

Russia-Ukraine War: An Opportunity to Indian Agricultural Sector

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Abstract:

This research paper has enlightened on opportunity to Indian agro products in world market in war like condition between Russia and Ukraine. Ongoing Russia Ukraine war, world agriculture products supply chain has been disrupting. Many agricultural products prices are increasing. But this war has opened golden opportunity for Indian Agro products such as Cereals, Dairy produce, fruits, Vegetables, Oil seeds and oleaginous fruits etc. Hence, this war situation India can export all these agro products which are comparatively advantages (RCA >1) in world market.

Key Words - Russia, Ukraine, Indian Agricultural, RCA

Introduction-

Since the last decade Indian economy is facing the many problems such as demonetization, critical structure of GST, Covid-19 shock, Inflation etc. In the lockdown period very adversely impact on agriculture sector, but paradox is during the period of lockdown agriculture is only one sector which growth rate was positive. During the Covid -19 period large proportion of agriculture products were wasted. The farmers have not sold their products as it will be forced to sale it to the local market traders who will offer them prices lower than minimum support prices (MSP). The performance of the agriculture sector has been resilient to the Covid-19 shock. The agriculture sector grew at 3.6 per cent in 2020-21 and improved to 3.9 per cent in 2021- 22(Economic Survey 2021-22).

Due to ongoing war between Russia and Ukraine crude Oil, prices are hiked. When prices are hiked, transport cost will be increase. It will lead to an increase in national and International prices. Russia and Ukraine are two world largest exporter of wheat, Sunflower, Maize, Barley etc. Also Russia is the largest exporter of crude oil, but USA and NATO countries are imposed restriction on Russia's economic activates. These reason Inflation is continuously raising national and international level. Russia and Ukraine both are world largest exporter of wheat, sunflower, barley etc. all this world agriculture product supply chain has disrupting and this reason prices are hiked. But Ongoing Russia Ukraine war has opened golden opportunity for Indian agriculture sector.

Statement of the problem

Ongoing Russia- Ukraine war world agriculture products supply chain has been disrupting. But this war has opened golden opportunity for Indian Agro products which are revealed comparative advantages in international market. India can export of all these agriculture products which RCA value is greater than one and earn valuable foreign currency.

Objectives of the study

The main objectives of the study are,

1. To study current position of Indian agriculture sector
2. To study RCA of Indian agriculture products
3. To study export opportunity of Indian agro products in international market.

Research Methodology:

The present research paper is mainly depending on secondary data. The secondary data is collected from www.international trade Centre based on UN COMTRADE, Ministry of Commerce Govt. of India, Economic Survey etc. and additional sources is collected from Journals, Books etc.

Revealed Comparative Advantage (RCA):

The Concept of Revealed Comparative Advantage (RCA) developed by Balsas in 1965 pertains to the relative trade performance of individual countries in particular products in this research. The researcher has used this RCA index to measure of relative export performance of India's agricultural products. The RCA is calculated by using data on export and import. The RCA explain whether a country is in the process of extending the commodities that can be competitively exported is static provide information about potential trade prospects with new trade partners. The RCA measured to following statistical equation.

$$RCA_{ij} = (X_{ij} / X_{it}) / (X_{wj} / X_{wt})^1$$

Where,

i = country j = product

X_{ij} = Values of country's exports of product j

¹ www.World bank trade indicators

- X_{it} = Total exports of country
- X_{wj} = World exports of productj
- X_{wt} = Total exports of world

RCA explain if the value of RCA is greater than one implies that the country has revealed comparative advantage in the product and if the value of RCA is less than one, indicate that the country has revealed comparative disadvantage in the product.

Table no.1 Key Indicators of Indian Agricultural

Year	Share in GVA(%)	GCF (%)	Share in Export (%)	Agri. Growth Rate (%)	Food Grain Production (million Tons)
2000-01	22.5	-	14.24	-0.0	196.8
2005-06	18.3	-	10.78	5.1	208.6
2010-11	18	2.4	9.007	7.7	244.5
1015-16	17.7	2.6	15.4	4.1	252.23
2019-20	18.4	2.7	11.2	3.3	285.2
2020-21	20.2	2.8	14.3	3.6	297.5
2021-22	18.8	-	11.6	3.9	308.6

Source: -Various India’s Economic Survey

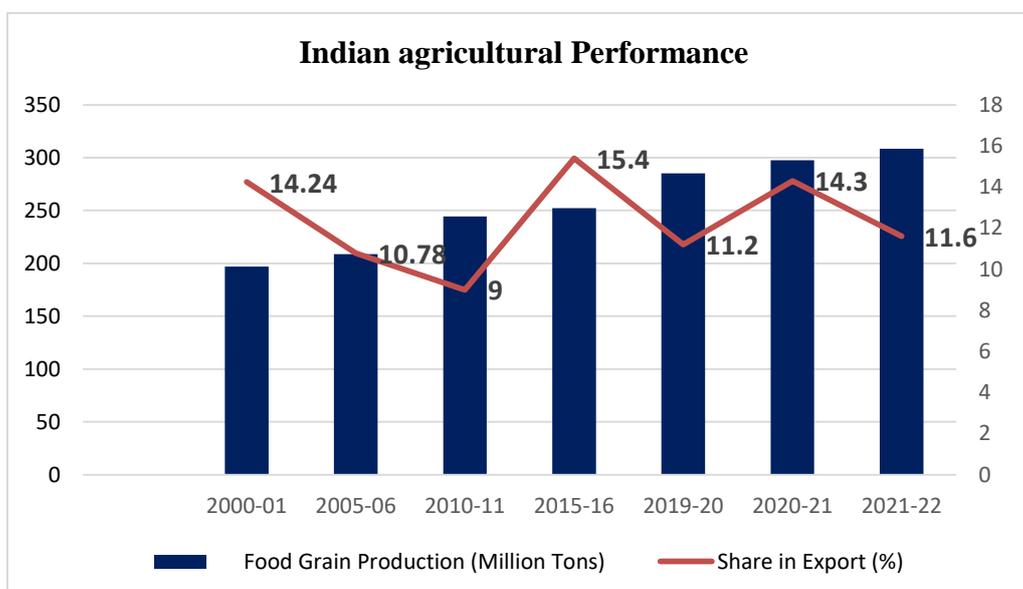


Table no.1 is reveals that performance of agricultural sector during the period of 2001-2022.Agriculture has always been the backbone of the Indian economy.Agriculture sector still provide employment to 48.5 percent of Indian work force and is the single largest sector occupation.The share of agriculture in GDP was around 55 percent in 1950. But as the process of industrialization and economic growth gathered momentum under the Five Year Plan with manufacturing and service sectors growing rapidly and agricultural sector limping along, the percentage share of agriculture in GVA declined and reached a level of 18.8 percent in 2021-22. Share of agriculture in capital formation during the 2011-12 was 2.4 percent and it was reached 2.7 percent in 2020-21. Today India is the world largest producer and exporter of Banana, Tea, Cashew, Mango, Spices, Lemon and Second largest producer of Rice, wheat, Sugar, Vegetables Rice is the main crop of India. Agricultural production is continuously raising during 2001 to 2021.It was 196.8 million tons in 2001 and 308.6 million tons in 2021.

After 1991, India has accepted globalization and some positive and negative impact of globalization on Indian economy. India has emerged as a significant agricultural exporter in a few crops, like cotton, fruits, rice, meal, oil, meals, pepper, Sugar etc. As per Economic survey of India Share of agricultural in exports has decreased .It was 14.21 percent in 2000-01 and it was 11.6 percent in 2021-22.

During the globalization period specially, after accession in WTO adversely impact on Indian agricultural sector. One of the paradox of Indian economy is that declined in the share of agricultural worker in total workers has been slower as compared to the decline in the share of agriculture in GDP. Further declined the percentage share of public investment and increased the private sector. After India accession in WTO, Indian farmers growing indebtedness, increasing risk, sharper decline in absolute productivity, price uncertainty due to trade liberalization and rise in cost due to domestic liberalization, decline in credit and non-farm work intensified the crisis. These reasons today farmers are suicides ration increasing. The small and marginal farmers are affected as there is a reduction in the fertilizer and Chemical Subsidies and in the budget for poverty alleviation programs as well as shift of area under food production to export oriented commercial crops.

But ongoing war between Russia and Ukraine opened golden opportunity to Indian agro exporter. Because many agricultural products are revealed comparative advantage in global market. India can export and earn high profit from this export, also the objective of double income of farmers will be achieved.

Table No.2
Revealed Comparative Advantage (RCA) Of Indian Agro Products

Sr. No	Products	2001	2005	2010	2015	2018	2019	2020
1	Fish and crustaceans, mollusks and other aquatic invertebrates	1.1	2.5	7.9	1.1	8.2	8.4	9.6
2	Vegetable plaiting materials; vegetable products not elsewhere specified or included	1.4	4.8	2.2	1.4	7.3	7.7	6.8
3	Meat and edible meat offal	2.5	8.8	5.5	8.8	4.7	4.2	4.8
4	Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit; industrial or medicinal	5.8	1.3	4.8	4.5	2.6	2.9	3.4
5	Edible vegetables and certain roots and tubers	3.9	1.6	5.2	4.0	2.7	2.5	3.3
6	Preparations of meat, of fish or of crustaceans, mollusks or other aquatic invertebrates	1.1	5.9	2.3	1.1	1.3	1.5	2.3
7	Edible fruit and nuts; peel of citrus fruit or melons	6.9	1.7	4.3	3.3	2.0	1.9	2.0
8	Cereals	9.8	4.2	1.0	1.5	1.1	1.1	1.5
9	Sugars and sugar confectionery	8.1	3.1	7.0	7.9	4.4	8.1	1.3
10	Coffee, tea, mate and spices	2.5	4.5	1.6	1.4	1.0	1.1	1.4

Source: Calculation based on www.itc UN COMTRADE 2020

This table reveals that Revealed Comparative Advantage (RCA) Of Indian agro products in international market during the period of 2001-2020. All this agro products RCA value is greater than one means all these products are comparatively advantage in global market.

Major Findings:

During war international door is open to India getting opportunity of rising prices from export of agro products. More than 100 days has completed of ongoing war between Russia and Ukraine. This reason many agro products prices are rising means inflation is raising. In 2001 Indian agricultural production was 196.8 million tones and 308.6 million tons in 2021; means agricultural production is continuously rising from 2001. but share of agricultural in export declined during 2001 to 2021 .It was 14.20 percent in 2001 but it declined 2021 which was 11.6 percent. During Covid-19 period, farmers have not only struggled very large proportion to sell their products but also Due to lack of demand they cannot get faire prices (MSP). But, after unlock in India as well as global level market is completely open to trading, especially golden opportunity to Indian agro products exporter because due to Russia Ukraine war agricultural production supply chain has disturbed. India can export those products which RCA value is greater than

one such as Cereals, Fish and crustaceans, molluscs and other aquatic invertebrates, Vegetable plaiting materials; vegetable products not elsewhere specified or included, Meat and edible meat offal, etc. All this products RCA value is greater than one. But government export policy should be necessary to consistence for farmers development. Unfortunately in recent days government has banned on export especially wheat export. It need government to open export opportunity for Indian farmers.

Suggestions and Conclusion:

If we want inclusive growth, both central and state government has to focus on agricultural sector. Without agricultural development we can't achieve the sustainable development. India can export this all products (Table No.2) and get advantage increasing prices of agro products due to war between Russia and Ukraine. It should be necessary the government implement the policies effectively and help the farmers increases their double income, also, without agricultural development we can't achieve aim of five trillion Indian Economy. India's future agricultural development will require much faster crop diversification in view of changes in consumption pattern. There is growing preference for milk and milk products, meat, poultry, Fish, Fruits and vegetables, Meat and edible meat offal, Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit; industrial or medicinal etc. Also need for focusing on agricultural marketing because the brokers are exploitative and deny remunerative prices to farmers for their product. Today need for agricultural sector to increase irrigational facility, increase minimum support prices, improve to public investment and promote the research in agricultural sector.

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