CHAPTER – 5

IMPACT OF GLOBALIZATION ON CO-OPERATION
5.0 Introduction:

The revolution in communication & information technology has turned the world into a global village where everyone can, sitting in any corner of the world know what is going on around the world. The emergence of multinational forms and a global market has led to a deeper integration of economies. This has accelerated the growth of large transactional corporations. Globalization is no longer as option it is fact. Globalization is most visible in financial sector.

Twenty first century will always be remembered among other thing for the changes. Which have been introduced in Indian banking and financial system. The opening of the gates of Indian economy during this century has overhauled the method of working of the banking industry.

Since independence though the banking industry has made remarkable progress particularly after nationalization of public sector banks put the fast growth has also led to several weakness in the system which even the last decade liberalization has not been able to transform the banking industry completely.
In the coming years, Indian banking system has to be governed by three important force i.e. synergistic mergers, universal banking and internet technology. The mergers, universal economies of scale whereas universal banking will dismantle the barriers between long term and short term financial institution. But the most significant change is likely to be brought by the use of information technology i.e. Internet. The advent of internet banking may change present day banking into a commodity laying premium on efficient servicing and effective pricing.

Globalization means adopting a global for the business and the business strategies aimed at enhancing of very serious discussion in the national economic policies and corporate boardrooms. The subject has assumed great significance in the light of the recent changes. Intact the very first objective of the current export-import policy is to established the framework for globalization of foreign trade.

A truly global corporation views entire world as a single market; it does not differentiate between domestic market and foreign markets. There is nothing like a home market and international market, but there is only one market i.e. the global market. International trade is growing faster than world output and international investment is growing much faster than the global trade. There are the clear indications of the growing internationalization of business.

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The significance of agriculture in India arises from the fact that the development in agriculture is an essential condition for the development of the national economy. Agriculture forms the backbone of the Indian economy as about 65% of the population is still dependent on agriculture for its livelihood and employment.

Though the share of agriculture in the national income has come down rapidly agriculture contributes for the development of the economy in many ways. Agriculture has been the source of supply of raw material for industries and provides main support to the transport system. It also plays an important role in India's International trade. Therefore, it can be said that the prosperity of agriculture largely stand for the prosperity of the Indian economy. In the changing environment, agriculture has been diversified into many ways like livestock, horticulture and fisheries.

5.1 Challenges before co-operatives:

1. Non viable:

Co-operative, particularly at the gross root level are often economically non-viable units. Viability of co-operative is essential not only for economic considerations but also for enabling co-operative to continue to serve the social needs. Even the so called viable modern methods and techniques of management.

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2. **Staff competition:**

In the present system of open economy and free market competition many multinational companies will come and the co-operative will have to compete with them in terms of quality, variety and price.

3. **Lack of professional management:**

Modern day management calls for professional management. Most of the co-operative are lagging far behind in this respect.

4. **Stringent laws:**

More and more stringent consumer protection laws are being enacted all over the world. Government will not give any relaxation to the co-operative as far as consumer protection laws are concerned.

5. **Inefficient management:**

At present co-operative board members are passive and often rubber-stamped. Their role is confined to attending meeting.

6. **Absence of integration:**

Horizontal and vertical integration amongst co-operatives are many times inadequately developed and sometimes totally absent.
7. **Attitude of employees:**

No customer will like to visit a shop where the workers are not polite and well behaved. The attitude and behavior of workers should be such a way as to invite the customers. But unfortunately in India the attitude and behavior of the workers are passive, the result is that members will be ill-served and consequently their patronage may also be eroded.

8. **Shortage of funds:**

Adequate funds are required for the smooth functioning of any organization. But at present nearly 80% of the co-operatives in India are facing the problem of finance—both working capital and fixed capital.

9. **Political instability:**

Political atmosphere in the country, the quality of leadership of the political parties, the political philosophy or ideology etc. affect the working of the co-operatives. Frequent changes in the policy of the ruling and the government are major obstacles for the sustained development of co-operatives.

10. **Involvement of women:**

Co-operative movement in India lack participation and involvement of women in decision making.
5.2 Present economic scenario:

The main emphasis of the world trading system and the consequent structural adjustment programme is on the opening up of the economy for providing free level playing field to world market forces to attain an alluring faster growth. As such, transforming the agricultural economy into an industrial economy has become a major preoccupation of all the developing economics like India. Unfortunately modern growth paradigm demands agricultural and rural development to play a secondary role to industrialization and growth: not the primary one of achieving self-sufficiency in food, and bringing prosperity and welfare of the rural poor.

Complicated world market forces with its sophisticated communication technology and the consequent equation of the international trade practices may never be understood by the simple mind of the Indian farmer. Emphasis on more commercialized and export oriented rural and agricultural economy invariably helps the team of the strong multinational corporations 'Gentleman Farmers', estate builder, farm traders and agro-industrialists to enter the rural play ground in a big way by throwing out the traditional players in the rural India, however constitute 74% of the total population of this country.
Instead of empowering this major population group, if the global economic forces impoverish and ultimately marginalize them, the growth path tends to get vitiated, and the income distribution inevitably generates a highly growth process. The humanistic principles such as equity and justice are defeated.

Mohan Dharia, former union minister for co-operation and civil suppliers, government of India, expressed his explicit opinion on this matter: "The country has accepted free market economy without any reservations. It is true that India cannot insulate herself from global changes. However, I must state with all emphasis at my command that free entry to multinationals without any discrimination shall destroy the without any discrimination shall destroy the very fiber of the socio-economic structure of the country and may endanger our freedom itself (Souvenir of NCUI – 13th Indian co-operative congress).

5.3 Co-operative Movement: on cross roads:

Co-operative movement with its tremendous strength and age-old weaknesses are in the crossroads now in the present era of liberalization, privatization, and globalization in a market-oriented economy. Old values and relationships have been overpowered by new values and relationships. The earlier regimes of 'command and control' have been changed.

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The command and control have been shifted to the market oriented forces from the hands of the co-operative forces. 'customer' and 'profitability' have become the focus. Some of the leaders of the co-operative are insulated and the members will not change their loyalty.

But they fail to understand that the economic interest of the people has now become secondary, in the background of 'consumerism in a market economy'

5.4 Vision, mission, strategy and governance:

As such the co-operative movement shall have to changes its 'vision, mission, strategy and governance and the role to play to met the emerging challenges squarely in the face, without a vision and mission no organization can flourish. An organization without a vision and mission is a "a boat without a sail" It is clarity of vision which constantly drives the people towards the goal as enunciated by the president of India in his book entitled.

5.5 SWOT (Strength, Weakness, Opportunity, Threat) analysis of the rural co-operative credit sector:

To determine the vision for 2020 of the rural co-operative credit structure in general and the individual co-operatives in particular one should make a SWOT analysis of the both.
Hereunder we are trying to make a realistic SWOT analysis of the rural co-operative credit structure particularly grassroots level organizations like PACs etc. This will also help to make a SWOT analysis of CFA's i.e. DCCB's and apex level organizations like the state co-operative Banks.

5.5.1 Strength:

Strength of a co-operative is the committed participation of the poor and middle class people of rural and urban areas.

Unification of the small capital and labour power of those people can transform a co-operative to a powerful organization. Separate identity of a co-operative.

Its principles and values with large membership base is its strength.

Its strength also is its power of building relationships with men due to its need based activities amongst the vast people and also its nearness of the people. If the co-operations have the quality of at least a good 'communicator' and a good 'entrepreneur' and can become a friend in need and a friend in deed" of the people, just like the fish swimming in the water he will never be isolated from the members the people.
5.5.2 Weaknesses:

The age-old weaknesses of the co-operatives are main hindrances of the structure. In short, the following Weaknesses are identified by different economic/co-operative organizations and researchers:

- No comprehensive Development Action Plan (DAP) for the members of the PAC's/credit societies.
- Low capital base and less equity base due to non-participation of the members in financial activities i.e., in mobilizing deposits, contributing to share purchasing deposits, contributing to shares, purchasing merchandise, availing loans, etc.
- Low membership coverage (75% of the total households)
- Mounting over dues, poor recycling due to poor recovery of loans.
- Absence of proper recovery environment.
- Huge imbalance of the co-operative credit structure.
- No recapitalisation assistance provided by the central government as it was done in case of commercial banks and regional rural banks.
- Absence of institutional protection system.
- Low resource base.
• Bad fund management.
• Inadequate diversification/engineering.
• Low business -less profit.
• Lack of members participation in decision making and in the activities of the co-operatives.
• Lack of social capital (relationship, bond and trust).
• Lack of knowledge about their own strength, and principles and values of co-operation.
• Less functional autonomy: more government and bureaucratic control and interference.
• Less transparency in functioning - non application of prudential norms.
• Low leadership quality and less involvement.
• Lack of entrepreneurship of the co-operative management.
• Lack of surveillance.
• Low accountability, lack of responsibility of the board members and the general members.
• Lack of internal checks and control.
• Lack of linkage with credit and agricultural extension and marketing for increasing crop intensity.
- Lack of linkage with credit and thrift.
- Low capacity of risk management.
- Lack of revitalization, restructuring and reorganization of PAC's.
- Lack of recapitalisation and restructuring of central & state co-operative banks.
- Inadequate self-regulatory and supervisory mechanism of co-operative banks and PAC's.
- Absence of human resources development planning including planning of development of work force members of the board and primary members.
- Absence of vertical and horizontal Structural linkage.
- Less technological application in PAC's and co-operative bank.
- Absence of management information system by application of information technolog.
- Unpreparedness to face the challenges of globalization, privatization and liberalization in the market economy.

Last but not the least: No vision of individual co-operative of three / two – tier structure, i.e. PAC's / credit societies, central co-operative banks and state co-operative bank in particular, and rural co-operative credit structure in general.

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5.5.3 Opportunity:

The opportunity of the co-operative is its vast network in the country from village level to national and international level (international co-operative alliance) with organic links which ensures vertical and horizontal co-ordination amongst the co-operative and induces strength.

In the co-operative system there is no dearth of supply of human resource as the population is ever increasing.

5.5.4 Threats:

The great challenges to the co-operative sector is liberalization, privatization and globalization (LPG) i.e. new economic policy of the central government. Due to globalization, the small capital is to face the challenges of large capital including monopoly capital. The co-operative are not only facing the crisis of isolation from the members, their district identity is threatened and even their existences will be at stake if the members, their existences will be at stake if the co-operative do not reform themselves and rise to the occasion for facing the challenges set forth by the market economy and fail to gain the trust and faith of the people through their need based diversified activities and to involve them in decision making and implementation of such decisions.
5.6 Rural credit scenario

5.6.1 Agriculture credit:

Agriculture constitutes one of the most important sector of Indian economy, contributing about 24% of the total workforce. Growth in agriculture has, therefore, a direct bearing on production, productivity, poverty and livelihood of farmers. Credit including other inputs plays an importance role. In India non institutional credit still occupies a significant place usually affecting the production and the productivity of agriculture in general and living standard of the rural farmers in particular due to high interest costs and the oppression the indebted farmers face from the money lenders, traders landlords and their mercenaries. The multi-agency approach in credit to agricultural inputs never exceeded 41.5% till 94-95.

The rural borrowers consisting of small and marginal farmers, landless agricultural laborers forming over 66% of the total borrower have been affected badly.

5.6.2 Rural credit in new economic policy:

In the 1990 the state economic policy has taken a quantum retrograde leap in the name of globalization and ushering in a free market economy, has not only become blurred but has been blinded by the sand storm of privatization. So much so that even cooperatives are sought to be converted into companies.

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The role of a welfare state has been beneficiated in favour of friendly companies and the poor people have been left to fend for themselves. However, since 1980 itself the economic policy of the Indian government was directed towards slow but steady withdrawal from the emphasis given to rural lending by Banks. It even went to the extent of claiming that the role of village moneylenders by been effectively curbed and as such there was no further need for compulsory lending to rural sector nor there was need for further expansion of rural sector nor there was no further need for compulsory lending to rural sector nor there was need for further expansion of rural banking system. The change in the government attitude towards the poor farmer is reflected in the report of the finance ministry, Government of India on "Economic Reforms". Two years after and the task ahead in 1993, which claimed that the reasons for weakness of the agricultural lending were subsidized interest rates, large scale overdues, increase in cost of credit dispensation etc. and as a result the condition of the poor farmers were deteriorating.

Hence, higher rate of interest was not their problem but availability of timely credit was the problem according to the government of India, since they were mostly dependent on the non-institutional credit, only 30% being institutional credit.
According to expert committee on rural credit
“Commercial banks” lending to small borrowing accounts under Rs. 25000/- has declined both in number of such accounts and the quantum involved. A large majority of such account is in rural areas and involves agriculture.
“The inherent contradiction in the policy towards agriculture is obvious and will have a telling effect on the production and employment of 27.04 corers of rural poor as of today just for an election stunt the Government of India reduced the rate of interest for ultimate borrowers to 9%, but did not increase the general line of credit which is at present is only about 6500 corers (about 24% of the total credit provided by the co-operative banking system) though the co-operative credit structure provided short term agricultural loan to the tune of approximate 21000 crore of rupees. Even the govt. of India declared waiver of interest to the tune of 12000 corers for drought affected areas of the country but did not provide any fund creating a serious liquidity crunch in the co-operative credit system.

Aforesaid facts and circumstances make it obvious that it is incumbent upon the government of India, the Reserve Bank of India, the NABARD and the co-operative credit structure to ensure positive changes in their policies making a significant departure from their present adhoc and negative dictates.
As per the recommendations made by different committee like agricultural credit review committee, Task Force, the expert committee on rural credit, Vikhe Patil committee, etc.

5.7 WTO & India’s agricultural export in the liberalised trade regime:

5.7.1 Indian agriculture in the world agriculture production:

Indian agriculture has a distinct position in the world agricultural production. It is the second largest producer of rice, wheat, fruits and vegetable and largest producer of milk, still in the world agriculture trade, its share is very meager. The share of Indian agriculture in the world export is less than one percent. Export of agriculture products is an important component of the country's agrarian scene. Its present position in the Indian economy is quite significant as exports contribute a great deal to the development of an economy though the foreign exchange earnings. Agriculture exports comprised about 30% if the total exports from India during 1980-81 and the share dropped to 19% in 1991-91. Agricultural exports in 1995-96 constitutes 19.87% in the total exports from Indian and this share has been decreased to 15.08% in 1999-2000. Though the proportionate share of agricultural products in total exports declined, the value of agricultural exports increased during this period.
The value of agricultural export was Rs. 24576 cores in 1999–2000. Traditionally, coffee, tea, spices, tobacco, raw cotton and marine products were the major agricultural exports from India. They still continue to be important but over the time export composition has undergone various changes and many new commodities like fruits, vegetable, flowers etc. have emerged in the exports baskets.

5.7.2 Competitiveness of India’s agricultural exports in the WTO Regime:

Though the economic reforms process started in 1991, it hardly covered the agricultural sector. In agriculture, the important State objective was also to attain self-sufficiency in food which has since been more than achieved. Indian agriculture was also sough to be protected against external competition from many developed countries where agriculture is commercially run and is highly technology intensive. The protection from important competition was essentially accorded by a strict regime of quantitative restrictions operated through the export/import policy of the country.

The established of World Trade Organization (WTO) is an important landmark in the history of international trade. Installed as comprehensive dispute settlement machinery with a wider ambit covering international trade in both goods and services, it contains the single most important set of governing rules.

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The WTO formally came into being on January 1, 1995. The WTO agreement on agriculture is stipulated to bring agriculture under the discipline of a multilateral trading system.

The basic objective of agreement on agriculture was to initiate "substantial progressive reduction in support and protection resulting in fundamental reforms" in the world agricultural trade and to make it more transparent. This agreement came into effect from January 1, 1995 and India being a signatory for the creation of WTO was a party to this agreement.

It is stated the trade regime under the WTO will be of great help in promoting export in a big way. The uniform rules, laws, practices regarding trade and open markets, which this organization promoted, will enable agricultural countries like India, to export large variety of products produced at lower costs. Improve mandatory reduction in tariffs on agricultural imports agreed to by the developed countries will improve the competitive position of India in the developed countries. Provision in the WTO for a mandatory reduction in protection/ subsidies will raise the prices of agricultural products in the developed countries. This will enable India to sell much more than ever before and gain from the high prices. The WTO has also provided for a mandatory minimum access of the domestic market of developed countries.

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According to the provisions of the agreement on agriculture all member countries are required to remove quantities restrictions and import licensing and also reduce tariff duties with a view to improving opportunities for exports. In India the external trade regime has been considerably liberalized and quantitative destruction on import of most of the agricultural products have been withdrawn from April 1, 2001. Concerned with the possible increase in imports due to the removal of the quantitative destruction, the government of India has simultaneously imposed certain conditions which would make import of agricultural products difficult. For example, only government nominated state trading enterprises are allowed to import certain agricultural products, import of certain food products should comply with the domestic health standards and regulations, etc. These efforts provide continued protection to Indian agriculture in the post WTO regime.
It can be seen from the tables (I & II) that positive export growth is noticed in case of six commodities while negative growth was observed in seven commodities in the period from 1995-96 to 1999-2000. The positive export growth is observed in tea, tobacco, cashew, spices, fish and fish preparations, fruits, vegetables and pulses.

The commodities whose exports growth in negative are coffee, oil cakes, sugar, raw cotton, rice meat, misc. processed foods.

The tables also show that about 70% of India's agriculture exports has shown positive growth during 1999-2000.

More importantly, over the years, the share of commodities displaying positive export growth during 1995-96 to 1999-2000 has increased from 50.33% to 68.53%, while that if the other group showing negative growth has declined from 49.67% to 31.47%. On an average, the agricultural products showing positive export growth constituting 56.75% in the total agricultural exports. These figures indicate that a large part of Indian agriculture especially those, which enter the export trade is fairly competitive in global terms. In the liberalized trade regime there are many new items like marine products, floriculture and poultry and dairy products are added in the export basket.

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5.8 Sunlight area for promoting agricultural development in the 21st century:

1. Farming system approach:

Since agriculture among the farmers is mostly on rainfed condition, it is a highly risky proposition and it can be sustained by mixed farming—a type of farming that combines crop production with one/more enterprise of allied activities of agriculture. This mixed farming facilities the farmers for better utilization of farm by-products stabilizing the annual net income, effective utilization of family labour for longer periods in year and reduces the risk in agri-business thereby paves the way for sustainable agricultural production. This is especially true in case of small and medium farmers, as their low scale returns from subdivided and fragmented land holding can be increased and sustained through practicing farming system approach.

Among different farming systems in India it is found agriculture plan livestock system contributes more income to the farmer. This farming system also envisages effective utilization of farm by-product. Though the country ranks first in the world in the milk production. It could be still increased by 20 to 30 percent by improved feeding. No doubt, this increase the cost and puts lot of burden on the government financially.
Hence the livestock services, feed and fodder quality upgradation and artificial breeding should be moved to the private hands and the government should devote its services regarding disease prevention and control.

2. **Strengthening the extension services:**

The extension services in the country should be strengthened so as to disseminate the scientific technologies from the research station to the grass-root level beneficiaries at the earliest possible time.

The three arms of agricultural extension network viz, public, private and mass media/information technologies should operate efficiently and complement each other in their respective roles. It is disappointing to note that, lack of adequate knowledge about the modern agricultural extension functionaries in mainly exposable for poor technology dissemination and hence poor research extension farmer linkage. Hence the strength of grass root level agriculture extension functionaries having at least diploma in agricultural science should be increase to strengthen research extension farmer linkages.

In this context, the recent recruitment of 350 agricultural officers and 2500 multi purpose extension officers by the Andhra Pradesh government is laudable.
Besides strengthening the extension services, there is a greater need to promote the farmers' participations in the extension programmes. The extension workers should assume the role of facilities in executing the developmental programmes so as to promote demand-driven extension.

In this context, the establishment of agricultural technology management agency at district level in selected states of the country is highly appreciable as they aim at farming system approach farming situation-based extension, integrated pest management, integrated nutrient management, natural resource management, etc., through demand-driven approach.

3. **Post harvest management**:

   This assumes greater significance in the light of WTA as it adds value to the produce.

   In India as on date, only 2 percent of the total agricultural produce was processed, and nearly Rs. 50,000 crores was lost every year due to post-harvest losses. The future thrust area would be development of appropriate drying and dehydration equipment for field crops, horticultural crops, and fisheries cold storage structures for perishable commodities processing equipment and effective utilization of by-products in the processing industries, etc.
4. **Bio-technology:**

Bio-technology holds lot of promise for the development of Indian agriculture in the 21st century. The promises of biotechnology include:

- The research can be carried out with greater efficiency (concentinal seed breeding programmes have to proceed step-by-small step towards a single target and they consume a lot of time)

- New plant protection techniques can be developed (e.g. bacillus thuriniensis as a vector which show positive impact on the environment by lessened dependence on chemical weapons.

- Marked advance in providing food security can be made through reducing the crop seasons (increasing cropping intensity), Improving the adaptability of crops to specific local conditions soil quality. Crop rotation practice etc. through the application of biotechnology. Moreover, the cultivation of such plants fits in to the concept of sustainable agriculture.

- Higher crop yield can be achieved at low production costs. This helps in enhancing the export competitiveness of the commodities in the global market.

- Biotechnology has the capacity to remove the
undesirable traits in crops, thereby improve the quality of the produce. This is very important to the nutrition of disadvantaged and resource poor consumers.

- The shelf-life of fruits, vegetables and flowers can be prolonged and this will help broaden the market and also reduce the dependency on expensive cold storages.

- This technology will encourage the private sector to exclude toxicants, extract and store them in their body or convert them into volatile from that can be released into air. In case of bio-remediation instead of plants, micro-organisms play the same role. These processes help the farmers to cultivate their crops even in problematic soils.

- Genetic modifications can be used to improve several characters in the final product such as durability enhanced nutritional content, quality improvement processing characteristics, etc. and all these traits would help in promoting agri-exports in the liberalization perspective.
5. Promoting information technology:

This technology, which is already in boom in the last decade of 20th century, should be properly utilized in the agricultural sector in ensuring future for effective dissemination of latest agricultural technologies to the farmers at the quickest possible time. This technology should be well in reach to the farming community so as to achieve better results. Cyber extension should be strengthened at the village level as many successful stories viz., pilot projects of 'Warne wired village in Kolhapur, Maharashtra and 'information villages' in Pondicherry have demonstrated the acceptability and usage of cyber extension at village level.

6. Enhancing the market competitiveness of agricultural commodities:

As the agricultural commodities produced and marketed from India had only relative advantage and not absolute advantage in the international market, measures to enhance the export competitiveness assume greater significance. The cost effectiveness which enhance the export competitiveness of the commodity is the basic principle in the WTA even through several clauses like sanitary and phyto-sanitary measures, tariff barriers, green, box blue, amber box, livelihood box measures etc are available.
The export competitiveness can be realized by improving the efficiency of inputs through significant cost reduction harnessing the complementariness of the enterprises through farming systems approach creation of congenial environment through organization and management reform quality standards matching the importers needs enhancing the genetic productivity of crops, etc.

7. **Increasing the capital investment in agriculture**

At present the capital investment in agriculture is dwindling, but this trend must be reversed. The public investment in agriculture should be increased, but serious efforts should be made for attracting the private investments by encouraging contract farming. This is sector in agriculture, the accountability of the functionaries will be improved and hence the genes from the modern agricultural technologies will be realized very quickly moreover, the public sector should see the private sector as a complementary sector rather than as a completive sector.

8. **Reforms agricultural education**:

In India at present, there are 36 agricultural universities imparting technical education in the field of agriculture to the students beneficiaries. However the quality of education is started declining in the country in the recent years.
This is mostly indicated by the lack of confidence on the part of the students to take up self employment activities in the field of agriculture, Hence, the agricultural education should be more practical oriented rather than theory oriented. In the light of WTA it is inevitable for the agricultural universities to educate the student are the farmers to fix their eyes to accomplish their goals in terms of trade and commerce at global level, biotechnology foreign trade of Indian agriculture, application of IT in agriculture, agri-business management etc.

Are the coerces to be introduced in the curriculum of agricultural education so that the mindset of the students will be transformed to a grater extent and they start their brain stuff to tune towards the requirements of the farmers.

9. Promoting awareness on the implications of WTA on Indian agriculture:

India entered the era of globalization and economic liberalization a decade back and still the focus is not clear. Whether the agreement on agriculture is threat to India agriculture or it is providing an opportunity for further growth. However, it is not the right approach to politicize the trade related issue. As mentioned earlier India benefits much by participating in WTA and it cannot prosper in isolation.

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The current apprehensions and not due to the features of agreement on agriculture. The researcher were aware of the fact that the process of globalization is irreversible and in the contemporary world situation, there are no alternatives but to adjust to the existing realities. So, it is high time for the government to promote awareness about the features and implications of WTA, conduct analytical studies about the export commodities, identifying major something countries for our product, build up requisite data for studying the relative advantage of the country in the country after participation in WTA on several grounds were analyzed and presented through.
Table –5.1
Progress of Indian agriculture after participating in WTA

<table>
<thead>
<tr>
<th>S.N</th>
<th>Item</th>
<th>Period</th>
<th>CGR(%)</th>
</tr>
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<tbody>
<tr>
<td>1</td>
<td>Progress of regulated markets</td>
<td>1990-91 to 2000-01</td>
<td>1.01</td>
</tr>
<tr>
<td>2</td>
<td>No. of commodities under grading standards</td>
<td>1990-91 to 2000-01</td>
<td>2.02</td>
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<td>3</td>
<td>No. of cold storages</td>
<td>1990-91 to 1997-98</td>
<td>2.25</td>
</tr>
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<td>4</td>
<td>Total value of agricultural exports</td>
<td>1991-91 to 1997-98</td>
<td>28.72</td>
</tr>
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<td>5</td>
<td>Irrigation Development</td>
<td>1990-91 to 1997-98</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(a) Major and Medium</td>
<td>1990-91 to 1997-98</td>
<td>1.65</td>
</tr>
<tr>
<td></td>
<td>(b) Minor</td>
<td>1990-91 to 1997-98</td>
<td>2.54</td>
</tr>
<tr>
<td></td>
<td>(c) Total</td>
<td>1990-91 to 1997-98</td>
<td>2.22</td>
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<td>6</td>
<td>Flow of institutional credit</td>
<td>1990-91 to 1998-99</td>
<td>19.90</td>
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<tr>
<td>7</td>
<td>Total area under high yielding varieties</td>
<td>1990-91 to 1999-00</td>
<td>3.16</td>
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<td>8</td>
<td>Distribution of certified/quality seeds</td>
<td>1990-91 to 1999-00</td>
<td>4.29</td>
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<td>9</td>
<td>Production of chemical fertilizers</td>
<td>1990-91 to 2000-01</td>
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<td></td>
<td>(a) Urea</td>
<td>1990-91 to 2000-01</td>
<td>5.31</td>
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<tr>
<td></td>
<td>(b) DAP</td>
<td>1990-91 to 2000-01</td>
<td>4.47</td>
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<td>10</td>
<td>Demand Supply gap in fertilizers</td>
<td>1991-92 to 2000-01</td>
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<td></td>
<td>(a) Urea</td>
<td>1991-92 to 2000-01</td>
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<td></td>
<td>(b) DAP</td>
<td>1991-92 to 2000-01</td>
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<td>11</td>
<td>Consumption of pesticides (M.T.)</td>
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<td>12</td>
<td>Export of technical pesticides (Rs. Crores)</td>
<td>1990-91 to 2000-01</td>
<td>26.64</td>
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<td>13</td>
<td>Production of tractors</td>
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<td>9.72</td>
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</table>

Significant at 1 percent level NS – Non significant

... 192 ...
A close perusal of table 2 reveals that, the country is making strenuous efforts in the right direction (except demand and supply gap of Urea Fertilizers) to face the challenges and opportunities offered by the global competition under WTA during the structural reforms period.

5.9 Emerging scene in global trade:

Global merchandise trade in volume terms went up by appreciable rate of 12 percent during the year 2000 and the most vital silver lining is that it is the fastest growth rate in more than an decade against a stagnant 5 percent growth during the earlier two years. The WTO in its report has pointed out the following three major contributory for such an appreciable increases in global merchandise trade.

1. Higher growth rate resulting into higher level of economic activity worldwide.

2. Stable dollar prices and,

3. Changes in tree key currencies i.e., Dollar, Euro and Yen, which have an impact on regional trade.

In the year 1995, global merchandise export were amounted to $ 5.1 billion and by the end of 2000 this figure reached a level of $ 6.2 billion which means within a span of six year the global merchandise export have registered an increase of 1.1 billion, an increase of 21.5 %.
Global trade in commercial services accelerated modestly in 1999, while export grew by 1.5% to $1340 billion. The imports for commercial services increased by 3% to $1335 billion. The most dynamic export and import growth during the year 1999 was in the case of North America's import growth exceeded its exports growth ($9 billion and $6 billion respectively), Asia's exports and imports improved by 4% and 5% respectively.

In case of transition economies, a sharp contraction was witnessed in both exports and imports.

Now India has been playing an active role in drawing the attention to important economic trade and development concerns at various rounds of negotiations prior to and at the Cancun Ministerial Summit. Some of the specific issues highlighted include the following:

- The Agreement on Agriculture (AoA) required reduction by developed countries and developing countries of domestic support to farmers, export subsidies and tariffs by a prescribed percentage in a phased manner. Some of the developed countries have not fully implemented the subsidy reduction requirements.

- WTO permits non-trade distortionary subsidies. However, experience shows that even these can be trade distorting. Developed countries have steadily increased subsidies under these heads.
• Developed countries have been asked to reduce their import duties so as to provide greater market access. However, India and other developed countries have argued that agriculture is a way of life and employs a large proportion of the work force while contributing significantly to the Gross Domestic Production. The exposure to volatile international market would affect not only domestic prices but also incomes of the poor.

• It was suggested that tariff reductions by developing countries should be matched by substantial reduction of input and export subsidies on agricultural products by developed countries. Further, the peak tariff duties by some of the developed countries on certain agriculture items like wheat, paddy rice, cereal grains, sugarcane, dairy products and edible oils need to be reduced.

• The technical barriers to trade and stringent restrictions on exports for developing countries on grounds of sanitary and phyto-sanitary regulations placed by developed countries need to be relaxed to acceptable levels so as to prevent protectionist measures by developed countries on this plea.

• Developing countries like India have higher industrial tariffs compared to the developed countries. India proposes to reduce most of its tariffs to bring it in line with most of the South East Asian countries and not drastically to the extent proposed by the developed countries.
Custom duties are a source of a revenue for developing countries. Moreover, the industrial sector faces a number of constants and some protection to certain crucial industries is considered warranted.

- Grant of patents on non-original innovations, particularly those linked to traditional medicines by developed countries was contested. A mechanism was proposed for the disclosure of source of origin of biological material used in invention and also obtaining the consent of the country of origin. Further, dissemination of knowledge along with patent for seed diversity was emphasized as crucial for developing countries like India where a large population is dependent on agriculture for their livelihood.

- Under the Agreement on Trade in Service, developing countries emphasized the need to relax the restrictions by many of the developed countries on movement of natural person. India in particular, has the advantage in movement of highly skilled and experienced professionals and barriers to their movement should be done away with.

- Developed countries wanted to introduce the new Singapore issues comprising multilateral agreement on investment, competition policy, trade facilitation and transparency in Government procurement. This was not found acceptable to developing countries in its present form and asked for unbundling of the issues.