

# World Trade Organization and Indian Agriculture: A SWOT Analysis

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## ABSTRACT

*World Trade Organization is one of significant institutions which has been playing remarkable role to boost up the international trade in the world. It has a significant contribution for liberalize the terms and conditions on trades, particularly on transaction of agricultural produces, grown by the developing countries. The present paper examines the functioning of WTO in terms of its terms and conditions, from the view point of strength, weakness, opportunity and threat; particularly for the developing countries like India, where 45 per cent of the work force, engaged in agricultural activities. In order to access to this international institution, the provision of 'Green Box' 'Blue Box' and the 'Red Box' have been proved conducive to get the facilities in accordance with desired benefits which was expected by the developed and the developing countries of the world. Lastly, in order to strengthening this institution, various suggestions have been recommended to ameliorate the terms and conditions of the trade practices, so that every segment of stakeholders may be benefitted in a judicious way.*

**Key words:** *World Trade Organization, agricultural produces, SWOT Analysis, developing countries, suggestions.*

## INTRODUCTION:-

The World Trade Organization has been playing a very significant role for the developing the judicious trade relations in terms of liberalized terms and conditions through globalization for the agricultural sector. It has been proved conducive to get the due benefits in accordance with changing business scenario throughout the world under protective and liberalized trade policy. WTO has paved the way for the traders to prepare themselves to avail the opportunity to make use of global platform, which was emerged on January 1, 1995. This international trading institution; including 85 founder member countries, along with India WTO deals with the items such as agriculture, textiles, clothing, banking sector and telecommunication purchases of the government industrial with the requisite standard and the safety of the product, regulation of food sanitation, intellectual property etc. The world trade organization is functioning on some of the primary principles which are based on the foundation of the multi-lateral trading system which are operated in accordance with the basic principles of liberalized policy enacted by the international trade related bylaws.

There are sixty various agreements, operated under WTO, characterized and enacted with international legal text status through documented the 29 legal texts. In order to motivate the free trade it is essential to plan the Multinational Corporation with its vested interests of all the local communities which are functioning with the families and environment, both of them are having the rational mind in democratic system around the entire world. It is obvious that the WTO requires a good opportunities, to grow the international trading activities in a systematic

ways. The under developed countries like India may enjoy the liberalized policy to tap the export potentials in agreement with an appropriate domestic policy that is to be acknowledged for their export. World Trade Organization has made available a legal framework for international Trade for transitioning the Goods and Services, which has paved the way for assisting the member countries on arrival of any reconciliation of any dispute relating to trade and also cultivating the harmonious environment for Trading among different countries, but still there are numerous of issues often arrive in the developing member countries that are unsatisfied with the negotiations accomplished by the World Trade Organization. The developing countries are jointly working to achieve the desired and common objectives and achieving the overall economic growth and development of the country. The prime factor to affect the negotiations, policies packages has been the 'Agriculture' which is now revised by WTO under the Ministerial Conferences.

#### **India's Positions at Doha round:-**

The position of India in the agenda of development and the interest of the farmers is not supposed to be diluted and the issues relating to industries and agriculture are not to be inter-mingled; whereas at synchronization with the Indian negotiators, felt that there was no change, taken place in the situation of 'Subsidy' of the developed countries, yet new parameters are being introduced. Nevertheless the leadership of India has been emerged in the globalization age and is gradually removing its defensive posture and it has been revealing dynamic position in the negotiations of World Trade Organization. India turned down the proposal of introducing the new subject matters like Investment, Competition, facilities for trade practices or Transparency in the proceedings of procurement of the government, which has not been accepted in accordance with the basic principles of trading by eliminating the non-discrimination or market appropriation of market access for tackling the issues such as investment and competition. The Commerce Ministry and Industry raised some of relating issues of the delicate industries of the under developed nations which include the small-scale industries, which sustain a huge quantum of labor force, could be eliminated.

India took censure firmly against any linkage between trade and standards of the labours and recalled that the Singapore Declaration had once and for all dealt with this issue and there was no required to refer to it again. Similarly, on front of environment, India was strongly disagreed with making use as preventive measures for environmental protection which was aimed at imposition of unilateral trade restrictive measures for unilateral trade and by considering the present WTO rules which were sufficient to tackle with all legitimate environmental relating issues. In fact, the Minister nomenclature was given as 'Trojan horses' of protectionism. Doha Ministerial was not been declared as failure to continue the work program. However, it was sheer fortunate for India when the round was launched with rendering of services brought into the multi-folded international rules, framed by the GATS.

#### **Agreement on Agriculture (AOA):-**

Doha round mainly gives emphasis on the distorting policies for non-trade practices of product market of agriculture; covering three areas as follows:

### 1. Domestic Support:-

The countries which are member of WTO are subjected to follow to be obliged on the supported domestically to their agricultural activities. In this context, there are various issues under the 'Agreement on Agriculture' which are not in accordance with the safeguard interests of the under developed countries. 1stly, minimum access for importing the primary goods and services importing which has been the basic rule of promoting free trade practices under the agreement of WTO. Secondly, distortions created from in discipline of domestic subsidy anomalies due to different positions of its base. It was highly subsidized for the developed countries which are permitted up to 80 % of their subsidies, but in case of the farmers, belonged to developing countries could not be subsidized not more than 10 % of the total agricultural output value. Hence, it becomes imperative to reduce the terms and conditions for the developing countries. 3rdly, India has given her view point that for less developed countries, the market access and discipline of domestic support should be in a such way that their needs for food from the domestic sources. Further, the behaviour of highly fluctuating of foreign market which can be transmitted to the domestic economy and can have a considerable impact on the food grains prices and entitlement for food of the people, belong to low strata of society. 4thly, the largest tariff rates are faced by the under developed countries, including agricultural staple foods and allied agro-based products. The proposal of India, which have, by and been well endorsed and received by most of the developing and some of the developed countries. However, it is significant that the measures are taken to get benefits of a liberalized trade period through enhanced efficiency arising from sanitary and *phytosanitary* measured.

The capacity building is likely to be enhanced to a great extent by investing more in this area and the land reforms taken place from time to time. Agricultural output into products, derived from agro-based food stuff, floriculture, sericulture and horticulture and farm products in accordance with the requisite standards could assist to boosting up the exports, associated with this stream. It also includes the investment subsidy to the agricultural sector for the developing the farm works such as leveling of lands, shallow the wells etc. The agreement of agriculture in the form of 'Domestic Support' has been divided into three parts; including the "Green box" where the measures are those which is not influence international trade directly and excluded from any declining in the commitments such as policies on agriculture support, R & D, pest and disease control, on services rendering for advisory and imparting the training. However, such measure to be taken by the government to the producers, rather than directly price to support producers.

1. The "Amber box" the Amber Box is the measure of particular support price which is meant for the farmers. They work out in accordance with product basis. The members of WTO have committed to reduce them over the period the for developed and under developed countries which is relatively lower than that of developed countries.

2. The “Blue box” the ‘Blue Box’ including making direct payments to producers by putting limitations of output and the programmers which is based on the number of land holdings and animals. They are relevant to developed economy only.

The following box implies as aggregate measurement support.

**Table 1.**  
**Aggregate Measurement Support**

Box	2001	2002	2003	2004
AMS	de mini	de mini	de mini	de mini
Blue box	0	0	0	0
Green box	2852	4003	5238	5884

Source: Study center WTO, New Delhi.

#### **Export subsidy:-**

The country India has never been user of any traditional subsidy for her exports. It is obvious from various reports which show that the country has not been extended any export subsidy during the period 1986 to 1990. This period was selected for the base year for discipline of export subsidy. According to the guide lines, mentioned in AOA, India is not in a position to resort the subsidies meant for exports in future through developed nations, particularly from US and European Union countries, which has facilitated a huge subsidies for export, as results, remained more or less same, as observed after meeting on commitment on reduction. The country like India has been benefited by the measurements taken by S&D and allowed the under developed nations to make available the subsidies on basic amenities and infrastructural facilities like transport, charged for handling for export oriented shipments and boosting the other cost for processing concerning to subsidies on exports. Export Subsidies are made available in the form of subsidy for internal transport, in terms of global air freight help. In context to conversion of barriers on non-tariff on trade practices; which includes the quota in to t imports tariff? According to this protocol, the bindings of tariff are to be declined to a great extent in the due course of time. Subsequently, the developed nations had to decline their tariff bindings during different successive periods (1995-2004).

#### **Market Access:-**

The commitments on tariff in the Indian agriculture which was binding to all the commodities, included. The tariff bindings, has been 100 % for the primary products and the 300 per cent for edible oil. The *tariff* limitations meant for the developed countries like India has been an average figure of 117.3 %. Under these negotiations, India had established tariff rate quotas of rates of in the in the tariff segments, such as corn; except the seed, milk powder, refined mustard and sunflower oil. Under the Tariff Restrictive Quota, the import which was

operated by state owned enterprises. Salient characteristics of commitment for tariff of India, there were sizeable numerical strength of the cases, the internal bound are significantly larger than that of their correspondingly present applied tariff has been maximum for the edible oils, the bound duties, felt maximum 300 per cent. On the other hand, the applied tariff has been 65 per cent; in case of palm oil (refined). However, in case of major cereals which include wheat and paddy, applied tariff has been pegged very near to bond levels in providing protection for agriculture of India from relatively cheaper imports. The prices of the cereals in the global market; experienced a downwards trend in the late 1990s. It was due to huge subsidies; provided by US and EU member countries.

Hence, the SWOT Analysis of AoA, under World Trade Organization, shows that the vital role played by WTO, has significance for international market access and facilitated for the members of developing countries to representation themselves to increase their share in the international market. In this situation, the dual price policy of the agricultural produces in the domestic and international market has always been shown a considerable gap; as a result it has given rise to frustration among the affected farmers of India. It is therefore, it becomes imperative have a periodic review of the price policy and the concession, provided through 'Green Box' facilities for the developing countries, so that the probability of internal and external threats, may be mitigated to a maximum extent to benefit the farmers of the developing countries like India. In order to improve the terms and conditions of WTO, under MoU, various suggestions are to be recommended which are as follows:

In this context, many economists have suggested for increasing the limits of these boxes that helps in changing scenario of agriculture, particularly in most of the developing countries like India, benefitted in a better way. In this framework, lots of broad principles has included as follows:

- a) By fixing the aggregate 'Green Box' outlay of the developed countries- it is a very significant requirement to identify an upper limit of subsidy level which can be delivered under the "Green Box", by the developing countries, it significant for avoiding any further shifting of 'Green Box'
- b) Ending the entire subsidies, under the decoupled payment, as this payment will essentially to be coupled, either directly or indirectly, and ensures to supporting the agricultural output, otherwise it would not has 'viable economically'.
- c) There should be the making payment directly and should be allowed only for the reason with the natural disasters and or otherwise where the loss of agricultural output has been more than a threshold level.
- d) In this context, the program of structural adjustments is time-bound, so that it may be given to cumulative production and the impacts of trade-distorting.
- e) It is very essential to strengthen the mechanism and to ensure that outlay categorised under 'Green Box' which to be satisfied to a great extent in accordance with the basic principles.

Hence, it is obvious that the multifaceted studies on the problematic areas of the developing countries in relation to facility of 'Green Box' and the subsidies, given to the developing countries have been proved conducive to promoting the international trade of the agricultural produced under AoA, Agreement on Agriculture. On the basis of statistical analysis of agricultural production and productivity we may draw the inferences that the impact of WTO

on Indian agricultural scenario has not been achieved very successfully as it was expected during pre WTO period. In this context, there are some of suggestions which may be proved for ameliorating the agricultural exporting scenario in the coming years.

#### CONCLUSIONS:-

The World Trade Organization has been playing a vital role in determining the agricultural production and productivity of Indian agriculture, during different successive periods. The agricultural subsidies and their impact on trade and global level competitiveness, particularly for the under developed countries like India, experienced the various multilateral negotiations during 1980s. In this context, some of judicious steps have been taken under Uruguay under AoA. The concept of releasing manufacture and trade unbiased subsidies from WTO commitment initially proposed by the US in 1987 and later on endorsed by EU. These subsidies have been categorised under the 'Green Box'. By following the AOA, and experienced a considerable declining trend under the 'Amber Box' and 'Blue Box' in the established. However, this declining trend experienced in 'Green Box' and domestic subsidies following extensive '*Box-shifting*' of subsidies. In view of the growing literature and empirical evidence on production and trade-distorting impact of 'Green Box' subsidies of developed countries, which are substantial in volume, it is significant to being Green Box subsidies under international discipline 'Green Box' subsidies in the past "*Bali Work program*" With regarding the influence of World Trade Organization on Indian agriculture, it has been concluded from the statistical figures which indicate substantial declining during the different successive periods and the effects of World Trade Organization and AOA have a little impact on ameliorating the socio-economic status of the minor and marginal farmers of Indian peasantries.

Keeping in view the SWOT ANALYSIS of WTO and the Indian agriculture that has taken place under WTO which requires a periodic evaluation of the privileges, agreed to the developing countries. In this context, India is one of the countries, where the majority of the people, belong to rural areas, directly or indirectly engaged in agricultural and allied activities. Except, few states, like Punjab, Haryana, Western Uttar Pradesh and part of Odisha and Chhattisgarh are having healthy agricultural production and productivity. On the other hand, the 65 percent of the land, located in a central and southern part of India, small and marginal farmers either negligible for meeting their livelihood. There is constantly questioning of the sustainability of food security for their families. There is widely spread surplus labor, in the form of disguised unemployment in most western parts of the country. Their marginal productivity is either zero or negligible in all the rained areas of India. In this situation, various studies based on periodic statistical figures indicate that there is negligible marketable surplus or no marketable surplus. In this situation how WTO can help the poor small and marginal farmers. The important question which is to be answered from the view point of the whole agrarian economy of least industrialized areas. Only then, the advantages given by WTO, by providing the facility of '*Green Box*' can be utilized in an effective way. It is therefore, it becomes imperative to raise the productivity and production of the small and marginal farmers, by diversification of different

crops with vegetable farming, medicinal plant farming and the fruit farming's; so that the diversified crops, may fetch relatively ruminative prices in the international market.

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