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A STUDY ON APEDA PRODUCTS CONTRIBUTION TOWARDS EXPORT IN INDIA

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ABSTRACT

Indian agrarian economy serves the global food basket in a big way. India is the global largest producer of milk, animal product, pulses, banana, mangoes, guava, vegetable etc. Indian preparations, spices, snacks, fruits and vegetables are having unique quality esteem in the world. As a leader in many Agriculture sectors, its export contribution is exporting to over 100 countries worldwide. Although the industry has a number of milestones in world agriculture exports, the prices of Agriculture product exports have taken down in the financial year 2022-23. This study is to try to examine the participation and growth of agricultural and processed food products export in India and also to check the role of Karnataka. The findings indicate that Agricultural and Processed Food makes a remarkable contribute to Agri and allied sector and overall exports. Karnataka is one of the developing states where in there are exporters who are vigorous and contribute much to the export business.

KEYWORDS: Export, Agricultural products, Share, Growth and Mean performance

1. INTRODUCTION

The agriculture as the classical sector that fed the human population spread across boundaries. The world nations are reliant on each other for agricultural goods, because geographical disparities. Growing interdependence and wide in the long term spread market demand of the sector has contributed to an estimated 9 per cent rise in world agriculture export during 2022-23. Exports of the developing economies expand by 12 per cent and represents 43 per cent of world merchandise trade (volume). Indian agrarian serves the global food basket economy in an extensive way. Indian preparations, spices, products, snacks, fruits and vegetables as well as those of the type snack, fruits and vegetables are known as such for their good quality across the globe. Among its other unlikely accomplishments, India is the biggest producer of milk, animal products, legumes, banana, mangoes, guava, vegetables etc. Leading in various agriculture sectors, its adding up to over 100 worth of contribution through exports countries across the world. Although the sector is broadly distributed in terms of business types, individually, sector has different landmarks in global agricultural exports in

FY 2021-22. Agri- product exports have been decreased in amount (which could be as a result of declining world commodity prices, lackluster overseas demand, Goods and Service Tax implementation etc.

2. Agriculture Export

A Decision Export Strategy is one the relevant decision that enables to effectively manage and to use in an optimal way the production capacity of a company. Export business is a skilful instrument in the strategy of the international marketing that makes use of the ability of companies for maximum effect. There has been significant increase in exports of developing country, as a result of trade liberalization. Nevertheless, the self- interest of the producers is discouraged by different impediments, which stand as hurdle in trade especially for the developing countries. For liberalization the agriculture section, logical trade system of development oriented for promotion is a must.

Horticulture is also included one among the few items of Indian export basket facing Non-Tariff Barriers more viii Non-Tariff Barrier affects the export of fruits and vegetables: The cost of production gets diverted after a fashion as to make the prices less competitive. The production cost also exceeds for the manufacture of Agricultural and Processed Food products. The production cost also becomes high along with the overhead costs. al. 2002) 1. Meat, vegetables and fruits During 1997 - 2009, a total of 289 incidents related to meat, vegetables and fruits are identified as SPS issues by WTO under food safety and risk assessment. The safety and quality on food, standards and technical regulations for Agricultural products are constantly emerging in international trade (Spencer Henson and John Humphrey, 2009) 2. Source of Risk Indian food products have a high risk index in E.U and United States of import based on Trade Standards Report 2015. Simultaneously, APEDA states that Agricultural export from India has registered a negative growth of 21.45 % during April – December 2015. 3.The decline in trade had been attributed to be because of Tariff and Non-Tariff Barrier (NTB), where the NTBs in safety and health standard claims the position of the prominent barrier of the Indian products (Arpita Mukarjee, 2016) 4. For primary Agricultural products, the rules of origin are well known, while for Agricultural and Processed Food products, it is a bit complex.” Hence, a period of 25 years (from 1997-98 to 2022-23) Time Series data have been presented to know the trend in Share & Growth of Agricultural and Processed Food Exports of India and Karnataka.

2.1 APEDA and its products

APEDA (Agricultural and Processed food Products Export Development Authority) was established by the Government of India in 1985. The body is responsible for promotion and development of specific scheduled products like those of APEDA. APEDA products export contributes about 53 per cent during 2021-22 in the total agriculture export from India . As an independent unit, the authority "undertakes building up of marketings and as such have the implicit responsibilities of values addition and quality improvement". Under APEDA more than 500 items have been scheduled and it is listed

in six categories such as Floriculture and Seeds, Fresh Fruits and Vegetables, Processed Foods and Vegetables, Animal foods, Cereals and ally other Processed foods.

2.2 Share and Growth of Agriculture and Processed food Export

The world economic situation, and trends in trade, have indicated that possibilities of the growth of Indian exports are bleak and disparate across countries. Brexit and increasing protectionism in US have dented the exports in 2022-23. All these problems are being seriously felt by the main branches the country does exports with. Petroleum products, precious stone and metal, drugs and pharmaceuticals, Ready Made Garment and cotton yarn/fabrics/made-ups are the principal commodities of India's export trade, the products that are and to hit the international market are tea, coffee, rice, spices, cashews, leather, silk, leather products, meats, seafood. Exports of Agriculture and allied products are the third largest category. But surprisingly the reports indicated that the Agriculture and Processed food sector is one of the sectors, which finds it difficult to survive in the modern competitive world. Other related shares and growth rates of India's and Karnataka's Agriculture & Processed Food Exports, are analyzed in this context. The share of Agricultural and Processed Food on total India's export and Total Agri & allied products export during 25 years i.e., 1997-98 to 2022-23 is presented in Table 1.

Table 1 Share of Agricultural and Processed Food Exports on Total India's Exports and Agri Exports (in INR Billion)

| Year | India's total export | Agri and allied export | Total APF export | % Share of APF to Total Export | % Share of APF Export to Agri. Export | APF Export from Karnataka* | % Share of Karnataka to Total APF Export |
|-----------|----------------------|------------------------|------------------|--------------------------------|---------------------------------------|----------------------------|--|
| 1997-1998 | 685.04 | 126.33 | 28.17 | 4.11 | 22.30 | | |
| 1998-1999 | 813.65 | 132.69 | 29.35 | 3.61 | 22.12 | | |
| 1999-2000 | 1048.36 | 203.44 | 78.88 | 7.52 | 38.77 | | |
| 2001-2002 | 1171.07 | 243.63 | 76.73 | 6.55 | 31.50 | | |

| | | | | | | | |
|-----------|--------------|-------------|---------|------|-------|---------|-------|
| 2002-2003 | 1287.9 0 | 246.2 6 | 72.13 | 5.60 | 29.29 | | |
| 2003-2004 | 1393.7 7 | 253.8 7 | 96.21 | 6.90 | 37.90 | | |
| 2004-2005 | 1593.9 3 | 243.0 1 | 72.94 | 4.58 | 30.02 | | |
| 2005-2006 | 1950.2 9 | 272.8 8 | 91.29 | 4.68 | 33.46 | | |
| 2006-2007 | 1989.1 1 | 281.4 4 | 100.86 | 5.07 | 35.84 | | |
| 2007-2008 | 2426.6 8 | 324.7 3 | 135.98 | 5.60 | 41.88 | | |
| 2008-2009 | 2769.6 9 | 346.1 6 | 141.27 | 5.10 | 40.81 | | |
| 2009-2010 | 3439.3 5 | 380.7 8 | 169.39 | 4.93 | 44.49 | | |
| 2010-2011 | 4048.8 5 | 452.2 0 | 186.79 | 4.61 | 41.31 | 0.4812 | 0.26 |
| 2011-2012 | 4872.5 9 | 573.9 2 | 211.56 | 4.34 | 36.86 | 0.77664 | 0.37 |
| 2012-2013 | 5416.7 2 | 742.0 9 | 295.81 | 5.46 | 39.86 | 37.0674 | 12.53 |
| 2013-2014 | 7173.5 7 | 806.4 9 | 354.74 | 4.95 | 43.99 | 37.4721 | 10.56 |
| 2014-2015 | 7126.3 5 | 841.3 6 | 353.50 | 4.96 | 42.02 | 38.519 | 10.90 |
| 2015-2016 | 9541.4 3 | 1102. 96 | 424.37 | 4.45 | 38.48 | 42.1467 | 9.93 |
| 2016-2017 | 11980. 45 | 1795. 83 | 834.85 | 6.97 | 46.49 | 67.2947 | 8.06 |
| 2017-2018 | 13035. 00 | 2227. 42 | 1182.54 | 9.07 | 53.09 | 80.449 | 6.80 |

| | | | | | | | |
|-----------------|----------------|---------------|---------------|------|-------|--------------|------|
| 2018-2019 | 15217.63 | 2575.59 | 1369.20 | 9.00 | 53.16 | 82.7996 | 6.05 |
| 2019-2020 | 15503.63 | 1950.02 | 1313.33 | 8.47 | 67.35 | 80.2391 | 6.11 |
| 2020-2021 | 15167.40 | 1743.74 | 1060.02 | 6.99 | 60.79 | 79.2974 | 7.48 |
| 2021-2022 | 16420.71 | 1895.95 | 1088.67 | 6.65 | 57.42 | 72.6687 | 6.67 |
| 2022-2023 | 17141.61 | 2119.59 | 1188.19 | 6.93 | 56.06 | 69.8302 | 8.03 |
| MEAN | 6526.93 | 875.29 | 438.28 | | | 53.00 | |
| SD | 5838.72 | 793.16 | 471.29 | | | 29.23 | |
| CV (%) | 89.45 | 90.61 | 4.30 | | | 55.16 | |
| CAGR (%) | 13.75 | 11.94 | 16.14 | | | 22.03 | |

Source: Apeda Annual Reports

Note:*APF – Agricultural Processed Food

It is clear from the above table that, in absolute term, Indian total exports grew from Rs 685.04 billion to Rs 17,141.6 billion, from 1997-98 to 2022-23 with the Compounded Annual Growth Rate (CAGR) of 13.75 per cent, while, the Agri and allied products also has shown 17- folded increase, i.e., from Rs 126.33 billion to Rs 2119.59 billion from 1997-98 to 2022-23 with the CAGR of 11.94 per cent. Similarly, in case Agricultural and Processed Food exports of India, there is a wonderful growth from Rs 28.17 billion in 1997-98 to Rs 1369.20 billion in 2018-19 (all time high) whereas it has come down to Rs 1188.19 billion in 2022-23, with -16.14 percent CAGR.

The share of Agri and Processed Food product exports in total Exports of India has risen from 4.11 per cent in 1997-98 to 9.07 per cent in 2017-18 but has declined to 6.93 per cent in the latest period; whereas the share of export in India's Agri and allied products has shown a remarkable increase from 22.30 per cent (in 1997-98) to 56.06 per cent (in 2022-23). This indicates that exports of Agricultural and Processed Food are adding a particular acceptability in the agriculture and allied products exports as well the overall exports of the country. The Share of Tamilnadu to overall India's Agri & Processed

Food export is impressive to observe as it has risen from 0.26 per cent in 20010-11 to 8.03 per cent in the year 2022-23. (These exports are) indicative of increasing traction received by APEDA's Agri-products of Karnataka in the international markets and support extended by Government of Karnataka endeavours and dedication of APEDA.

2.3 Product-wise Export Performance of Agricultural and Processed Food of India – by Quantity and Value

The transition of the agricultural industry from farm level to processed food industry is taking effect. As a result of technological advancement and urbanization, consumption pattern and food habit too changed from time to time. Processed food industry processes goods for markets in Asia and beyond, with the Indian towards spread north, south, east and west. To gain insight in to the performance, the product-wise mean exports for the last 25 years are measured in quantity and value. So the categorized the APEDA products viz Floriculture- Seeds, Fresh Fruits-Vegetables, Processed Vegetables-Foods, Animal product, Cereals, Other processed foods were brought forward for the analysis and the output is presented in Table 2

Table 2 Product-wise Export Performance and Share of Agricultural and Processed Food of India

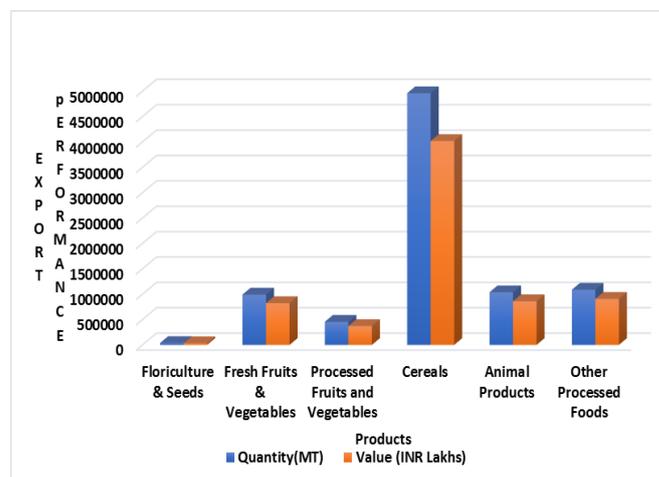
| Products | Quantity (Metric Tons (MT)) | | Value (INR Lakhs) | |
|--|-----------------------------|------------|-------------------|------------|
| | Mean | %share | Mean | %share |
| Cereals | 8072872 | 60.43 | 1872005 | 42.98 |
| Animal Products | 1625679 | 12.17 | 974073 | 22.36 |
| Fresh Fruits and Vegetables | 1661715 | 12.44 | 335734 | 7.71 |
| Processed Foods and Vegetables | 621454 | 4.65 | 261404 | 6.00 |
| Floriculture and Seeds | 33894 | 0.25 | 45948 | 1.05 |
| Other Processed Foods | 1343427 | 10.06 | 866753 | 19.90 |
| Total Agricultural and Processed Food Exports | 1,33,59,041 | 100 | 43,55,916 | 100 |

Source: Author's computation

Of the six product groups, cereals, fresh fruits and vegetables and animal products, contributed 85 per cent by quantity and 73.05 per cent by value in total Agriculture and Process Food exports. Among these, cereals occupied top position in respect of Agricultural and Processed Food Products in terms of quantity during 2006-07 out of Agri-P&FP1 was Cereals which had an average annual export of 80.72 lakh MT accounting for 60.43 per cent of total export. In terms of value also, cereals ranked first with the highest average annual export of Rs 18.72 lakhs representing 42.98 per cent of the total Agri and Processed Foods export of the Country as indicated in Figure 1 in absolute value.

The fresh fruits and vegetables came next to cereals by volume at 16.61 lakhs MT per annum while animal products too was exported reaching an average of 16.25 MT annually with a share of 12.17 per cent. Next to cereals in value share, was products with animal origin at 22.36 per cent whilst fresh fruits and vegetables had a share of 7.71 per cent in the total Agricultural and Processed Food exports. But the income from fresh fruits and vegetables is one third from the income of animal products so fresh fruits and vegetables are low priced item.

Fig1 Product-wise Export Performance of Agricultural and Processed food Export of India



2.4 Product-wise Export Performance of Agricultural and Processed Food Export of Karnataka – by Quantity and Value

The Table 3 presents product-wise mean score and share to the Agricultural and Processed Food exports, shows that the exports of Cereals was having a significant share from six out of which in terms of quantity Cereals takes the maximum share in which Animal products and processed products comes next with a distance followed by the processed foods and by animal products in terms of value.

Table 3 Product-wise Export performance and Share of Agricultural and Processed Food of Karnataka

| Products | Quantity (Metric tons (MT)) | | Value (INR Lakhs) | |
|--------------------------------|-----------------------------|--------|-------------------|--------|
| | Mean | %share | Mean | %share |
| Cereals | 757361.75 | 38.76 | 1592760.69 | 23.12 |
| Animal Products | 542135.40 | 27.75 | 1050910.64 | 15.25 |
| Processed Foods and Vegetables | 270309.00 | 13.83 | 1562110.51 | 22.67 |
| Fresh Fruits & Vegetables | 138718.20 | 7.10 | 487273.91 | 7.07 |
| Floriculture & Seeds | 12652.63 | 0.65 | 230831.08 | 3.35 |
| Total | 232654.14 | 11.91 | 1966529.91 | 28.54 |

Source: Author computation

As observed from the table that on an average 19.53 lakhs MT of Agro and Processed Food valued at Rs. 68.90 lakhs are exported per year from the Karnataka. Cereals rank first with an average share of 38.76 per cent and 23.12 per cent by volume and value respectively.

After cereals, in quantity, animal products had a share of 27.75 percent while in value terms; processed food and vegetables comprised 22.67 percent share out of India's total Agricultural and Processed Food exports. It signifies that manufactured foods and Karnataka's vegetables are more expensive than animal products, because of better realization in the international markets. Hence the major fresh fruit and vegetable producers may be motivated to move their exports into the processed category because the former offers higher gross margins and makes it easier for the country to meet the grade standards set by importing countries.

3. RESULTS AND DISCUSSION

The increase in exports of Agricultural and Processed Food is computed using the CAGR for 25 years from 1997-98 to 2022-23. Share of export of Agricultural and Processed Food in India's total export is 6.93 and a CAGR of 16.14. But the share of Agricultural and Processed Food in India's Agri and allied sectors has grown impressively from 22.30 per cent in 1997-98 to 56.06 per cent in 2022-23. So it establishes that Agricultural and Processed Food is indeed contributing to Agri and processed food

sector as well as country's exports too. In case of Karnataka, the CAGR for the Agricultural and Processed Food exports has been 46.65 per cent and it contributes 8.03 per cent (in 2022-23) to India's total Agricultural and Processed Food export. This shows how Karnataka is one of the upcoming state.

Among six product divisions classified by APEDA, Cereals occupied the largest share in the export basket of India's Agricultural and Processed food (60.23 per cent) followed by Fresh Fruits and Vegetables (12.44 per cent) and Animal products (12.17 per cent) in terms of quantity. Even when it comes to monetary value, cereals occupy the highest slot (42.98 per cent) while it is followed by Animal products (22.36 per cent) and other processed foods (19.90 per cent). Likewise the product share vis-à-vis Karnataka is establishing a high potentiality for cereals, animal products and processed food product exports. In order to boost these sectors, the Government will develop a strong cold-chain system based on the Hub and Spoke model which involves creation of integrated cold chain and value addition infrastructure facilities, particularly in food processing industry. These food parks and common processing facilities would be for use by small and medium sized food processing and preservation industries, for post-harvest treatment and processing of the food products and for extending shelf life of the products to be exported to International markets to meet quality standards and specific requirements of the global market. Also, adoption of Good Agricultural Practice (GAP) in production similar to developed countries, concentration of quality conscious markets could be attracted. The setting up of quality approval body or agency of international reputation, which would be owned by Government of India with its own brand, would also boost Indian exporters to tap diversified markets.

4. CONCLUSION

The world over, agriculture sector is reeling under uncertain environment and the Indian Agri and Processed Food sector is no exception. Food security and quality are now an important condition that insists on by rich nations to the exporters from the other countries on the market access. Now apart from this construction industry is extremely dependent on external environment like monsoons, resources, energy, policies, prices and demand. These are the problems not just India but every country faces. To increase the global trade, farmers vision needs to be shifted from domestic farming to export farming. So, the Indian government indeed has to promote the Agricultural and Processed Food trade.

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