

**THE EXPORT PERFORMANCE OF VALUE ADDED AGRO PRODUCTS:
EXPERIENCE OF KERALA**

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Abstract

The Kerala Model of Development is a matter of serious discussion among the planners as well as among the social scientists. The state is unique in all respects with other states in India. The external sector of Kerala is also an area to explore. The major items including the Marine Products, Spices, Cashew, Tea, Cocoa, Processed Vegetables, Fruits, Juices and Nuts have an important place in the export basket of Kerala. But all doesn't show the same trend. Spices and Marine Products occupy the prominent role in the export earnings of the state. There is no question that the adequate protection and preferences to the value added and processing of the agricultural output will bring foreign exchange to the state.

Introduction

The Indian economy contains a long history of advancement and it stems from the agrarian sector which is the largest segment of the economy. Over 58 per cent of country's workforce is still depends on this sector for vocation. It is the biggest employment provider of the nation and in terms of the production of fruits and vegetables it occupies the second position. Even if it is the largest sector in the economy, its contribution to the national output shows a drastic decline. This decline in the share of agriculture raises serious threats to other sectors because agriculture works as the engine and the major source of raw material for other industries as well. The industry and service sector of the economy performs well but they cannot sustain for long with drastic decline of the primary sector.

The Indian agriculture not only a platform for meeting the domestic demand for the food but it serves as one of the major source of foreign exchange earnings of the country also. India exports raw agricultural output as well as the processed food products. The processed products include the items from primary processed to final consumer goods such as ready to use and ready

to cook items. In the international market the demand for the processed value added agricultural product has a wide market. India being the second largest producer of food supplies in the world, it can reap the advantage of increased demand for processed food products in the world over. Studies show that only two per cent of the total agricultural produce in the country is being processed.

Objective of the Study

The study purports to analyze the performance of export earnings from the major processed agro food products of Kerala.

Methodology

This study is entirely a descriptive one and it is based on secondary data. The study covers the export performance of value added agricultural commodities of Kerala only. The data pertaining to the study covers a period of 10 years. The major sources of data are Kerala Economic Review, Ministry of Statistics and Programme Implementation, Ministry of Food Processing Industry, Agricultural and Processed Food Products Export Development Authority (APEDA), Directorate General of Commercial Intelligence and Statistics (DGCIS). The study is descriptive in nature.

Discussion

The agro processing industries are considered as the sunrise sector of the economy. Agro processing could be defined as a set of techno-economic activities carried out for conservation and handling of agricultural produce and to make it usable as food, feed, fibre, fuel or industrial raw material (R. P Kachru). The very existence of the industry entirely depends on the availability of the agricultural products. The production and productivity of agricultural products will definitely affect the availability of processed value added agro products and thereby the export earnings from these products. Kerala produces a variety of agricultural output and exports raw and processed products. But the production and productivity of agricultural products varies over time. The following table shows the share of agriculture on the national output and on the state gross value added.

Year	Share of agriculture on GVA (India)	Share of agriculture on GSVA (Kerala)
2009-2010	19.2	11.5
2010-2011	18.1	10.1
2011-2012	18.5	09.1
2012-2013	17.8	13.7
2013-2014	17.7	12.3
2014-2015	16.5	11.9
2015-2016	15.4	10.7
2016-2017	15.3	10.2
2017-2018	14.9	09.4
2018-2019	n.a	08.7

Source: Kerala Economic Review, State Planning Board

The share of agriculture in the national output shows a declining trend. The decline in the growth of the sector may affect other industries which depend on agriculture for the supply of raw materials. In India, more than 70 per cent of the people living in rural areas and are directly and indirectly find employment in the primary sector. A decline in the production and productivity of the sector will eventually result a fall in the rural income and there by the demand for industrial output.

The contribution of agriculture to the state domestic product is showing a decreasing trend. Bu it is not so in the case of export earnings from the value added agro products. The processed agro products of Kerala have a wide market and demand in foreign countries. It is said that the Middle East countries have the higher demand for the processed products from Kerala. So Kerala have a great opportunity to reap the benefits of this wide market and can have a large export earnings from the sector. Kerala accounts for nearly 20 per cent of the country's total food exports and the major items include spices, marine products, cashews, coconuts, cocoa, coffee and tea and fruits like banana and pine apple (Kerala Economic Review 2019).

Results

When we delve into the data pertaining to the exports of agro products in Kerala, it can be found that the export earnings and quantity of exports show an increasing trend. On the other hand it shows the demand for agro products abroad. A wide market is offered by the Middle East countries

Kerala's' Performance in the Export of Agricultural Commodities.

Year	Quantity of Export (in MT)	Export Earnings (in Rs. Crore)
2009-10	123249.94	450.05
2010-11	127948.17	482.38
2011-12	197982.38	784.28
2012-13	210911.18	1086.14
2013-14	178648.00	1391.52
2014-15	191095.38	1342.75
2015-16	245403.81	1651.56
2016-17	235540.89	1701.75
2017-18	236968.21	1726.78
2018-19	219154.83	1685.41

Source:APEDA

Kerala state has a varied agro climatic condition and is good for the production of varied agricultural commodities. Among these the major income generating products includes marine products, spices, tea, processed vegetables, fruits, nuts and juices. These items extract a large portion of the export income of the state. Among this spices and marine products becomes the prominent income earning sector. As the Kerala spices are famous world over, it has an advantage of earning huge export income. The newly emerging sector in the state is the processing industries. They process the raw agricultural output and adding value to them. These value added products of agriculture attract the foreign market and are capable to generate export income on them.

When we make an analysis on the export of important agricultural items of Kerala, it can be pointed out that the marine products and the spices have a progression in their output and revenue earnings. Although the export earnings of Kerala have increased over the years in relative terms, it is not increased much in absolute terms. The untapped potential of the processing industries can use the production and export of value added agro products. This study is focusing on the export earnings of the major item of export of Kerala including Marine Products, Cashew, Tea, Cocoa, Spices, Processed Vegetables and Processed Fruits Juices and Nuts.

While discussing on the performance in the export earnings of major value added agricultural products, there is a positive sign in Marine exports both in terms of output and value. But the growth rate is at a decreasing rate. Similar results can have from the analysis of tea and spices. But the data on Cashew, Cocoa, and Processed Vegetables remarks a declining trend and a sharp decline can be seen from the performance of Cashew and the decline is drastic. In the case of processed vegetables and processed fruits, juices and nuts, the later show an increasing trend and increasing at a decreasing rate. The former shows a negative sign on their performance.

Export Performance of Major Agricultural Output of Kerala

Year	Marine Products		Cashew		Tea		Cocoa		Spices		Processed Vegetables		Processed Fruits, Juices & Nuts	
	Qty (MT)	Value (in Rs Crore)	Qty (MT)	Value (in Rs Crore)	Qty (MT)	Value (in Rs Crore)	Qty (MT)	Value (in Rs Crore)	Qty (MT)	Value (in Rs Crore)	Qty (MT)	Value (in Rs Crore)	Qty (MT)	Value (in Rs Crore)
2009-10	107293	1670.02	61698	1635.79	n.a*	n.a*	278.85	4.79	n.a*	n.a*	10332.74	49.27	4189.76	22.89
2010-11	124615	2002.1	56578	1478.67	n.a*	n.a*	378.19	5.90	n.a*	n.a*	8442.31	40.79	4855.93	28.76
2011-12	155714	2988.3	68655	2295.8	n.a*	n.a*	619.08	13.07	n.a*	n.a*	10012.83	61.26	15193.25	93.08
2012-13	166399	3435.9	53624	2138.5	69017	90462	272.29	8.08	n.a*	n.a*	8501.59	70.95	6973.51	81.65
2013-14	165698	4706.4	65679	2861.8	75036	106467	168.12	10.42	81412.6	325339.9	7065.40	83.11	5175.65	97.44
2014-15	166754	5166.1	68150	3098.8	69343	94879	220.62	14.50	81555.3	328534.0	7685.61	86.10	6076.57	96.61
2015-16	149138	4644.4	50652	2579.5	69706	102534	4155.19	91.97	100076.0	390518.1	7267.05	100.22	6422.79	149.23
2016-17	159141	5068.5	38054	2415.3	67431	113935	197.67	17.77	84418.8	427120.1	7961.30	111.30	6626.02	190.44
2017-18	178646	5919.0	36930	2580.4	75741	123294	407.70	24.29	95455.9	415296.1	8976.88	126.55	8041.71	248.18
2018-19	183064	6014.7	29062	1892.6	8068	143440	250.55	21.28	93036.5	377427.2	8203.25	12358	7150.33	197.02

Source: Compiled from Agricultural and Processed Food Products Export Development Authority (APEDA) and Economic Review of Kerala

*- Data not available.

Conclusion

In the emerging economies, the export earnings play an important role. The export performance of Kerala shows its untapped potential for growth. The importance of the value added agricultural products get increased throughout the periods. But the export income from the sector is lag behind the others. Priorities should be given to those industries which uphold the development of agriculture and exports. The proper planning and development of agriculture and allied sectors will call for the development of the industries which are based on the primary sector. So the development of agriculture will be a boost to the development of industry and service sectors.

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