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Export potential of agricultural commodities of Telangana

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Abstract

India is presently the world's second most populous country, with the fifth largest economy. It is the major producer of a variety of agricultural commodities. In India Exports of agriculture and related goods (including marine and plantation products) are predicted to grow by 22.62 percent in 2020-21. Whereas, it rose by a whopping 20.9 percent in Telangana. One district one product was recent initiation taken by Telangana Government to promote export system. The Department of Commerce released a comprehensive "Agriculture Export Policy" with the goal of doubling agricultural exports and connecting Indian farmers and agricultural commodities to global value chains. The export system must be efficiently improved in order to achieve the ambitious goal of doubling farmer income and boosting India's value chain.

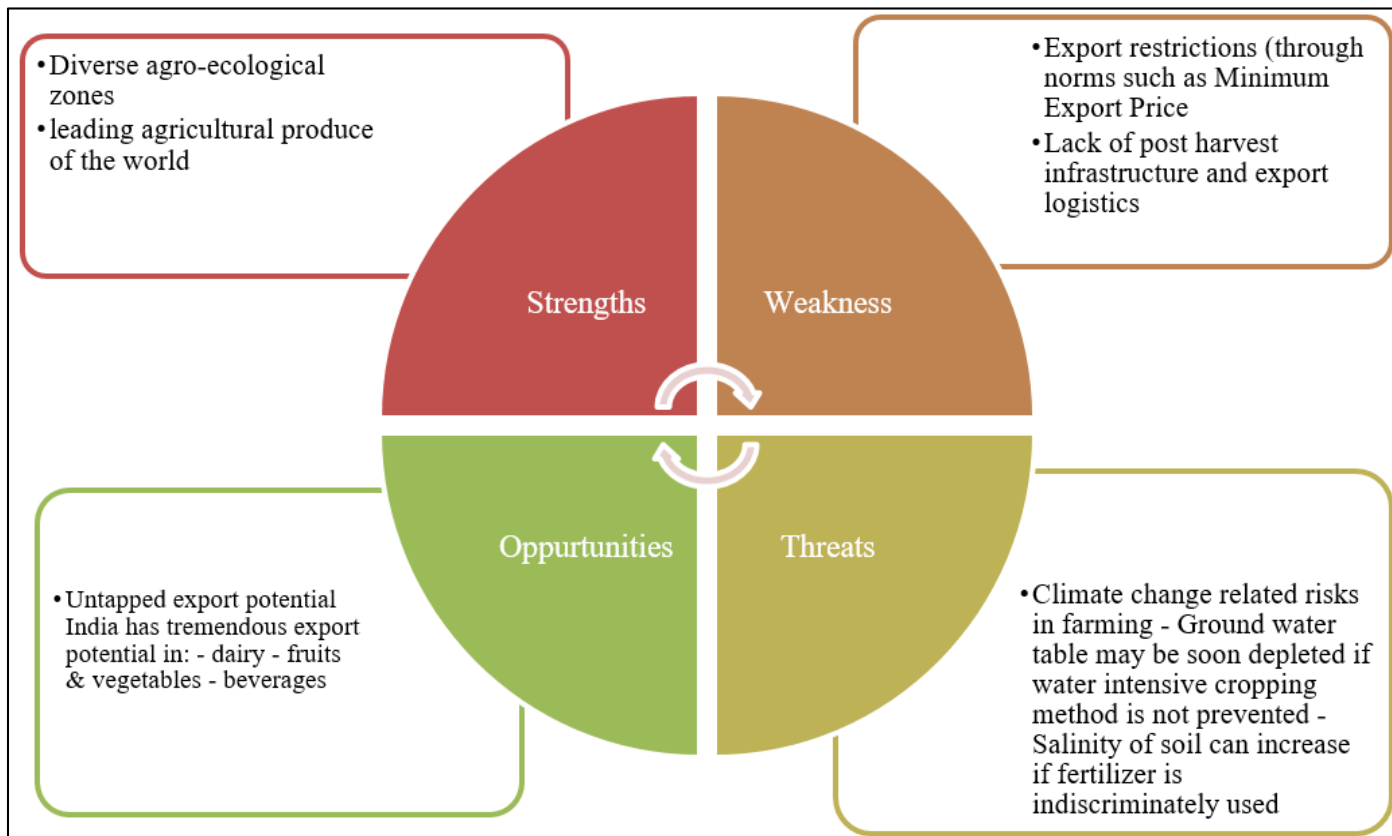
Keywords: Export potential, agricultural commodities, Indian export and Telangana export

Introduction

India is an agricultural society that makes a considerable contribution to global food production. India is presently the world's second most populous country, with the fifth largest economy, yet it ranks only 13th in global trade, with 623 billion dollars in product exports and 294 billion dollars in services trade. Due to its wide agro-climatic conditions, India is a major producer of a variety of agricultural commodities such as rice, fruits, vegetables, and other connected agricultural produce. India's exports of important agricultural goods climbed by 38.00 percent from April 2020 to January 2021. In this modern era of agriculture, commodity export competitiveness is becoming more essential, since it brings in more foreign currency for the exporting country. The current article looks into Telangana's agricultural export potential, taking into account the importance of export competitiveness in both home and international markets.

Agricultural export in India

According to ministry of commerce and industry the list of commodities export by India are Basmati Rice, Buffalo Meat, Non-Basmati Rice, Guar gum, Wheat, Other Cereals – Millets, Fresh Vegetables, Dairy Products, Fresh Fruits, Processed Fruits & Juices, Groundnut, Cereal Preparations, Misc Processed Items, Alcoholic Beverages, Pulses, Processed Vegetables, Milled Products, Sheep/Goat Meat, Cocoa Products, Poultry Products, Floriculture, Fruits / Vegetable Seeds, Animal Casings, and Processed Meat. Exports of agriculture and related goods (including marine and plantation products) are predicted to grow by 22.62 percent in 2020-21, with exports totaling Rs. 3.05 lakh crore, up from Rs. 2.49 lakh crore in 2019-20. Exports of non-basmati rice climbed by 136.04 percent to USD 4794.54 million, wheat exports increased by 774.17 percent to USD 549.16 million, and exports of other cereals (millets, maize, and other coarse grains) increased by 238.28 percent to USD 694.14 million. Oil meals (USD 1575.34 million - growth of 90.28 percent), sugar (USD 2789.97 million - growth 41.88 percent), raw cotton (USD 1897.20 million - growth 79.43 percent), fresh vegetables (USD 721.47 million - growth 10.71 percent), and vegetable oils (USD 602.77 million - growth 254.39 percent) were among the agricultural products that saw significant increases in exports in 2019-20.



Source: Accelerating India’s Agriculture Export report-2020

SWOT Analysis for Agriculture Exports from India

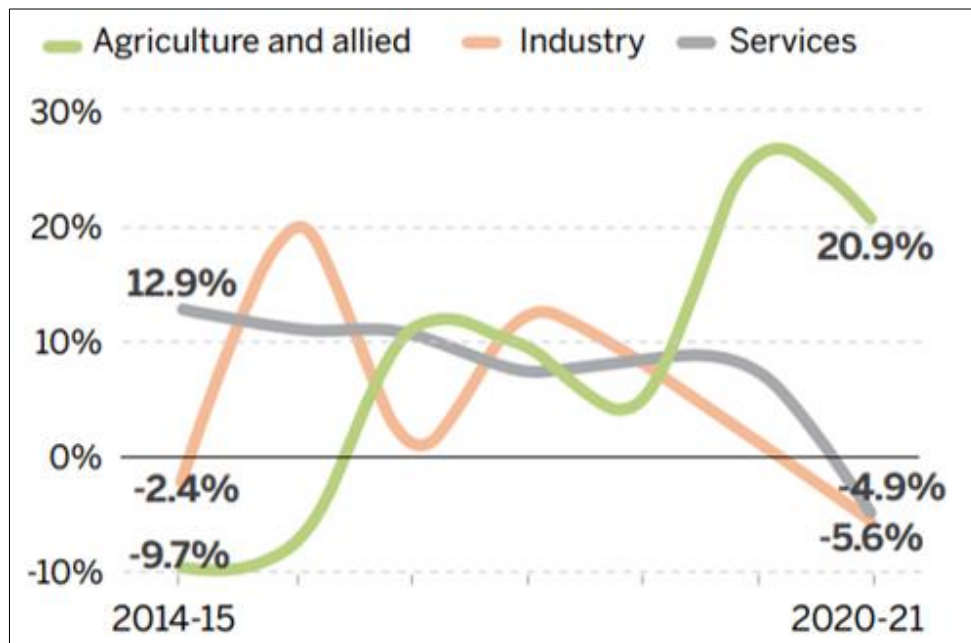
Table 1: Major Destinations for Export of Indian Agricultural Products

Product/s	Major Markets
Floriculture	USA, Japan, UK, Netherlands & Germany
Fruits & Vegetable Seeds	Bangladesh, USA, Japan & Netherlands and other neighbouring countries
Fresh Onions	Bangladesh, Malaysia, Sri Lanka, UAE, Pakistan & Nepal
Fresh Vegetables	UAE, Bangladesh, Pakistan, Nepal & Sri Lanka
Walnuts	Spain, Egypt, Germany, UK & Netherlands
Fresh Mangoes	UAE, Bangladesh, UK, Saudi Arabia & Nepal
Fresh Grapes	Netherlands, UK, UAE, Bangladesh, Belgium
Other Fresh Fruits	Bangladesh, UAE, Netherlands, Nepal, Saudi Arabia
Dried & Preserved Vegetables	Russia, France, USA, Germany & Spain
Mango Pulp	Saudi Arabia, Netherlands, UAE, Yamen, Arab Republic & Kuwait
Pickles & Chutneys	Russia, USA, Belgium, Netherlands & France
Other Processed Fruits	USA, Netherlands, UK, UAE & Saudi Arabia
Buffalo Meat	Malaysia, Philippines, Saudi Arabia, Jordan & Angola
Sheep / Goat Meat	Saudi Arabia, UAE, Qatar, Oman & Kuwait
Poultry Products	UAE, Kuwait, Oman, Germany & Japan
Dairy Products	Bangladesh, Algeria, UAE, Yamen, Arab Republic & Egypt
Animal Casings	Germany, Portugal, France, Spain & Italy
Processed Meat	Seychelles, UAE, Hong Kong, Germany & USA
Groundnuts	Indonesia, Malaysia, Philippines, UK & Singapore
Guar Gum	USA, China, Germany, Italy & Netherlands
Jaggery & Confectionery	Portugal, USA, Bangladesh, Pakistan & Nepal
Cocoa Products	Nepal, Netherlands, Malaysia, Yamen Arab Republic & UAE
Cereal Preparations	USA, UK, Nepal, Sri Lanka & UAE
Alcoholic Beverages	Jamaica, Thailand, UAE, Angola & Bhutan
Miscellaneous Preparations	UAE, Iran, USA, UK & Indonesia
Milled Products	USA, UK, Indonesia, Maldives & UAE
Basmati Rice	Saudi Arabia, Kuwait, UK, UAE & Yemen Arab Rep.
Non-Basmati Rice	Nigeria, Bangladesh, South Africa, UAE & Ivory Coast
Wheat	Bangladesh, Philippines, UAE, Sudan & Myanmar
Other Cereals	Bangladesh, Sri Lanka, Sudan, Benin, Thailand
Natural Honey	USA, Germany, Saudi Arabia, UK & UAE
Pulses	Bangladesh, Sri Lanka, Pakistan, UAE & Nepal

Agricultural export potential in Telangana

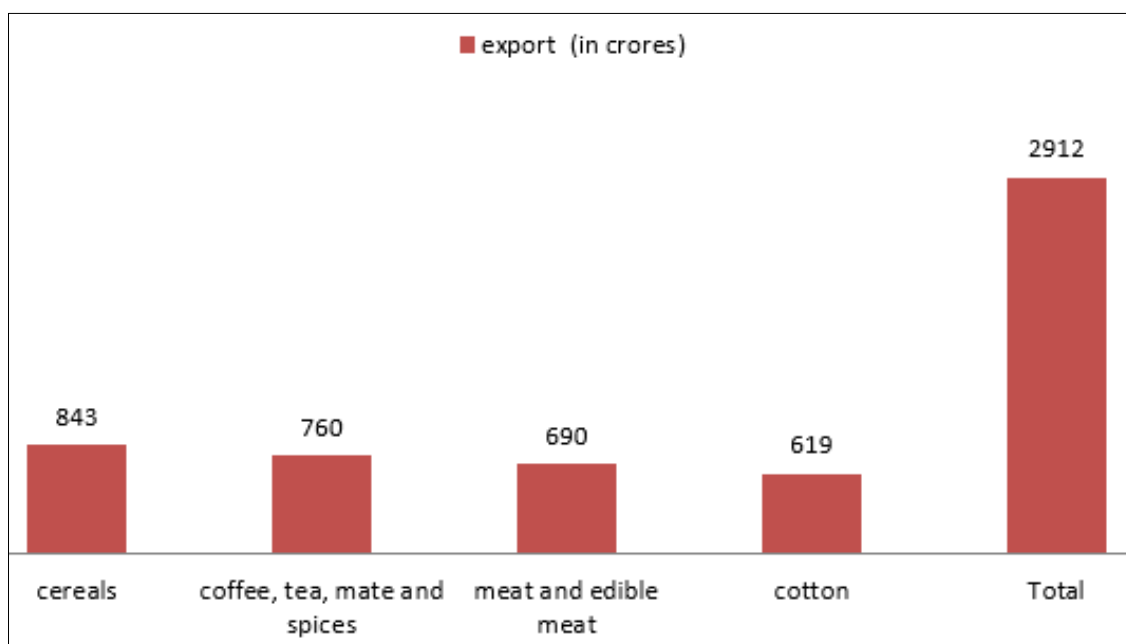
In the last year, Telangana's economy has performed better than the rest of the country. Telangana grows 27 main crops across a total area of 53.51 lakh hectares during the Kharif and Rabi seasons. Rice (14.19) lakh ha, Maize (6.63) lakh ha, Pulses (6.11) lakh ha, Groundnut (1.89) lakh ha, Cotton

(18.13) lakh ha, Chillies (0.83) lakh ha, and Sugarcane (0.41) lakh ha are the most important crops farmed. In 2020-21, the agriculture and associated sector rose by a whopping 20.9 percent. The figure 1 shows that there is a drastic increase in the agricultural and allied sector growth from -9.7% in 2014-15 to 20.9% in 2020-21.



Source: Telangana Socio-economic outlook-2021

Fig 1: Real Sectoral Growth Rate



Source: Commerce & Export Promotion Wing, Commissioner ate of Industries, Industries & Commerce Department

Fig 2: Top agriculture and allied sector commodities exported from Telangana

The fig 2 shows top 5 agricultural and allied sector commodities that had demand outside the Telangana. The cereals is highest exported commodity with profit of 843

crores, followed by coffee, tea, mate and spices (760 crores), meat and edible meat (690 crores) and cotton (619 crores)

Table 2: One District One Product-Telangana State

S. No	District	Product
1	Adilabad	Soya based products- Soya milk, Soya tofu, Soya curd
2	Bhadadri Kothagudem	Chillies
3	Hyderabad	Snacks, Savories and Swagruha foods
4	Jagitial	Mango
5	Jangaon	Scented Rice (Chittimuthyalu) based products
6	Jayashankar Bhupally	Chillies
7	Jogulamba Gadwal	Groundnut based products
8	Kamareddy	Soya based products- Soya milk, Soya tofu, Soya curd
9	Karimnagar	Rice based products
10	Khammam	Chillies
11	Komaram Bheem	Millet based products
12	Mahabubabad	Chillies
13	Mahabubnagar	Millets
14	Mancherial	Mango
15	Medak	Snacks, Savories and Swagruha foods
16	Medchal-Malkagiri	Snacks, Savories and Swagruha foods
17	Mulugu	Chillies
18	Nagarkurnool	Mango
19	Nalgonda	Sweet Orange
20	Narayanpet	Groundnut based products
21	Nirmal	Soya based products- Soya milk, Soya tofu, Soya curd
22	Nizamabad	Turmeric
23	Peddapalli	Rice based products
24	Rajanna Sircilla	Fisheries
25	Ranga Reddy	Vegetables
26	Sangareddy	Milk based products- Flavored Milk, ghee, curd and paneer, Collection centres and BMCUs
27	Siddipet	Vegetables
28	Suryapet	Milk based products- Flavored Milk, ghee, curd and paneer, Collection centres and BMCUs
29	Vikarabad	Vegetables
30	Wanaparthy	Groundnut based products
31	Warangal Rural	Chillies
32	Warangal Urban	Ready to eat snacks
33	Yadadri Bhuvanagiri	Milk based products- Flavored Milk, ghee, curd and paneer, Collection centres and BMCUs

Source: Telangana Food Processing Society, TSFPS

Export Performance of Telangana

Currently, five states account for 70% of India's exports: Maharashtra, Gujarat, Karnataka, Tamil Nadu, and Telangana. Telangana has placed second in the Export Preparedness Index 2020's Landlocked States category. The biggest destination for Telangana's merchandise exports is the 28 per cent for United States, followed by China (6%), Russia (4%), the United Arab Emirates (4%), and Bangladesh (4%).

Telangana has improved its export performance by reducing export congestion and delays by utilising a variety of modes of transportation, including trains, aircraft, and highways. The state's single window clearance system, which allows international traders to submit clearance paperwork through a single point of contact, has helped to achieve this. As a result, exporters can complete all of the essential paperwork in one location, reducing the time it takes for customs clearance.

Table 3: Potential Destinations for identified items of Exports from Telangana

S. No	Name of the Commodity	Country to which Exported
1	Parboiled Rice	Oman, Nigeria, South Africa, United Arab Emirates, USA, Liberia, Iran, Gambia, Benin, Cameroon
2	Turmeric	Bangladesh, Egypt, China, Japan, Canada, Australia, UAE, Malasia, Saudi Arabia
3	Cotton	China, Bangladesh, Hongkong, Pakistan, Japan, Malasia, Thailand
4	Frozen Meat	Saudi Arabia, United Arab Emirates, Kuwait, Qatar, Oman
5	Maize	USA, UAE, Bangladesh, UK, Saudi Arabia
6	Mango	USA, UAE, Bangladesh, UK, Saudi Arabia
7	Groundnut	Indonesia, Malasia, Philippines, Thailand, UK
8	Cashew	USA, Netherlands, UK, Japan, Saudi Arabia, Singapore
9	Dry Chillies	Middle East, South Korea, UK, USA, Singapore, Malasia, Srilanka, Bangladesh

Source: Draft Export Strategy Framework of Telangana (Commissioner ate of Industries, Commerce & Export Promotion)

Steps for Promoting Exports

1. Infrastructure Development: The lack of suitable infrastructure, notably cold chain facilities and specialised transportation, is a key hurdle to promoting exports. It is necessary to foster public-private partnerships in the construction and maintenance of such infrastructures.

2. Promotion of implementation of FPOs: In recent years, FPOs and exporters have become key players in the development of export. APEDA has created a Farmer Connect Portal on its website to provide a forum for FPOs and Cooperatives to communicate with exporters.

3. Contract Farming: Contract farming should be encouraged not only to provide a diverse supply of raw

materials for processing, but also to provide the correct type of inputs and other linkages needed to ensure that quality standards are acceptable for competitive exports.

4. **Human Resources Development:** Human resource development must educate exporters on quality standards as well as sanitary and phytosanitary requirements. They should also concentrate on providing skills to personnel in export-oriented farm production and agro-processing companies. Capacity building for Extension Officers in agriculture and related fields also aids in the development of export potential.
5. **Supply chain alignment with international requirements:** The export potential increases by facilitating direct producer-importer links, establishing independent world-class food testing and inspection infrastructure, and designing a system of processing/grading products with standards based on internationally accepted norms.
6. **Biotechnology and ICT:** In the Asia Pacific area, India has been named one of the top five biotechnology leaders. India is third in Asia in terms of the number of patents submitted. When combined with a competent workforce, biotechnology can help cut costs and increase productivity.
7. **Policy Imperatives:** Integrating all export promotion schemes offered by various Ministries and allied agencies in the country, such as strengthening food processing infrastructure in identified Agri Export Zones and establishing independent world-class food testing and inspection infrastructure, particularly in clusters with significant exporter presence, aids in the development of the country's export potential.

Marketing Strategy for Promoting Exports

- The countries in the European zone, African countries and the CIS countries need to be given greater attention.
- Harmonization with international standards / practices, certification and testing
- Substitute post-arrival testing with pre-shipment inspection
- Encourage importing countries to set up offices in India for certification of export consignments
- Encourage food testing laboratories to obtain accreditation from international agencies.
- Promote certification of organic farming for different crops
- Develop a strong market intelligence system to aid exporters
- Continuous updating of data on market information, market access, procedures and processed etc.

New Agriculture Export Policy (AEP)

In 2018, the Department of Commerce released a comprehensive "Agriculture Export Policy" with the goal of doubling agricultural exports and connecting Indian farmers and agricultural commodities to global value chains. Eighteen states, including Maharashtra, Uttar Pradesh, Kerala, Nagaland, Tamil Nadu, Nagaland, Punjab, Karnataka, Gujarat, Rajasthan, Madhya Pradesh, Andhra Pradesh, Telangana, Manipur, Sikkim, Assam, Mizoram, and Uttarakhand, as well as two union territories, Ladakh and the Andaman and Nicobar Islands, have finalised their State Specific Action Plans as part of the AEP implementation process.

The objectives of AEP is on

- To diversify our export basket, destinations and boost high value and value added agricultural exports including focus on perishables.
- To promote novel, indigenous, organic, ethnic, traditional and nontraditional Agri products exports.
- To provide an institutional mechanism for pursuing market access, tackling barriers and deal with sanitary and phytosanitary issues.
- To strive to double India's share in world agri exports by integrating with global value chain at the earliest.
- Enable farmers to get benefit of export opportunities in overseas market.

The AEP emphasizes a farmer-centric approach that focuses on farmer-producer cooperatives. Farmers and Farmer-Producer Organizations (FPOs) are granted a stake in the export of their products. Farmers' incomes have increased as a result of direct linking of FPOs/farmers to the export market, which has also resulted in better farming practices due to the demands of catering to worldwide markets.

Schemes for Addressing Transport and Logistics Issues

- **Kisan Rail:** The Indian Railways have introduced 'Kisan Rail' service on August 7, 2020 to transport fresh fruits and vegetables from farmers to markets across India. So far, the Indian Railways have operated 157 Kisan Rail services on 18 routes for transportation of fruits, vegetables and other perishables.
- **'Operation Greens – TOP (Tomato-Onion-Potato) to Total:** Ministry of Food Processing Industries started this scheme. Under this scheme a subsidy of 50% is being granted on the transportation of fruits and vegetables via Kisan Rail.
- **Bharatmala Pariyojana:** The Ministry of Road, Transport & Highways is implementing this scheme which envisages the development of 34,800 km of National Highways under Phase I. This scheme help in easy movement of goods and services
- **Kisan Rath Mobile Application:** The Department of Agriculture, Cooperation and Farmers' Welfare, Govt. of India has launched the Kisan Rath Mobile Application which facilitates farmers, FPOs and traders across India to search and contact the transport service providers for transporting the Agriculture & Horticulture produce. It connects them with the transport service providers, providing a wide range of trucks and tractor trolleys, and also allows posting the requirements of part-load as well as full-load. So far 99,756 tractor trolleys and 9,85,232 trucks have been on-boarded for providing services.
- **Krishi Udan scheme:** The Ministry of Civil Aviation has launched the Krishi Udan scheme in August 2020 on international and national routes to assist farmers in transporting agricultural products, so that it improves their value realization especially in the hilly areas, north-eastern states and tribal areas.

Some useful portal for promotion of export

1. **Farmer Connect Portal:** A Farmer Connect Portal has been set up on APEDA's website for providing a platform for FPOs/FPCs, cooperatives to interact with exporters. Around 2360 FPO/FPCs and 2324 exporters have been registered in the portal so far.
2. **Horti Net:** Horti Net provide export services for

agricultural commodities like grapes, anar, vegetables, mango, betel leaves, citrus fruits, onion and other fruit varieties. This system covers about 43 vegetables.

3. **Basmati Net:** This is a web based traceability system running effectively since June, 2019. It is aimed to provide a common platform to all stakeholders in supply chain to enter details of activity/activities undertaken by them as part of Basmati value chain. More than 1.10 lacs farmers and 75,000+ farms are registered.
4. **Trace Net:** Trace Net is an internet based electronic service offered by APEDA to the stakeholders for facilitating process certification for export of organic products from India which comply with the NPOP or NOP standards. More than 13 Lac farmers are registered and 31 certification bodies have been recognized for certification process for all organic products.
5. **Farm Registration Mobile App:** A mobile app has been introduced for farmers that registers farms and farmers with the State Government and enables lab sampling by authorized laboratories.
6. **Peanut Net:** It is a service offered by APEDA to the stakeholders for facilitating testing and certification of Peanut for export from India.
7. **Meat Net:** The APEDA enables registration of meat processing establishments and online applications for issuance of health certificate. As of now, 100+ Meat units have been registered reforms to promote agri exports
8. **Block chain – Grape Net Integration:** It is an internet based Certification and traceability for monitoring fresh grapes exported from India to the European Union. To bring in enhanced trust and transparency. Block chain technology had been initiated that covers all the stakeholders of grape exported.

Major Constraints for Agri-Exports

- Imposition of non-tariff barriers like sanitary and phytosanitary (SPS) conditions on imports from developing countries and Lack of awareness about the SPS
- Fruits and vegetables are generally constrained by poor price support, credit support and delivery system which affect processing.
- Poor infrastructure, particularly transportation, road networks, and freight and cargo facilities, cold chain, etc.
- Freight rates in India are reported to be 50 to 100% higher than those prevalent in some other countries
- 'C' quality of the produce is used for processing in India rather than 'A' & 'B'
- Poor value chain strategies in the domestic marketing scenario

Technological Constraints

- Majority of holdings are small and unirrigated
- Over-aged low-productivity plantations needing replacement / rejuvenation
- Low productivity of crops due to inferior genetic stocks and poor management.
- Inadequate supply of quality planting materials of improved varieties
- High incidence of pests and diseases
- Heavy post-harvest losses
- High cost of raw materials for processed foods

Market Access Issues

- Import Policy Barriers, e.g., Euro Zone's ban on Indian

mangoes last year

- Exacting Standards, Testing, Labelling and Certification requirements
- Anti-dumping & Countervailing Measures
- Inadequate Export Subsidies and Domestic Support
- Short product life cycle
- Lack of brand image
- Poor packaging quality

Conclusion

The export system must be efficiently improved in order to achieve the ambitious goal of doubling farmer income and boosting India's value chain. To achieve this aim, the AEP should be implemented with an eye toward the future, addressing the obstacles that farmers and exporters face. The Department of Commerce will continue to work with line ministries/departments, state governments, federal and state government agencies, and others to successfully bring export promotion activities to the state, district, cluster, and farm levels.

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