

## India's unpredictable farm export policy may affect export performance of xx districts

Government of India's restriction on export of primary and processed agriculture commodities such as rice, wheat, semolina, maida and sugar in recent months may affect exports and farm income in 112 districts which are dealing in shipment of these commodities.

In order to prevent shortage of essential primary and processed food commodities in the domestic market, Government of India prohibited or imposed export duty on shipment of these commodities in recent months. In May 2022, Government of India restricted export of raw, refined and white sugar by requiring exporters to seek permission from the Directorate of Sugar, Union Ministry of Consumer Affairs. On September 9, 2022, India prohibited export of broken rice and imposed duty on export of brown rice and wholly milled rice. On August 27, 2022, India prohibited export of maida, wheat, flour, semolina and wholemeal atta.

According to an analysis by MVIRDC WTC Mumbai, these export restrictive measures will adversely impact the farm income and export-oriented activities across 112 districts that are cultivating or processing these commodities. The following table provides the list of these commodities, along with the number of districts that are exporting these commodities and the names of a few of these districts.

| Sr. No | HS Code    | Product Name  | No. of Districts | Prominent Districts names                               |
|--------|------------|---|------------------|---|
| 1      | 1101       | Wheat/Meslin Flour, maida, semolina, wholemeal atta | 32               | Gorakhpur, Gondia, Delhi-West, Varanasi, Bikaner        |
| 2      | 1006 40 00 | Broken Rice   | 40               | Raipur, East Godavari, Nagpur, Karnal, Sonipat          |
| 3      | 17011490   | Raw Sugar   | 34               | Pune, Satara, Solapur, Bagalkote, Bijnor                |
| 4      | 17019990   | Refined sugar and white sugar                       | 39               | Kachchh, East Godavari, Kolhapur, Bagalkote, Ahmednagar |

**Source: Ministry of Commerce, Government of India; Compiled by MVIRDC WTC Mumbai**

Government of India introduced a comprehensive Agriculture Export Policy in December 2018 to enhance farm exports from USD 30 billion to more than USD 100 billion in the next few years. In 2021-22, India's export of agriculture and allied commodities stood at USD 50 billion.

Out of 11127 goods exported (At Eight Digit HS Code) from India, 1401 are agriculture and related commodities such as dairy, meat, fish, beverages and other processed goods. These 1401 agriculture and related commodities are exported by 492 districts across the country.

India's 2018 Agriculture Export Policy assures against any export restriction on processed agricultural products and all kinds of organic products.

At the same time, the policy allows Government of India to impose export restriction on a few commodities which are essential for food security in consultation with the relevant stakeholders, Ministries and a high level committee.

The policy was introduced after experts opined that India needs a predictable agriculture export policy to enhance agro exports and increase the income of farmers. In the last decade, Government of India banned or imposed quantitative limits on export of key agro products such as rice, wheat, sugar, maida, onion, tomatoes and other commodities to ensure adequate availability of these products in the local market. Government restricts exports by taking various policy measures, some of which are imposition of Minimum Export Price, Export duty, Export bans, Export quota, Export capping, Export permits.

Such frequent use of policy restrictions creates uncertainty and reduces incentive for farmers to grow these products at commercial scale to supply to the global market. These policy changes also hurt the image of India as a reliable supplier of these agro commodities.

Even though India is the second largest producer of food grains, fruits, vegetables, pulses, groundnut, sugar and other commodities, we rank 8th in world export of agro products. In order to utilize the untapped agriculture export potential in the country, India needs to incentivize export-oriented value addition by ensuring policy stability in agriculture export sector.

## Notifications

### PIB

Centre starts online portal for handicraft artisans to participate in marketing events

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1866437>

CPI for September 2022 recorded at 7.41%

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1867095>

### DGFT

TRQ for raw sugar export to USA extended till 31 December 2022

<https://content.dgft.gov.in/Website/dgftprod/df326258-8bbe-492a-a1b3-d1546c2ac4aa/PN%20%2029%20Eng.pdf>

Around 3 lack MT quota allotted for broken rice export

<https://content.dgft.gov.in/Website/dgftprod/1b223d86-f8bc-4441-9df5-07c660c65092/Noti%2038%20Eng.pdf>

## CBIC

Tariff notification

<https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2022/cs-nt2022/csnt89-2022.pdf>

## RBI

India forex reserve up by 204 million

[https://www.rbi.org.in/Scripts/BS\\_PressReleaseDisplay.aspx?prid=54542](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=54542)