CHAPTER – VIII

CONCLUSIONS
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The present research has taken up with an aim to study certain crucial aspects of WTO which has been playing a dominant role and profoundly influencing the international trade and the economies of various countries in the world. The study also explores the impact of WTO on Indian economy with particular reference to the Agricultural Sector and Textile and Clothing Industry. Further, the implications of Structural Adjustments Reforms for the economy of the country are also examined in this study.

In pursuance of this aim in the preceding chapters an attempt is made to examine the aims, structure working and other important aspects of WTO and also its effects on the Indian agricultural sector and Textile Industry. On the basis of data collected from various sources all these different aspects are critically analysed and presented in different chapters of this thesis. Each chapter deals with a specific dimension of the WTO in a thorough and critical manner. Basing on the findings and observations made in these chapters, certain over all conclusions are drawn about the different aspects of WTO which are the focus of the present study. A summary of these conclusions are presented in this chapter.

The conclusions are mainly related to the following three aspects:
1. WTO's Impact on Indian Agriculture

2. WTO's Impact on Indian Textile Industry


The conclusions on the above three aspects are presented in the following pages.

The establishment of WTO in 1995 is a great landmark in the history of international trading system. In fact, for several years the international trading system functioned without such an organization to regulate the trading operations at the international level. This vacuum ended with the creation of WTO which was assigned with several responsibilities additional to those carried out by its predecessor organization, the GATT. The WTO in its wake brought about several significant changes in the system of international trade. Its impact on the economy of both developed and developing countries including their foreign trade is tremendous. It has almost changed the very nature and direction of international trade system along with the economic scenario of the world. Further, the economies of almost all the countries in the world have turned away from their existing systems and entered into a new direction. They were integrated with the global economy. The globalization affected the economic system of these countries both positively
and negatively. This economic transformation has not only created prospects for development but also thrown several challenges before them.

All these implications of WTO attracted the attention of innumerable number of Scholars of various disciplines world wide who carried out studies focusing on the different dimensions of WTO. There has been a rapidly growing body of literature on different aspects of WTO and its drastic implications for various countries. Yet, there is an imperative need for more research on the WTO and its role in the on-going economic transformation taking place throughout the World. Keeping in view such a need, the present study is attempted which addresses certain crucial aspects of WTO focusing on its impact on different sectors of Indian economy with particular reference to the agriculture and Textile Industry. Apart from presenting a vivid description about the evolution of WTO, its objectives, structure and functions, agreements in different sectors modus operandi, achievements and failures, the study examines the changes that have taken place in the Indian agriculture and textile industry after the advent of WTO.

The study examined all these aspects of WTO on the basis of vast amount of literature collected from a variety of documentary and other sources. The primary source of data collection is the Reports and other Official Documents published by the WTO, and several other International agencies, the Government of India, Particularly, the Departments of Trade
and Commerce and Foreign Trade and so on. Further, the Reports of the various Committees and Commissions appointed by the Government of India on the subjects relating to Agriculture, Textile Industry and so on were used for the data collection. Along with these documentary sources, data was collected from a vast number of books and periodicals. The findings and conclusions are presented in the following pages.

I. WTO’s IMPACT ON INDIAN AGRICULTURE

The impact of WTO on the Indian Agriculture is discussed under the following four broader heads:

i) Overall Impact on the Indian Agricultural Sector;

ii) TRIPs Implication for Indian Agriculture;

iii) Impact of Sanitary and Phyto-Sanitary measures on Indian Agriculture;

iv) Impact of the Anti-Dumping measures on Indian Agriculture;

i) Overall Impact on the Indian Agricultural Sector:

One of the major agreements that were concluded in the Uruguay Round of negotiations signed in Marrakesh in April 1994 was the Agreement which brought the WTO into existence on Agriculture (AOA). This Agreement has three basic clauses: market access (tariffication), domestic support and
export competition. With India signing of the WTO Agreements on agriculture as a founder member, the path for globalizing the Indian agriculture was cleared. Consequently, the globalisation started playing an important role in the determination of cropping pattern, investment level, price structure, and quality of production imports and exports position and level of international trade. Further, the measures such as minimum compulsory market access to the foreign traders, removal of non-tariff facilities, and their replacement by tariff barriers, reduced prices, removal of restrictions on the foreign companies domestic trade and acceptance of Intellectual property rights have become mandatory features of Indian Agriculture. In the beginning, it was widely argued that Indian would be benefited immensely along with the other developing countries complying with the WTO Agreements.

Not with standing the positive expectations, doubts are raised in various quarters about India's preparedness to globalize its agriculture and its impact on this sector, particularly, on the conditions of the farmers who constitute about 70 per cent of the total population. Some experts and analysts who are critics of globalization doubted whether Indian agriculture would be benefited from the WTO's Agreements on agriculture. In fact, several developing countries including India hoped that the Agreements on Agriculture negotiated by about 120 countries at Marrakesh would open up export markets for their agricultural products in the developed countries. After the WTO came into being however, these countries have realized that
several provisional and formalities incorporated are WTO's Agreements on agriculture are conducive to their interests. Their concern was voiced in the several meetings of the WTO and there is lot of debate going on continuously on this subject in various forums and other occasions.

The present study which examined indepth all the relevant issues on the basis of collected evidences discloses that the WTO Agreements on the agriculture have helped India to some extent to boost its exports in these two sectors. In the past, the share of India in the international trade in agricultural products was less than one percent. However, the exports of various Indian agricultural products have escalated after the advent of WTO. However, a variety of factors such as the high import tariffs imposed by several developed countries; high cost of production of agricultural commodities in India, low competitive efficiency, high sanitary and phyto-sanitary standards set by the developed countries, low export subsidies extended by the Indian Government and the highly volatile international prices of agricultural commodities came in the way of India in deriving the benefits of the WTO to the full extent. Inspite of these limitations the imports of several agricultural commodities into the country has increased considerably due to lifting of the ban on import of agricultural products, removal of quantitative restrictions on imports and the low level of import tariffs imposed by the Indian Government in accordance with the WTO Agreements. For instance, the import of palm oil, cotton, pulses, milk and
milk products, poultry and several other products have not only drastically reduced the demand for the above domestic products but also crashed their prices. These developments have badly damaged the position of Indian farmers who are cultivating groundnuts, soyabean, sunflower, cotton, pulses etc.

The present study found that India’s agricultural imports have gone up from Rs.50000 million in 1995 to over Rs.200000 millions in 1999-2000, with an increase of 400 percent over the period of only 5 years. Soyabean and Palm Oil flooded the Indian market, destroying the domestic edible oil economy based on the groundnuts, coconut, mustard and sesame. Although the tea imports are always low, removal of import restrictions caused the collapse of tea prices in the Country. Consequently, the tea producers have reduced the production of tea at the rate of 45,000 kg a day. The prices of Milk came down from Rs.13 per liter to Rs. 9 per liter even with small imports, forcing the farmers in Punjab to sell their buffaloes. The local markets, which used to have milk from 25,000 buffaloes each day in the past, were receiving milk only from 10,000 buffaloes now. This has created an irreversible decay in the livestock economy, which is largely in the women’s hands.

As observed by several critics the increased pace of globalisation of trade in agricultural commodities which has started with the GATT in 1994 is not likely to be fully realized by the developing countries like India in view of the experience of the implementation of this Agreement across the countries.
It has to be noted that adequate safeguards are available for the developing countries to counter the threat of imports from the developed countries. India is not required to reduce the subsidies to support the agricultural sector due to the GATT Accord. There is, however, a pressing need to target the subsidies more effectively to the benefit small and marginal farmers for whom the subsidies were originally intended. Further, more attention needs to be devoted to the provision of inputs such as seeds, fertilizers and uninterrupted power supply to the agricultural operations to boost agricultural production.

Evidently, even after the advent of WTO the international trading environment has not opened up to the extent predicted. The developed countries have managed to continue their dominant position as the main exporters of certain agricultural commodities such as the cereals by withdrawing support to the farmers from the market prices. Further, the non-tariff barriers have been replaced by tariffs but the effective level of protection has not declined. In view of these safeguards the integration of Indian agriculture with the global trade can be realized only by reducing domestic cost of production through necessary measures which increase the productivity and control the procurement and distribution costs. The road of globalization lies in the productivity improvement but not on the pre-supposed opening up of markets abroad.

From the evidences presented in this study it is clear that India is providing no adequate support to its farmers in their agricultural operations.
Hence it can be safely concluded that India is unlikely to be affected by the Uruguay Round Agreements on market access and export subsidies. A recent study (1998) in this regard shows that the product specific AMS has been fluctuating over the last three years. Further, these AMS registered an increase, but they resulted in a situation which is considerably negative. So, Indian agriculture is a potential beneficiary to the extent that the liberalization of the world agriculture trade occurs as a result of the Uruguay Round. India possesses export competitiveness in cereals (rice and wheat), commercial crops (Cotton), fruits (banana, grapes, elachi, mango and apple), vegetables (onion, tomato and potato) and processed food (mushroom and tomato pastes). So, as a result of the agricultural liberalization the returns to this sector are likely to rise.

The present study indicates that the tariff restructuring for the agricultural commodities needs to be analysed for assessing the impact of WTO on Indian Agriculture. It is esteemed in 2000-01, that the average basic duty rate for all agricultural tariffs is 34.9% as against the negotiated bound tariff rate of 114.9% for 686 agricultural commodities in the case of which India is committed for the tariff reduction. The tariff rates which came into force in 2000-01 are lower than those fixed at the Uruguay Final Round for about 676 agricultural commodities. In fact, in respect of more than 85% of the commodities (587 out of 686), the difference between the Uruguay Round fixed rates and India’s MFN tariff rate was 50 percent and even more.
India is one of the leading developing nations which made from the very beginning of the Uruguay Round of discussions the demand that agriculture should be brought within the purview of GATT. The need for liberalization of agriculture trade at the International level was emphasized due to the heavy subsidization of agriculture by the developed countries which led to the distortion in the prices of agricultural commodities in the international markets. As a result, the poor and developing countries like India were finding it difficult to have access to the markets of agricultural products in the developed countries.

The following conclusions are drawn by an Indian Scholar of Economics, Alagh on the impact of the WTO Agreements on the agricultural sector in India:

1) The primary purpose of the WTO’s Agreement on Agriculture is to promote global trade by removing Quantitative Restrictions (QRs) with a suitable amount of tariff. Since no country is awarded the consequences, fairly high tariff rates were proposed by each country, which resulted in the faulty tarifification. In such a situation, it will not be easy for India to expand its exports of agricultural commodities. Moreover, during the recent past (ie., after the start of the implementation of the process of tarifification), India’s exports of rice has declined both in terms
of value and volume which in a way indicates the negative effect of the agreement on India's agricultural exports.

2) The WTO's Market Access Provision (MAP) has revealed the exact nature of the Agreements on agricultural and textiles. The one Agreement pertains to the minimum access while the other relates to current access clause. The minimum access clause makes it mandatory for a country to allow at least 5 per cent of the imports of the base period (1986-88) domestic demand of that product. This should be in addition to the 5 per cent which is allowed to a particular country under the most favoured nation (MFN) status principle. Thus, the total market access which a country has to provide at a nominal tariff rate to other countries will be 10 per cent by the end of the implementation period. However, the traditional staple of a country is exempted from market access commitments of 10 per cent norm. It has been observed that since the start of implementation period (1995) of the market access clause, under the WTO Agreements there has been substantial amount of imports of these agricultural commodities into India. This has tended to escalate the food subsidy burden of the Indian Government as well as aggravated the miseries of the farmers.
3) The most unfavourable clause from India’s viewpoint in the entire WTO Agreement on agriculture pertains to the Aggregate Measures of Support (AMS), while it is highly favourable to certain developed countries like the USA, EU, Japan etc. Such a biased and trade distorting clause must be removed from the agreement on agriculture so that level playing field could be established for promoting the International trade of agricultural commodities.

4) The current domestic support on wheat in India exceeds 10 per cent norm. This could be one of the reasons which have compelled the Central Government to introduce a change in the food management system.

5) Finally, there is considerable disadvantage that India is currently facing and will continue to face in the future too because of the WTO’s Agreements on Agriculture. This is because India at present is not providing any subsidy nor it can provide any subsidy in future as per the export subsidy clause of this particular Agreement.

There are scholars who predicted that the WTO’s Agreements will increase the access of Indian agricultural commodities to the world market. But the commitments are such that they have trade distorting effects. At present the reduction commitments are on the total AMS. This implies that a
A country can offer substantial domestic support to one or more products and yet have an overall total AMS within the commitments level.

Similar is the case with tariff cuts. It can be managed in such a way that there is substantial reduction in tariffs of less protected products with negligible cuts in tariffs for the highly protected commodities. In the EU, for instance, products like meat, milk and cream, cheese and rice, continue to carry tariffs of over 120%. As a result, the potential gains to a country like India remains elusive. India, therefore, must insist on the maximum tariffs not to be more than 50% on any tariff line relating to agriculture. Another problem is regarding exemptions under the ‘Green Box’ and ‘Blue Box’ measures. Several European Countries are disguising trade distorting domestic support under these provisions. Therefore, it is an issue that India must put forth in strong terms.

Finally, it may be concluded that India, in many ways, is favourably placed to exploit certain provisions of the WTO’s Agreements on Agriculture. The cost of production of many agricultural commodities is lower than that of developed countries. Land and labour, in particular, are comparatively cheaper in India. There is need to change the rural mindset on agro-exports. A farmer as well as the labourer working in the field should be made to think about export and quality of product. Thus, we need huge investments in agricultural sector to boost up the productivity and output with special preference to export-oriented agricultural corps by setting up the export-
oriented farms for some selected agricultural commodities particularly, for plantation crops and spices and providing them incentives particularly to the small and marginal farmers and by special encouragement to them like duty free import of capital goods and other requirements to 100% export-oriented units.

Thus it can be explicitly stated that the Agreements on Agriculture are a challenge as well as risk to the developing countries like India. Under these circumstances, to gain the market share, the developing countries including India, have to improve the quality of their agricultural products more comparable to international standards at the competitive rates. These products are to be displayed in the trade fairs conducted in various countries, to have adequate storage and warehousing facilities in these countries and have to do the regular and continuous studies on the progress of these countries in different areas.

ii. TRIPs IMPLICATIONS FOR INDIAN AGRICULTURE

The present study attempted to analyse the implications of TRIPS for the Indian agriculture. According to this analysis, besides a rich bio-diversity, India has an abundant wealth of agricultural ideas, techniques, products and processes. India being a country with a long and varied past, much of its knowledge and practices relating to agriculture have come down through the generations. Against this rich background India has discovered agricultural
many modern applications. India, therefore, is favourably placed to benefit from the conditions of TRIPs in the field of agriculture.

It became evident from the present study that soon after the WTO came into existence the India's experiences with the Trade Related Intellectual Property Rights (TRIPs) have raised several apprehensions in the country including the patenting of seeds and genes. Under these WTOs Agreements the farmers are required to buy the seeds every year from the multi-national seed companies without exchanging these seeds with the fellow farmers. But a careful perusal of these Agreements reveal that such condition is not at all stipulated by the WTO Agreements. The TRIPs Agreement embodies right types of intellectual property, viz patent, trade mark, copy rights, industrial designs, integrated circuits geographical indication, protection of undisclosed information and control of anti competition practices in contractual lincenses. However, a most serious controversy arose in the country that the advanced countries have a distinct advantage over the developing and the least developed countries and that the subject of TRIPs has been brought under the ambit of WTO on the insistence of the developed countries led by the USA.

The general perception about the TRIPs is that it had been contrived by the developed countries to exploit the developing countries like India, particularly in the field of agriculture. But more recently, with a better understanding of the conditions laid down by the WTO's Agreements,
perception has undergone a change. Now it is being realized that these Agreements hold immense possibilities for the development of Indian agriculture. Realisation of these possibilities will depend on how carefully we examine the conditions, assess the implications and evolve strategies to counter the threats and exploit the opportunities. The implications of TRIPS for Indian Agriculture which are identified include:

I. Patented inputs like fertilizers, chemicals and branded seeds will increase the cost of production in the agricultural sector.

II. TRIPS stipulate that member countries shall provide for the protection of plant varieties either by patents or by an effective sui generis system or a combination thereof. The Government of India opted for a sui generis system since it was more flexible. Accordingly, the Plant Varieties Act was introduced in the Parliament and is still under consideration. The Act provides for what is known as 'Farmers' privileges' and 'Researches' privileges'. If these privileges are not sufficiently protected, the traditional Indian system of retaining, reusing and exchanging seeds will come under threat.

III. India has developed a wide variety of seeds and, therefore, would gain from the institution of PBR in a number of ways which are as follows:
1. This form of protection would motivate the private sector to make much greater investment in Plant Breeding research for improved and hybrid seeds and to have greater access to foreign varieties and technology.

2. PBR would also make it possible for India to enter the international market in seeds in a big way for which India has the necessary scientific resources and commercial expertise.

3. India's strategic location offers great potential for the development of vibrant export trade in seeds with many neighboring countries.

4. India stands to gain because the MNCs may make India their production base for high value seeds due to number of favourable conditions available in India.

IV. India's rich reservoir of traditional knowledge and practices are under threat from the MNCs that are quick to grab the opportunity to patent our knowledge and practices. This has already happened regarding kerala, jamun, haldi, etc. Agricultural products India needs to take effective steps to protect them. Proper documentation of this knowledge and practices should be the first step in that direction.
iii) IMPACT OF SANITARY AND PHYTO-SANITARY MEASURES ON INDIAN AGRICULTURE

The impact of the Sanitary and Phyto-Sanitary measures on the Indian agriculture is discussed at length in the preceding pages. This aspect is analysed from various angles. Basing on this analysis and also various other studies it is noted that the Sanitary and Photo-Sanitary measures are the non-tariff measures which the member countries can use to refuse the imports from other countries to protect their human and animal health or plant life, subject to the condition that they are not applied in a manner which could constitute a measure of arbitrary or unjustifiable discrimination between members where identical conditions prevail.

The implications of Sanitary and Phyto-Sanitary measures on the Indian Agriculture can be summed up as follows:

1. India has to be highly conscious of maintaining the quality standards acceptable in the global market in order to penetrate the international market and boost its export share.

2. The European Union (E.U) has banned import of fish from India because of lack of adequate hygiene protection.

3. In terms of quality, most of the Indian farm products do not conform to the international standards on account of Sanitary and Phyto-Sanitary restrictions, processing and packaging
specifications and so on. This is evident from the recent rejection of Indian mangoes by the Japanese importers due to various organic/inorganic residues on mango skin for which Indian exporters had to import special machines for further processing. Similarly, rice sent from India to Iran was rejected on the basis of sub-standard quality.

It is found that in the context of the emerging scenario, India has the opportunity to increase its exports of agricultural products. But there is an urgent need for the agricultural research to respond to the demands for the international agricultural market and also create intellectual property. The Government of India has already taken steps to enact necessary legislation for the protection of plant varieties and farmers and also for the protection of geographical location of various crops.

iv) IMPACT OF THE ANTI-DUMPING MEASURES ON INDIAN AGRICULTURE

The present study has also examined in detail the impact of the WTO Agreements relating to the anti-dumping measures on the Indian agriculture. It can be concluded from the study that there are many problematic aspects of the Agreement on Agriculture concerning this aspect which drastic implications for the Indian agriculture. Firstly, the definition of dumping favours the party imposing the anti-dumping duties. Dumping is considered to exist if the export price of a product is less than the comparable price of the
product or like product in the domestic market in the ordinary course of trade. However, when the average export and domestic prices of an agriculture product are calculated, domestic sales prices are considered beyond the ordinary course of trade and therefore, be excluded. But, in practice all export prices are included in fixing the domestic prices. This, practice artificially, raises the domestic prices of the agricultural products. Secondly, if no home market prices can be found, the sales price in a third country - the so-called surrogate country – can be used for comparison. Since, different countries have different levels of economic development and comparative advantage in different sectors, the arbitrary choice of a surrogate country may easily lead to dumping. For example, while investigating dumping by the Chinese firms, the US authorities often use, as ‘surrogate’ country market economies with higher cost of labour and raw material or countries where economic reform is proceeding more slowly and production in many sectors is less efficient than in China. Even the use of construed value price in the absence of availability of domestic market or third country’s prices is prone to inherent subjectivity as the costs which go into construed value price vary greatly among the countries and companies. Thirdly, even selling the products below their total costs in order to attract skeptical customers or to meet the competition existing in a foreign market, without any intention to dominate the market, especially if the product is new and un-established may lead to dumping. It is unreasonable to subject such practices to the anti-dumping investigations. Fourthly, the imposition of anti- dumping duties to protect the domestic
Industry from imports may be misplaced if the difficulties of domestic producers result from their own inefficiency. In this situation, the anti-dumping duties tend to penalize the more efficient foreign producers. Fifthly, because of the difficulties in finding out the origin of a product due to global sourcing, it is problematic to identify the agency responsible for dumping. Finally, an implication of anti-dumping duties on the domestic economy is that the importers and users of the product on which anti-dumping duty has been imposed might become less competitive due to the higher cost caused by such measures. Also, consumers end up paying more for similar products.

As the above analysis shows the WTO Agreement on the anti-dumping measures have several negative consequences for the exports of developing countries including India. Therefore, what is required is a strong regime of institutions of anti-dumping with legal authority and staffed with experts who not only monitor but also impose anti-dumping duties as and when required. The Government of India has setup a working group in the Ministry of Commerce to monitor the import of 300 sensitive commodities. The business houses and trade associations in the Country can also independently monitor the export and import markets to inform the Government of the cases of anti-dumping measures surfaced in the export markets and also of any real or potential threat from the dumping of imports into the domestic market.

It needs to be emphasized that after its entry into the WTO and consequent globalization of its agricultural production, India experienced
global competition which has far-reaching implications for its agricultural sector. In a way the provisions and agreements made under the GATT and WTO have speeded up the process of globalisation of Indian agriculture and allow free play of market forces and of the global trading and agro-based companies in India. The increasing International trading opportunities before this Country in agricultural sector are bright and favourable only if it can produce large agriculture surplus. The gains depend on its export competitiveness, if India is in a position to supply these commodities in the international markets at prices lower than its competitor's then India's exports will be increased. However, the available evidences confirm that the country is far off from the expected gains. The various agricultural products grown in the country are not in a position to face the international competition. In India, wheat, rice, and tea are the most important exportable products and due to high price they are not internationally competitive. Besides, the issue of eliminating subsidies as well as imposition of intellectual property rights are also not favourable to Indian agriculture.

On the other hand, the present study also noted that Indian agriculture may face a serious challenge, both internal and external, under the WTO-regime. It is noted that the share of agriculture in the GDP decreased to 24.7 per cent in 1997-98 from 48.6 per cent in 1950-51. However, the desired shift of labour force from the agriculture to others sectors could not take place as about 65 per cent of the total workforce in the country is still employed in the
agriculture sector alone. Out of this, about 40 per cent are the landless agricultural labourers. These factors, together with the ever-increasing pressure of population have resulted in low exportable surplus. These limitations have also adversely affected India's capacity to compete in the global market.

An analysis of the WTO's various Agreements pertaining to the agriculture reveals that there is discrimination between the developing and developed countries. Inequality and injustice are quite evident in the WTO Agreements. The Agreements on tariffs, export subsidies to agriculture, sanitary and phyto sanitary standards and patents are highly favourable to the developed countries. These countries will have to reduce by 36%, 36% and 20% in their tariffs, export subsidies and subsidies to agriculture respectively. Even if the developed countries reduce them by the above percentages, still they will continue to be on high side. They will continue to be on high side because of the high tariffs and subsidies that were in force during the base periods. Similarly, tariffs, export subsidies and agriculture subsidies are to be reduced by 24%, 24% and 13.33% respectively by the developing countries. Since all these are at the lowest level, they will become nominal even after the reduction. This has undoubtedly distorted the trade and business of these countries. It has also led to unfair and uneven competition in the trade between the rich developed and the poor developing countries. The Patent Rights also have negative impact on the agriculture of
these countries. The Multi-National Companies derived maximum benefits from the Patents Rights. The farmers of these countries are the losers in the case of seeds and agro-chemicals.

Despite these adverse conditions as the study observes, in the liberalized trade scenario, backed by the WTO regime the Indian agriculture is now in the process of integration with the global trading system. In fact, the regime offered several safeguards in terms of relaxations and exemptions for the developing countries which India must exploit to its favour. The new regime would have far-reaching implications for Indian agriculture, both positive and negative. India should try to maximize its gains and minimize its losses in the changing scenario.

It is emphasized by several experts that the Government of India should take advantage of the safeguards laid down within the WTO framework to protect the Indian agriculture and promote its global competitiveness. For example, India can impose 100 per cent tariff duty on the import of primary commodities such as wheat, 150 per cent on processed commodities and 300 per cent on oilseeds. Contrary to this policy the present import policy imposes less than 50 per cent duty on the import of wheat and a low of tariff duty 25 per cent on oil seeds imports.

These experts also vehemently argued that India has a great potential to increase its agricultural production by raising productivity, improving quality, providing irrigation facilities, developing rural infrastructure, spending
liberally on agricultural research and strengthening market network. It is equally imperative to raise the cropping intensity, gross cropped area and productivity to enhance the country's overall global competitiveness. At the same time, India should organize other developing countries to get the WTO Agreement on Agriculture suitably amended to their benefit. In its absence, India's food security can be at risk and it can be a net importer of food. In fact, the Agreement on Agriculture should be amended to include food security clause allowing developing countries to adopt a suitable policy regime required to create and maintain food security. This is imperative for sustaining Indian agriculture and rural economy, in particular, and Indian economy, in general.

II. WTO's IMPACT ON INDIA's TEXTILE AND CLOTHING INDUSTRY

The present study examined the impact of WTO on the Indian Textile and Clothing Industry. It is revealed by the study that the integration of textile and clothing into the GATT in 1994, increased the magnitude of India's textile and clothing trade. The study found that the effects of the market access provided by the WTO to the Indian Textile products are now clearly visible. Moreover, with the progressive reduction in tariffs themselves, the country experienced massive price-effect on the trading volumes of these products.
In the case of Textiles, under the WTO, trade in Textiles and Clothing was governed by a separate Agreement called Multi-Fibre Arrangements (MFAs) which fix quotas in the exports of Textile products of the developing countries to the developed countries. The Uruguay Round stipulated that trade in Textiles and Clothing would be gradually integrated into the WTO and then with the global trade. The quotas will be phased out by the end of 2005.

At the time of signing of WTO Agreement on Trade in Textiles it was assumed that India is going to be a major gainer on account WTO’s Agreements in this particular area. However, the WTO’s the Multi-Fibre Agreements concerning this Industry set a 10 years period for the enforcement of this Agreement and until this period the gains will be delayed. Further, once this Agreement comes into operation, the Indian Textile exports may have to face stiff competition from other developing countries. Nevertheless, there is scope for India gaining from the global competition if the quality and stand of these products keep pace with those of the rest of the World.

However, as asserted by several critics the country is going to face ruthless global competition for its textile products. Further, no firm would remain unaffected by globalisation that is well under way. Hence the Textile industry is required to match its operational effectiveness to that of the best global competitor. In the emerging world of unaffected capitalism, Textile industry would have to run in order to stand where it is.
In accordance with the above studies and also the present study, notwithstanding the wind of globalisation that is sweeping the international trading landscape, the counter-force of protectionism is already rearing its head among the several developed countries in textile and clothing including India. For, in this sector, the comparative advantage, particularly in clothing certainly lies with the relatively low labour cost in these countries. With most overt protectionist measures having been prohibited under the WTO regime, newer forms of protectionism under the umbrella term of NTBs are emerging.

As already stated in the beginning, the Indian textile and clothing industry contributes nearly 4 per cent of the national product, and earns 35 per cent of national foreign exchange. It also provides employment for about 6.5 million persons both directly and indirectly. It is therefore, of paramount importance that the process of change in the global trading system need to be examined very carefully, and the industry’s competitiveness be boosted urgently. It is now time for the Textile industry to understand the nuances of WTO agreements, and widen its horizon to develop almost efficiency if the industry is to survive in the fiercely competitive trade regime that has already set in. For, "competitive advantage ultimately results from an effective combination of national circumstances and company strategy”.

As the studies both by official and non official agencies in India reveal during the post-liberalisation period, the export shares of textiles and its four major constituents viz. coir and coir manufactures, floor covering of jute,
cotton yarn fabric and man made yarn fabric goods and articles have been continuously increasing except for one or two years. On the other hand, woolen garments witnessed fluctuating but increasing trend in export share. The Carpets and handmade textiles goods are experiencing continuous and rapid decline in their export share. But in the case of silk garments there has been increase in export share after 1996-97. The export shares of ordinary carpets, mill-made silk carpets and of jute have fluctuated and finally decreased during the same period.

It is found by the present study that in 1998-99, all the categories of textile products constituted 50.18 percent while the RMG constituted 49.82 percent of the total exports. Thus there has been an almost negligible change in broad composition of textiles exports after the WTO came into existence. Compared to 1992-93, of the various categories of textile exports only two categories viz. carpet and handmade and cotton yarn fabric products underwent rapid change in their export share in 1998-99. While the export share of the former decreased rapidly, the latter's share increased in some pace in 1998-99 when compared to 1992-93 position.

It may be worthwhile to point out that the share of textiles in the exports of India has increased though sluggishly, between 1992-93 and 1997-98 while that of the RMG kept on declining, at a very slow pace, for the same period. It is only in 1998-99 that there was a discernible change in this trend in either group. In other words, the interception of WTO and its various
agreements, followed by the fluctuations in the exports of textile products in 1995 and in 1996, did not affect the internal composition of India's textile and RMG exports.

On the whole, it is evident from the present study that the challenges faced by the Indian economy in the globalization process are intricate and numerous. Of these, the domestic factors pose less challenge to the country's development. But the external challenges, like the environmental standards of WTO, restrictions imposed by the WTO which are outside the domain of domestic policy experiments, and the scope for International cooperation and coordination seems extremely difficult and time consuming in the present day context of global political economy. The positive aspects of trade liberalization under the WTO regime have to be counter-balanced against the stupendous task of enhancing the market access problem for Indian exports, which are facing numerous non-tariff barriers in the garb of environmental protection. The adverse consequences of distorted trade liberalization in a globalised world on the Indian economy, are numerous and it is difficult to find solutions to the challenges to which the economy is getting exposed. The fundamental problem facing the Indian economy is to improve the living conditions of millions of its poor people. But the market friendly measures initiated by the WTO would threaten the human face of India's reform experiments.

It is exposed in the recent studies that the effects of challenges posed by the globalization and the international competition after the advent of
WTOs were felt by the India's farming community for the last five years. Cases of suicides of farmers were reported from many states. There is sharp decline in the prices of agricultural products and several farmers were kept out of the market because of the unfavourable policies pursued by the Government regarding the prices of food grains. It is rightly pointed by an Indian expert that the major challenge to the viability of developing countries including India, is posed by the high domestic support, export subsidies and denial of market access through various tariff and non-tariffs barriers in the developed countries. In the context of India as observed by a scholar, the new trading system under the WTO seems to give unduly greater importance to the private sector and competition and failed to recognize the strategic role of the state in promoting development with social justice.

In this situation, India has to take up certain drastic steps to protect its interests which are ultimately the interest of teeming millions of people particularly, the interests of the vast farming community. It has become imperative on the part of the Government to initiate certain drastic steps. The major step in this direction should be ensuring the viability of Indian agriculture by raising the productivity by increasing the productivity through raising public investment on agriculture, accelerating the adoption of cost-effective technologies, and by removing restriction on agricultural trade processing and marketing within country. These goals can be achieved through major structural, institutional and other types of reforms in different
spheres. Further, it is suggested that India along with other developing countries should assert its sovereignty right to protect the interest and right of the agriculturists, artisans and other rural sections who depend upon agriculture for their very survival. The developed countries should be convinced to stop the tariff and non-tariff barriers imposed by them the exports and imports from the developing countries.

As such, it can be emphasized that the development needs of developing countries like India must be made the center-stage of WTO trade negotiations. Any proposal on the bi-lateral trade should be carefully evaluated through the needs of development and those proposals that serve interests of developing nations should be adopted although some sections of the population are adversely affected by such measures. The winner should be made to compensate the losers adequately that the reforms process will be less painful to the entire world.

III. IMPACT OF STRUCTURAL ADJUSTMENTS REFORMS

The present study, along with studying the WTO and its impact on the Indian economy with particular reference to the agricultural sector and textile and clothing industry, also attempts to analyse the impact of Structural Adjustments Reforms Programme on the changing conditions on account of the WTO. The study examined indepth these Structural Adjustment Reforms
focusing on its impact on different fields of the country's economy. It was revealed by the present study the Adjustment Reforms initiated by the Government of India during 1990s launched the processes of liberalization, privatization and globalisation.

Basing on the data collected from different sources the study discloses that the investments in physical infrastructure have increased abnormally the past when compared with the past years. Several major projects involving private participation have been sanctioned in power, express ways, bridges, ports etc. The liberalization policies introduced in the Industrial sectors resulted in the substantial development of this sector in different ways. On the negative side the liberalization in the industrial sector has also led to financial losses and loss of jobs the corporate sector. Hence it is necessary to provide social safety nets to guard vulnerable workers from the threat of unemployment and the need for a framework for social security cover to contract workers and those in the informal sector working in the industry.

The recent consolidation and restructuring of industry due to liberalization and privatization initiatives have resulted in the growing importance of competition policy to ensure the delicate balance between competitiveness and market competition. While corporate consolidation is important for strengthening the international competitiveness of enterprises, some competitive pressure is also necessary for them to sharpen their efficiency and of competition policies is to provide a level playing field for local
enterprises vis-à-vis subsidiaries of Multi-National Corporation which enjoy access to their parents' brand and trade names besides a number of other intangible assets especially in the context of liberalisation of national economies.

It is reflected by the present study that the trade policies pursued during the WTO regime have an explicit anti-export bias. Further its anti-export bias was imports via tariffs and quantitative strategy. This led to reduction in external competitive pressures and increases in inputs costs; the firms were denied optimization in the use of inputs. The foreign exchange policy based on over valued rupee made the Indian exports non-competitive. Markets for illegal foreign exchange transactions emerged; and capital flight took place.

Further, these liberalization policy initiatives have brought about far-reaching changes in the volume of flow of foreign investments into the country. Ever since the liberalization policies of 1991, US $ 14.6 billion worth of FDI inflows have taken place till 1997. In 1998, however, the magnitude of these flows have come down in 1998. This is mainly because of the East Asian crisis. Afterwards, the FDIs again started going up due to the further liberalization policies pursued by the Government.
SIXTH MINISTERIAL CONFERENCE

The study is concluded with presenting the highlights of the Sixth Ministerial Conference of the WTO held in December 2005 in Hongkong. This latest Conference triumphed by marking a radical departure from the past as the developing nations like India played a dominant role to affect a change in the approach of WTO. In this Conference the developing countries have insisted upon from commitment from developed nations on firm subsidies and elimination of export pleaded for special products, and special safeguarding mechanism. The LDCs also demanded for duty free and quota free access (package) to the developed countries. India and few other developing countries proposed certain amendments to the TRIPs Agreement. India wanted the inclusion of three element disclosure of the country’s origin, prior informed consent and a benefit sharing arrangement.

The important resolutions passed in this Ministerial Conference include:

1) The elimination of all forms of agricultural and export subsidies by 2013 and disciplines on all export measures with equal effect. This would be achieved in a progressive and parallel manner to be specified in the modali.

2) Grant of concessions to the developing countries on in all industrial tariffs.
3) The developing countries have to declare an appropriate number of special products that remain outside the tariff reduction formula on self-selection basis.

4) Provision of a special safeguard mechanism under which the developing countries could raise their import duties on agricultural products in the event of a surge in their imports or a fall in their prices.

5) Clear focus should be laid on reduction of tariffs, especially the tariff peaks and escalations on products of export interest to the developing countries.

6) Policy space essential for developing countries has been fully preserved.

The most important event took place at the Ministerial Conference was the formation of grand alliance of developing countries and least developed countries. The Group was formed to bring more pressure on the developed nations to give free-markets access for the products of developed countries. The Group would strive to develop a common approach among the developing nations to issues of common interest. India played a leading role in the formation of this grand alliance. How these new developments would affect the working of WTO and how they mitigate the grievances of the developing nations like India have to be seen. The Third world is eagerly...
waiting for a radical change in the approach of WTO towards the least developed and least developed countries. The purpose behind the WTO's involvement will be fulfilled only if it serves the interests of developing countries along with the developed countries. Equally important is a positive change in the attitude of developed countries towards the developing countries, which occupy more than three-fourths of the globe.