

Impact on International Trade, Shipping, Regulations and Agricultural Growth

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ABSTRACT

Agriculture is the backbone of India. From the time immemorial the civilizations developed due to the water irrigation facilities available to man. This has led him to take the course of cultivation for the sustenance of life and development. India had good maritime contacts with other countries, such as Rome and Greek. This made the giants in the world to eye on India's prosperity and the economic growth. The trade and shipping of India's spices to other countries led to the development of maritime contact and the earning potential for our country. Of late, international bodies frame regulations to govern the international trade and the positive intervention of the government in terms of providing subsidies and the minimum support price. The shipping industry caters to the transportation of almost all types of commodities for the promotion of trade deserves appreciation from the economists for its cost effectiveness and the ability to act as the stimulant of economic growth.

Keywords: Indian agriculture, international trade, port and shipping, economic growth

1. INTRODUCTION

India is the seventh largest country in terms of area and it is the sixteenth largest marine trade country in the earth, in a coastline of about 7,517 km. With the good ports available the exports and imports of agricultural commodities are carried out smoothly. International regulations laid down the World Trade Organization and changing environment make the agricultural sector and its pricing an international one. The world bodies insist on the reduction of subsidies to the agricultural sector which may be a having a long term effect on the Indian farming community. Not only India engages actively in trading of the primary products, but also we have competing neighbours in the international arena. This puts a dramatic change in the international platform for agricultural implements, inputs and food products. The international trade is effectively carried out by the port and the shipping industry for the development of the economy. This paper throws light on the India's maritime contact with the select countries and the India's readiness to the regulations on the Agricultural sector.

2. STATEMENT OF PROBLEM

India is one of the ancient maritime countries having contact with the foreign nations for the betterment of its own citizens and the world people. The Kurunthogai in Tamil says, "Vinaye Adavarku Vuyire" and Tamil proverb states that one has to earn money by travelling across the sea.

Indian agriculture sector is characterized by monsoon conditions and the international price movements at large. In the process of development a country has to depend on foreigners for its own development and contributing for the society as a whole. India is the largest maritime country in the world at 7 percent. A good infrastructural facility is required for the export and import of the agricultural commodities.

3. OBJECTIVES

1. To study the international trade and agricultural sector
2. To inquire into the shipping of agricultural commodities in India
3. To understand the linkage between international trade, regulations and agricultural sector

4. REVIEW OF LITERATURE

Dwarakish & Akhil Muhammad Salim (2015) India has a rich history of trade across seas. Ports constitute a main financial activity in coastal areas. The higher the throughput of goods the additional infrastructure, provisions and associated services are required. These will bring varying degrees of benefits to the economy and to the country. Ports are also important for the support of economic activities in the hinterland since they act as a crucial connection between sea and land transport. As a supplier of jobs, ports do not only serve an economic but also a social function. In terms of load carried, seaway transportation is the cheapest and most effective transportation system compared to other systems. Industries require a safe and cheap means of exporting finished goods and importing raw materials. Hence the majority of industries in the world are located in the coastal belts, in the vicinity of major ports. These industries in turn, influence the lives of the employees and indirect benefactors. This report seeks to study the role played by ports in the development of a nation.

Ana Sanjuan-Lopez and P.J. Dawson (2010) studies the contribution of agricultural exports to economic growth in developing countries. The study estimates the relationship between GDP and agricultural and non-agricultural exports for 42 countries using panel co-integration methods. Results show that there is a long-run relationship between agricultural export and development of these countries. The agricultural export elasticity of GDP is 0.07 whereas that of non-agricultural exports is 0.13. Structural differences exist in the relationship by broad income group. Balanced export-promotion policies are implied for the poorest countries, but, for those with higher incomes, higher economic growth is achieved from non-agricultural exports.

Deshmukh (2009) in his paper liberalization and export Competitiveness of Indian mango examines the export competitiveness of mango during the 1991-92 to 2005-06 for India. The time series data for the study is from APEDA and FAO database of United Nations. The study has used the Nominal Protection Coefficient Domestic Resource Cost and Compound Annual Growth Rate. The study reveals that Indian mango was competitive till 1995-96 (highly competitive in 1991-92 to moderately competitive during 2005-06), thereafter it has become uncompetitive. The largest Share of Indian mangoes is exported to UAE.

Goyal and Gupta (2009) examine the status and growth in fruits and vegetables Production capacity and growth and instability in exports. The study is based on Secondary data from 1980 to 2006 collected from FAO, Economic Survey of India and APEDA. Using the instability index the study

finds that there is a better performance of fresh Fruits and vegetable in the post reformer a compared to prereform. But for processed Fruits and vegetables the export growth declined.

Globalization and liberalization has brought unprecedented challenges and severe competition to the industry. Thus there is need to improve quality, make the prices competitive and be innovative in anticipating the customer needs.

DEVELOPMENT OF PORT STUDIES

The economic history of maritime powers such as England, Spain and Portugal clearly documents the significant and critical role. The improvement of seaports as financial infrastructure assumes that like communications, roads and other economics infrastructure ports have a positive impact on the growth and development of countries. Which ports have played in the development of the global economy without ports, the Americas might not have been easily explored. Nowadays, the United States of America is not only the leading economic global power. Port development has optimistic revenue effects and balance of trade and balance of payments effects of good port. Seaports all over the international clearly show that port have critical economic impact nationally.

PORTS IN INDIA

The cargo handling ability of major ports in India is sufficient to match the trade demand. The capacity utilization for the year 2014-2015 was around 66 percent. The development of Non-Major ports due to increasing private sector contribution has led to shift of cargo transfer from major ports that operate at above optimum capacity, to the non major ports. There has been a rough development of port infrastructure across the country. As the addition of handling capacity has gradually outpaced the cargo traffic at ports, capacity utilization at the major ports has decreased.

INDIA'S MARITIME TRADE

India's maritime trade comprises of export-import trade in various bulk commodities like crude oil and other petroleum products, iron ore and coal, besides general purpose cargo. India's overseas trade in value terms is still less than one per cent of the total world trade, the physical cargo volumes handled at the seaports have however been quite sizeable. The Indian major ports have together handled 715.62 million tonnes of cargo in fiscal 2007-08 and taken together with 196.38 million tonnes of the cargo traffic handled in the same year by the minor, intermediate ports. Moreover, traffic handling capacity of major and non-major ports remained 800.5 million tonnes and 599.5 million tonnes respectively in 2014.

COUNTRIES WITH WHICH INDIA HAD TRADE IN AGRICULTURAL COMMODITIES

During 2010-11 to 2017-18

India ships agricultural commodities to many prominent nations in the world.

The agricultural products traded are

1. Guragum
2. Other processed fruits & vegetables
3. Alcholic beverages
4. Mango pulp
5. Pulses
6. Dried & Preserved vegetables
7. Floriculture
8. Miscellaneous preparations
8. Groundnuts
9. Fresh onions
10. Fruits & Vegetables seeds
11. Cereal preparations
12. Jaggery & Confectionery
13. Basmati Rice
14. Cucumber and Gherkins
15. Other Fresh Vegetables
16. Other Fresh Fruits
17. Cocoa products
18. Fresh Products
19. Casein
20. Milled products
21. Maize
22. Processed Meat
23. Sheep/Goat Meat
24. Other meat
- 25.

Natural Honey 26. Other Cereals 27. Walnuts 28. Non-Basmati Rice 29. Wheat 30. Dairy products 31. Poultry products 32. Buffalo Meat 33. Animal Casings

country	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18 (April-August)
China	391.95	1494.86	1721.99	1438.57	1079.53	664.07	528.82	181.59
Germany	495.42	1080.79	8151.20	951.95	924.82	893.22	953.42	390.21
Japan	154.51	234.74	301.28	436.42	430.10	416.73	313.81	128.64
Russia	327.38	661.91	847.16	1174.54	1105.10	960.38	1326.31	471.56
Canada	336.66	731.88	902.76	864.99	1046.32	855.83	832.89	412.35
Bangladesh	336.66	731.88	902.76	864.99	1046.32	855.83	832.89	412.35
USA	37.42	66.72	67.04	58.20	64.34	37.02	35.22	21.91

Source: DGCIS, APEDA Agriexchange, www.agriexchange.apda.gov.in

5. SUGGESTIONS AND CONCLUSIONS

India which is an agrarian based economy is slowly transforming into the service sector oriented economy. Our economy is producing the food products which are sufficient to feed our millions of people and the excess of it is being exported to foreign countries. The country is in need of good quality ports to have quick and wide maritime contact with the rest of the nations in the world. This calls for the attention of the policy makers to construct new ports and renovate the existing ports on par with the international standards. India can concentrate on the export of flowers through air and sea ports. As the airport is quicker it is preferred by many. The neighbor first policy will help us to exchange our commodities with the neighboring nations at less cost and more profit as the cost of transportation becomes lesser and cheaper. Dedicated sections may be opened for the export of fish products, agricultural produce and the value added products to other nations. This will make our country to earn the much needed foreign exchange and would moderate any price fluctuations witnessed in the Indian agricultural sector.

The following suggestions are put forth by the researcher

1. Export awareness to be created among the cultivators
2. Facilities of trading may be arranged by the governmental and non-governmental organizations
3. India Agriculture Trade Fair may be organized in potential foreign nations to increase the marketability of Indian products
4. New all weather ports with good dockyard facility may be created for furtherance of trade, particularly the value added Indian agricultural products
5. Emphasis may be put on the export of organic products which fetch more revenue to the sellers and the government
6. Good contact with the neighboring and market areas are essential for the sustained trade of agricultural goods
- 7.

It is the high time to revisit our agricultural sector and the concentration has to be laid down on the value added products. This would usher our country into the leading exporter of value added agro-products in the annals of world trade. If sustained effort is made, India would become the world leader in the export of agro and food products culminating in the reduction of hunger in the South Asian, Latin American and the Sub-Saharan countries in the world.

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