85.8	18.2	21.2
Vegetables	65.1	2.7	4.2	81.6	7.6	9.3
Fruits	63.3	0.8	1.2	66.6	4.5	6.7
Processed food	60.6	7.8	12.9	62.4	10.6	17.0
Tobacco, manufactured	45.0	5.9	13.0	44.5	12.0	27.0
Peanuts	33.2	0.1	0.4	42.3	0.2	0.5
Processed vegetables	39.7	6.7	16.9	38.2	8.8	23.1
Poultry & dairy products	23.0	0.9	3.8	22.7	1.1	5.0
Floriculture products	25.2	5.6	22.3	20.9	4.1	19.5

Shellac	15.5	3.5	22.5	18.8	2.6	14.0
Cotton	48.9	0.3	0.6	18.6	0.2	1.2
Beverages	16.8	0.7	4.3	16.2	0.7	4.2
Seeds	15.3	5.2	34.1	15.5	5.2	33.5
Molasses	1.7	0.0	0.0	6.2	0.0	0.0
Sugar	4.1	0.3	6.9	2.5	0.3	10.2
Other cereals	2.1	0.0	1.7	1.9	0.2	8.6
Cashew shell liquid	1.0	0.0	2.9	0.5	0.0	0.0
Wheat	0.3	0.0	0.0	0.0	0.0	0.0
TOTAL AGRICULTURAL	6,030.0	677.3	11.2	5,502.1	856.9	15.6
ALL COMMODITIES	33,195.2	7,194.6	21.7	37,627.0	8,540.3	22.7
AGRICULTURE SHARE %	18.2	9.4		14.6	10.0	
Exchange Rate (rs./US\$)	42.1			43.3		

Source: Directorate of Commercial Intelligence & Statistics, GOI