# The Role of Agricultural Exports in Building a Developed India: With Special Reference to Rice Exports

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***Abstract***

*In India, agriculture and the allied sector are most important in terms of population dependence on the economy. Looking at demographic data, 48.90% of the total population was employed in India's agricultural sector. The importance of India's agricultural sector is not limited to food grains alone; it also contributes to rural development, industrial growth, labour supply, global trade, employment generation, small and cottage industries, social and political fields, serves as a source of foreign exchange, and forms the basis of welfare schemes. India contributed around 2.4% to the world's total agricultural exports in 2022, which was merely 1.1% in 2002. The contribution of the agricultural sector to India's total exports in the year 2023-24 was 11.19%. Although India's share of agricultural exports in world exports is currently very low, a rising trend has been observed. Changes in the export of major agricultural products have been observed as a combined result of fluctuations in export demand, variations in domestic production, and the changing international prices of these products. This structure of Indian exports indicates a higher share of manufactured exports and a decline in the share of agriculture-based goods. Export earnings from agriculture-based commodities have increased significantly during the period*

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*from 1990-91 (the time of the New Economic Policy) to 2023-24, but its share in total Indian exports has decreased during this period.*

***Keywords**: Gross Value Added (GVA), Agricultural Exports, Rice Exports*

## Introduction

Indian agricultural exports are not only a means of earning foreign exchange but are also the foundation of the income of crores of Indian farmers and global food security. India is a global agricultural superpower. Along with feeding about 18% of the world's population, India plays the role of a net exporter in global agricultural trade. India's total agricultural and allied sector exports, which stood at \$10.5 billion US dollars in 2005-06, historically crossed \$50 billion in the year 2021-22, reflecting the resilience of Indian agriculture even under challenging global conditions.

Over the past two decades, India has moved away from traditional agriculture toward commercial and export-oriented agriculture. Primarily, India exports marine products, rice (basmati and non-basmati), spices, sugar, cotton, and tea to the world. During the period from 2002 to 2024, the average annual growth rate in India's agricultural exports has been 13.65%. Meanwhile, India's share in world agricultural trade is currently between 2% and 3%, which the government aims to increase to 5% by 2030.

In India, agriculture and the allied sector are most important in terms of population dependence on the economy. Looking at demographic data, 48.90% of the total population was employed in India's agricultural sector. The importance of India's agricultural sector is not limited to food grains alone; it also contributes to rural development, industrial growth, labor supply, global trade, employment generation, small and cottage industries, social and political fields, serves as a source of foreign exchange, and forms the basis of welfare schemes.

Understanding the importance of the agricultural sector in India, Gunnar Myrdal stated that the outcome of India's development competition will be decided through agriculture. Agriculture's contribution to the Gross Domestic Product (GDP) is significant, and it promotes economic stability by supplying raw materials to various allied industries. Approximately two-thirds of the Indian population depends on agriculture and allied activities, making this sector play a critical role in poverty alleviation and social welfare.

If we look at the significance of agriculture in the field of employment, a large segment of the population is engaged in some form of agricultural work. The reason behind such a large population being involved in this sector is the multidimensional nature of agriculture, as it keeps people engaged not just in agricultural production, but also in product sales, haulage, transportation, utilization as raw materials, and the export of agricultural goods. Indian agriculture plays a vital role in the development of the economy, and its function is extensive and multi-faceted. Around 70% of rural households in India depend on agriculture for their livelihood, making it a crucial foundation for achieving national food security and the goal of a 'Self-Reliant' India (Atmanirbhar Bharat).

According to the Economic Survey-2022, the Gross Value Added (GVA) at current prices declined slightly from 19.5% in 2004-05 to 19% in 2021-22. The development of agro-based industries also creates employment opportunities in rural areas, thereby reducing regional disparities and promoting inclusive economic growth. Additionally, agro-exports account for approximately 21% of India's total exports, playing a significant role in the balance of trade. According to the Periodic Labour Force Survey (PLFS) of the National Statistical Office (NSO), 46.5% of people were engaged in agricultural work in 2021-22. The role of agriculture in India is like a strong pillar of support.

India's share of agricultural exports as a component of global agricultural exports, which was 1.1% in the year 2002, became 2.7% in 2013, whereas this share stood at 2.2% in 2023. Analyzing India's agricultural exports as a share of global agricultural exports shows a slow, fluctuating upward trend. Analyzing the annual growth rate of India's agricultural exports, it was 16.57% in the year 2002-03, which decreased to 5.08% in 2003-04, and rose to 29.26% in 2007-08. In the year 2011-12, it increased to 61.70%, which is the highest across the entire study period. In the year 2023-24, the annual growth rate of agricultural exports was found to be negative at -5.35%. Thus, the annual growth rate of agricultural exports exhibits a fluctuating trend.

**Literature Review**

Various research studies have been conducted regarding the export of agricultural products, their export structure, and their direction. The study of this related literature helps in research problem selection, hypothesis formulation, study design, and advancing the research work.

**P.J. Dawson (2005):** Analyzed the role of agricultural exports in the economic development of less developed countries.

**R.V. Dhar and U.S. Rai (2008):** Indicated in their study that the share of agricultural exports in India's total exports is decreasing, while the share of Indian manufactured goods export is increasing.

**Kalpana Dwivedi (2014):** Analyzed the Indian agricultural sector in her article "The Role of Agro-based Industries in Indian Economy", placing agriculture not only at the center of the economy but also calling it the basis of human life.

**H. Kang (2015):** Stated that rice exports played a significant role in the economic development of countries like Thailand, Vietnam, and Pakistan.

**Thomas, Jayan Jose & Satheesha, B. (2024):** Explained in their article how export restrictions imposed on India's rice exports led to an increase in food prices and triggered a global food crisis.

**Foodgrain Production and Indian Agriculture**

By producing agricultural goods, agriculture in India also fulfills the vital task of food supply for its large population. Based on the 2023 report of the United Nations Population Fund (UNFPA), India's population will grow to 142.8 crores, surpassing the population of China. Agricultural products play an important role by ensuring food supply for such a large population.

After independence, when India's population was around 36.10 crores, the country relied on external food imports to meet its food needs. However, following the Green Revolution of the 1960s and moving into the 1980s, India became self-sufficient in agricultural food grains. The per capita per day availability of pulses and food grains in India increased from 394.9 grams in 1951 to 453.6 grams in 2011.

If we analyze the total foodgrain production in India, it was approximately 51 million tonnes in 1950-51. The reasons for this low production were the dependence of agriculture on rainfall and backward agricultural production techniques. In the 1960s, total foodgrain production was recorded at 72 million tonnes; during this same period, India faced a food crisis and food grains were imported from abroad. The Green Revolution began in India during this decade.

In the 1970s, the total production of food grains reached 108 million tonnes. The primary reasons for this increase in foodgrain production were the use of high-yielding variety seeds, development of irrigation facilities, and the large-scale use of fertilizers. In the 1980s, total foodgrain production ranged between 130–150 million tonnes, with a remarkable increase observed in wheat and rice production during this period. In the 1990s, total foodgrain production reached 176–190 million tonnes, primarily influenced by the modernization of agriculture and the Minimum Support Price (MSP) policy.

Thus, the Green Revolution, expansion of irrigation facilities, use of high-yielding seeds, application of chemical fertilizers, agricultural mechanization, and the Minimum Support Price all played significant roles in boosting total agricultural foodgrain production in India.

In the year 2003-04, foodgrain production was 213.19 million tonnes, which decreased to 208.6 million tonnes in 2005-06. It rose again to 234.47 million tonnes in 2008-09 and dropped to 218.11 million tonnes the following year (2009-10). In the year 2010-11, foodgrain production increased once more to 244.49 million tonnes. Thus, fluctuations were observed in total agricultural production.

In the year 2013-14, foodgrain production increased to 265.04 million tonnes, while it was 285.01 million tonnes in 2017-18. In 2020-21, foodgrain production in India crossed the 300 million tonnes mark for the first time, reaching 310.74 million tonnes. According to 2024 data from the Ministry of Agriculture and Farmers Welfare (DA&FW), a record total of 332.3 million tonnes of food grains was produced in 2023-24.

The impact of this growth in agricultural production is visible in the global food supply, where India accounts for 30–40% of total global rice exports. India is included among the top 10 largest countries for agricultural products in the world. This reflects improvements in agricultural productivity and the successful integration of modern farming practices, ensuring food security and increasing rural incomes.

The major driving forces behind this remarkable progress in the agricultural sector are the technological advancements brought by the Green Revolution and policy support, which increased the irrigated area by over four million hectares, resulting in the irrigated sown area rising from 40% to 43% between 2004 and 2007. These strategic changes have granted self-sufficiency in foodgrain production to India, positioning it to become the "food bowl".

**Rural Development and Indian Agriculture**

Agriculture has been the most prominent means of development for rural areas in India. The wheel of rural development rotates on the axis of agriculture, as proven by various economic data sources. Approximately 70% of the rural population is engaged in activities related to agricultural production, agricultural labor, marketing, transport, agricultural mechanization, rural infrastructure, and irrigation.

The majority of India's population resides in rural areas. Based on the 2011 Census, this rural population constitutes 68.8% of the total population of India. Therefore, the contribution of agriculture to rural development plays a premier role in India's overall development. According to the 2022-23 edition of "Agricultural Statistics at a Glance", out of the country's total working population of 481.9 million, 263.1 million people were employed in agriculture and allied activities, with 45.1% linked as cultivators and 54.9% as agricultural laborers.

**Gross Value Added (GVA) and Indian Agriculture**

The importance of Indian agriculture lies not only in the rural economy but also as a vital part of India's GDP, which has been consistently declining since independence but remains a significant portion. Looking at the Real Gross Value Added (Real GVA) at factor cost in crores of rupees for the primary sector (agriculture and allied sectors), it increased from ₹ 150,191 crores in 1950-51 to ₹ 204,340 crores in 1960-61, and to ₹ 267,273 crores in 1970-71.

In the year 1980-81, the Real GVA of the primary sector was ₹ 305,906 crores, 444,880 crores in 1990-91, and ₹ 592,227 crores in 2000-01. In the year 2010-11, it reached ₹ 828,431 crores, and rose to ₹ 2,325,548 crores in 2020-21. Thus, a compound annual growth rate (CAGR) of 3.99% was recorded in the Real Gross Value Added of the primary sector between 1950-51 and 2020-21. During the same period (1950-51 to 2020-21), a compound growth rate of 6.51% was observed in the Real GVA of the secondary sector and 6.48% in the tertiary sector.

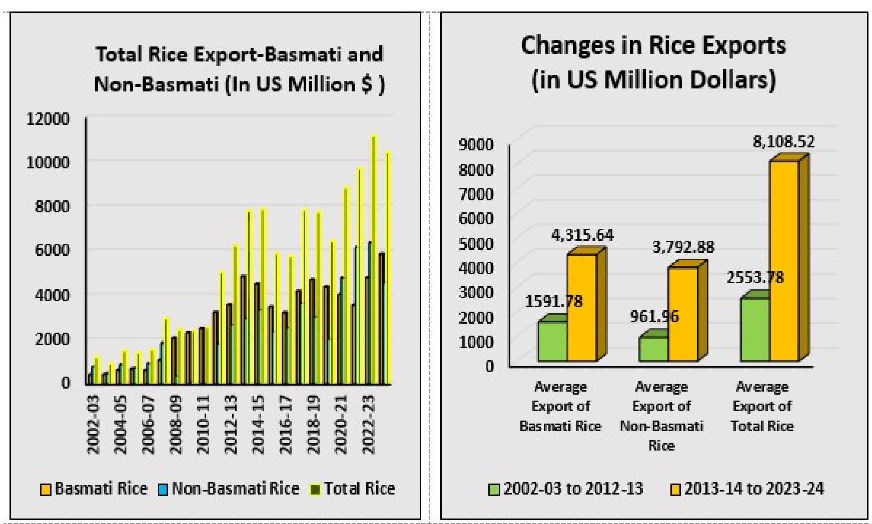
**Structure of Rice Export from India**

Rice is the foundation of global food security, and India is the world's largest rice-exporting country, holding a share of up to 35-40% in the global rice trade. Rice exports from India are categorized into Basmati rice and non-Basmati rice. India controls over 70% of the world's basmati rice trade. GI (Geographical Indication) tagging has strengthened its international brand. India exports non-basmati and basmati rice under different trade policies.

The devaluation of the Indian rupee in 1991 made Indian rice prices competitive despite various tariffs in importing countries, which changed the landscape of Indian rice exports and led to an increase in volume. The export of non-basmati rice was limited until 1994 due to government restrictions. The government lifted these restrictions in 1995-96, and rice exports increased to 4.9 MMT in 1995-96 from just 0.9 MMT in 1994-95, making India the second-largest exporter of rice worldwide. The East Asian financial crisis of 1997, China's entry into the rice market, and bumper harvests negatively impacted rice exports. However, after the economic situation improved later on, Asian nations increased their rice imports.

According to CMIE data, rice worth a total of 1,204.60 US million dollars was exported in the year 2002-03. In this total rice export revenue, the export earnings from basmati and non-basmati rice were 425.2 US million dollars and 779.3 US million dollars, respectively. Earnings from rice exports rose to 2542.50 US million dollars in 2010-11, where revenue obtained from basmati rice was 2491.70 US million dollars while the earnings from non-basmati rice fell to just 50.8 US million dollars. This drop in non-basmati rice export earnings was due to government restrictions imposed on non-basmati rice exports from 2007-08 to 2011–12.

**(Figure No. 1 and 2)**




Source: CMIE Outlook Data 2025

This increase in rice export revenue peaked in 2022-23 at a total of 11,149.80 US million dollars, in which revenue from basmati rice was 4,792.90 US million dollars, while earnings from non-basmati rice stood at 6,356.90

US million dollars. In 2023-24, total revenue from rice exports was 10,411.10 US million dollars, comprising 5,844.80 US million dollars from basmati rice exports and 4,566.30 US million dollars from non-basmati rice.

**Table No. 1: Changes in Rice Exports (in US Million Dollars)**

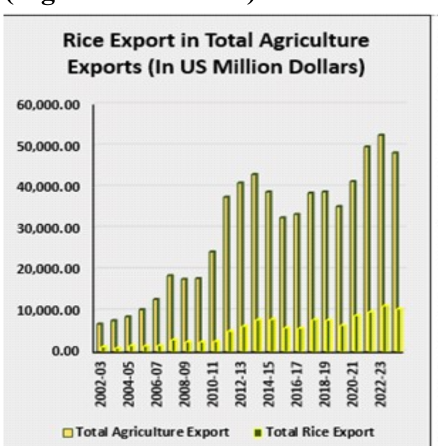
| Time Period | Average Export of Basmati Rice | Average Export of Non-Basmati Rice | Average Export of Total Rice |
|---|---|---|---|
| 2002-03 to 2012-13 | 1591.78 | 961.96 | 2553.78 |
| 2013-14 to 2023-24 | 4,315.64 | 3,792.88 | 8,108.52 |

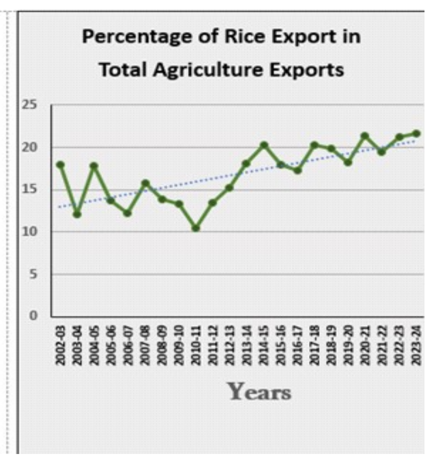
**Source: CMIE Outlook Data 2025**

In Table No. 1, the total average export of rice in the first time period was 2553.78 US million dollars, which became 8108.52 US million dollars in the second time period from 2013-14 to 2023-24. Total rice exports increased more than 3-fold between the first and second periods. Out of this, basmati rice exports averaged 1591.78 US million dollars in the first period and increased to 4315.64 US million dollars in the second period, showing an approximate 2.7-fold growth. Looking at the average export of non-basmati rice in the first period, it grew from 961.96 US million dollars to 3792.88 US million dollars, making this growth nearly four-fold.

If we analyze India's total agricultural exports, exports worth 6708.00 US million dollars were made in 2002-03, which grew to a total of 48,170.30 US million dollars in 2023-24. This growth in total exports is more than 7.18 times. During this period, India's total agricultural exports peaked at 52,464.70 US million dollars in 2022-23.

**(Figure No. 3 and 4)**




Source: CMIE Outlook Data 2025

From 2002-03 to 2023-24, total rice exports increased 8.64 times, rising from 1204.60 US million dollars to 10411.10 US million dollars. If we examine the percentage share of rice exports within India's total agricultural exports, it was 17.96% in the year 2002-03, but dropped to just 10.5% of total agricultural exports in 2010-11. It became 18.12% in 2013-14, whereas in 2020-21, rice exports contributed 21.36% to total agricultural exports. In 2023-24, the contribution of rice exports to total agricultural exports peaked at 21.61%.

**Table No. 2: Share of Rice in Total Agricultural Exports (in Percentage)**

| Time Period | Percentage of Rice Export in Total Agriculture Exports |
|---|---|
| 2002-03 to 2012-13 | 14.18 |
| 2013-14 to 2023-24 | 19.61 |

Source: CMIE Outlook Data 2025

If the share of rice exports in total agricultural exports is viewed across two periods (2002-03 to 2012-13 and 2013-14 to 2023-24) in Table No. 2, an increase in the share of rice exports is found in the second period compared to the first. The average percentage share of rice exports in the first period was 14.18%, which increased to an average share of 19.61% in total agricultural exports during the second period from 2013-14 to 2023-24. This analysis shows a growth trend in rice exports in the second period compared to the first.

**Conclusion**

India's total rice exports stood at 1204.60 US million dollars in the year 2002-03, which grew more than 5-fold to reach 6218.20 US million dollars in 2012-13. In the year 2023-24, total rice exports reached 10,411.10 US million dollars. Within total rice exports, basmati rice exports grew from 425.2 US million dollars in 2002-03 to 5844.80 US million dollars in 2023-24, showcasing a 13.74-fold increase during this timeframe.

During 2002-03 to 2012-13, the average annual rice export was 2553.78 US million dollars, out of which basmati rice exports accounted for 1591.78 US million dollars. Meanwhile, during 2013-14 to 2023-24, the average annual rice export stood at 8108.52 US million dollars, with basmati rice valued at 4315.64 US million dollars. Thus, rice exports grew by 3.17 times and basmati rice exports grew by 2.71 times in the decade of 2013-14 to 2023-24 compared to the decade of 2002-03 to 2012-13.

The share of rice exports in total agricultural exports was 17.96% in 2002-03, which was found to be 21.61% in the year 2023-24. Although Basmati rice has always been significant in India's rice exports due to its taste and quality—finding steady demand in America and Asian countries—the international demand for non-basmati rice is also projected to rise, particularly from African nations. Therefore, by improving the productivity and quality of rice, benefits from the expansion of exports can be achieved.

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