

AN ECONOMIC ANALYSIS OF GROWTH OF AGRICULTURAL TRADE ON SPICES IN INDIA

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ABSTRACT

In today world one country depends upon another country. The agriculture trade is vital role to play in the economic development of a nation. It is the dominant sector of Indian Economy, which determines the growth and sustainability. About 70 per cent of rural households and eight per cent of urban households are still principally dependent on agriculture for employment. India has the largest domestic market for spices in the world. The 109 varieties of spices listed by the International Organization for Standardization (ISO), the country produces more than 65. Hence, these research paper major objectives are analyzing the imports of spices for agricultural commodity during the period of 1991-2014; to examine the exports of spices for agricultural commodity during the period of 1991-2014. This study uses of secondary data from Director, General of commercial intelligence and statistics, ministry of finance and Government official websites. The study has covered a period of 24 years from 1991 to 2014. The main research is choosing this period because India has implemented the New Economic Policy in the year 1991. In this paper found that in the year 1984 import of spices was Rs. 75.72 crores and it increased in the year 2014 Rs. 2869.96 corers. This study also found that in the year 1991 export of spices was Rs. 233.21 corers and it increased in the year 2014 Rs. 15981 crores. This present study is given valuable suggestions to the government as well as traders to improve the trade of spices in India.

Key words: Trade, Spices, Export and Import, Economic Growth.

INTRODUCTION

In today world one country depends upon the other country. Agriculture trade is playing the vital role to play in the economic development of a nation. It is the dominant sector of Indian Economy, which determines the growth and sustainability. About 70 per cent of rural households and eight percent of urban households are still principally dependent on agriculture for employment. Agricultural trade provide access to scare resources needed to promote economic growth viz., raw materials, machinery, capital goods, consumer goods and intermediary producer goods that are indispensable for economic growth.

Trade considered being a better alternative to foreign aid, foreign direct and portfolio investments as the latter are politically vulnerable. A part from the above mentioned benefits accruing to individual countries, the world as a whole also benefits from international trade. The world production of every commodity is maximized, through international allocation of resources.

Global agricultural trade distortions act as major impediments to Indian agricultural growth and trade distortions have negative welfare effects. It is contended the focus on exports would provide impetus to the growth of agriculture in the country. Despite the availability of safeguard instruments in the post Doha, protecting the livelihood and food security concerns of farmers to price volatility and import surges assumes importance.

The contribution of various technological inputs as infrastructure factors to aggregate agricultural growth would be ascertained in the pre-and post- trade liberalization phases.

In the past ten years, Indian exports have growth at a rate of nearly 22 percent. Some commodities have enjoyed faster export growth than others. Some of Indian's main export items are cotton, textile, jute goods, tea, coffee, cocoa products, rice, wheat, pickles, mango, pulp, juices, jamgo, preserved vegetables, etc.

India exports its goods to some of the leading countries of the world such as U.K., Belgium, USA, China, Russia etc. India is one of the largest importers of agricultural producers like edible oils, pulses, wheat, cashew, spices etc. The country stands among the top producers in most of the agricultural commodities but with its ever increasing population the requirement of produce increases every year to feed them.

India imports its goods from some of the leading countries of the world such as Indonesia, Malaysia, Argentina, Brazil, Russia, Ukraine, Canada, USA, Pakistan, China, etc.

India has undertaken a substantial degree of trade liberalization, beginning in 1991, initially, and the focus was on manufactures, including goods, liberalization was extended to agriculture in 1994, when the

Government lifted a number of restrictions on imports and exports, simplified trade measures and reduced public interventions in domestic markets.

This paper aims at analyzing the exports and imports of spices for agricultural commodities in India.

INDIAN SPICES:

Spices offer significant health benefits and contribute towards an individual's healthy life. They add flavor and nutrients to dishes without fat or calories! Understanding the health benefits of each ingredient is key to optimizing home cooked meals for the particular needs of the family.

India has the largest domestic market for spices in the world. The 109 varieties of spices listed by the International Organization for Standardization (ISO), the country produces more than 65. The varying climatic conditions in India provide ample scope for the cultivation of a variety of spices. Almost all Indian states produce spices, with the total area under spice cultivation pegged at around 3.15 million hectares. India commands a formidable position in world spice trade.

Objectives of the study

The Objectives of the present study are

- To analyse the imports of spices for agricultural commodity during the period of 1991-2014.
- To analyse the export of spices for agricultural commodity during the period of 1991-2014.
- To suggested suitable policy implications for improve export and import of spices.

Methodology

The present study had covered a period of 24 years from 1991-2014. The main reason for choosing this period India has implemented the new economic policy in the year1991. The study is an empirical attempt to analyze the imports and exports of spices in India's agricultural trade. This study was fully utilized the secondary data only. The secondary data were collected, from various sources such as the Foreign Trade statistics of India, Annual Reports of RBI, Ministry Affairs, various issues of Economic Survey of

Government of India, Hand book of Statistics in India Economy, and Journals relating to agricultural trade. Reports of the Centre for Monitoring Indian Economy (CMIE Reports) form an important source for the data.

The collected raw data were classified and computed according to the requirements of the study with a view to study the trends of India's agricultural trade (both exports and imports) and the appropriate statistical tools has been analyzed. The analyses have been further interpreted and the observations relevant to the study have been made. The paper divided in to two parts. First part deals with imports of spices for agricultural commodities in India, the second part deals with exports of spices for agricultural commodities in India.

Results and Discussions:

- **Imports of spices for Agricultural commodities in India:**

The researcher analyzed imports of spices for agricultural in India have been furnished the following Table.

Imports of Spices in India during the Period of 1991-2014

(Rupees in cores)

Year	Import	Index	AGR
1991	-	0	0
1992	-	0	0
1993	-	0	0
1994	75.72	100.00	0
1995	54.97	72.59	-27.40
1996	74.12	97.88	34.83
1997	97.14	128.28	31.05
1998	134.92	178.18	38.89
1999	298.58	394.32	121.30
2000	294.1	388.40	-1.50
2001	249.6	329.63	-15.13
2002	503.87	665.43	101.87
2003	586.44	774.48	16.38
2004	564.42	745.40	-3.75
2005	593.83	784.24	5.21
2006	687.81	908.35	15.82
2007	738.9	975.83	7.42
2008	973.64	1285.84	31.76
2009	1076.07	1421.11	10.52
2010	1419.36	1874.48	31.90
2011	1617.20	2135.76	13.94
2012	2648.82	3498.18	63.80
2013	2308.00	3048.07	-12.87
2014	2869.96	3790.23	24.35
AVERAGE – 850.83		LINEAR GROWTH – 160.44	

Source: Director General of Commercial Intelligence and Statistics,
Ministry of Commerce.

It is observed from Table 1.1 that in 1994, import of spices was Rs.75.72 crores and it increased to Rs.2869.96 corers in 2014. The highest annual growth rate was 121.30 in 1999 and the lowest annual growth rate was -27.40 in 1995. The average value of import was Rs.850.83 corers and the linear growth rate was 160.44 per cent.

2.1 Exports of spices for Agricultural commodities in India:

The researcher analyzed exports of spices for agricultural commodities in India has been provided

Table 2.1

TABLE – 2.1
Export of spices in india during the period of 1991-2014
(Rupees in crores)

Year	Export	Index	AGR
1991	233.21	100.00	0
1992	372.13	159.57	59.57
1993	393.42	168.70	5.721
1994	568.91	243.95	44.61
1995	612.24	262.53	7.616
1996	793.52	340.26	29.61
1997	1202.14	515.48	51.49
1998	1409.66	604.46	17.26
1999	1632.52	700.02	15.81
2000	1767.43	757.88	8.264
2001	1622.62	695.78	-8.19
2002	1496.97	641.90	-7.74
2003	1655.49	709.88	10.59
2004	1544.18	662.14	-6.72
2005	1883.18	807.50	21.95
2006	2115.98	907.33	12.36
2007	3157.9	1354.10	49.24
2008	4314.86	1850.20	36.64
2009	6338.42	2717.90	46.9
2010	6161.02	2641.83	-2.8
2011	8041.12	3448.02	30.52
2012	13220.13	5668.77	64.41
2013	15365.00	6588.48	16.22
2014	15981.00	6852.63	4.01
AVERGE – 3828.46		LINER GROWTH – 293.59	

Sources: Director General of Commercial Intelligence and Statistics,
Ministry of commerce.

It is evident from Table 2.1 that in 1991, exports of spices was Rs.233.21 crores and it increased to Rs.15981.00 cores in 2014. The highest annual growth rate was 64.41 in2012 and the lowest annual growth rate was -7.74 in 2002. The average value of export was Rs.3828.46 cores and the linear growth rate was 293.59 per cent.

CONCLUSION AND SUGGESTIONS:

India is one of the important traders for spices in the world. The present study points out that the India has continuous growing exports of spices for agricultural commodities in the world. In the study found that in 1991, exports of spices was Rs.233.21 crores and it increased to Rs.15981.00 crores in 2014. In this study also found that in 1994, import of spices was Rs.75.72 crores and it increased to Rs.2869.96 crores in 2014. Economists said that the value of exports exceeds the value of imports it is called favorable balance of trade. the present study found that India's has continuous growing year by year for import of spices .India's could be reduce the import activities .The following suggestions have offered improve the export and reduce the import of spices for agricultural commodities.

1. Government should be steps taken to increase the production of spices like government provide financial assistance for the producers of spices commodities.
2. Government purchases the spices commodities direct to the farmer with assure the reasonable price then government exporting the spices to the world.
3. Government to provide clear guidelines for the exports of spices commodities.

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