

INTRODUCTION

The main purpose of the present study entitled “WTO provisions and its impact on Indian agriculture” is to analyse the effect on the Indian agriculture in the last 7 years since the inception of WTO in 1995 and the WTO Agreement on Agriculture. Signing of Agreement on Agriculture was greeted by great euphoria as it was expected that this agreement would open up the markets of their products in developed countries. As far as India was concern, support given to agriculture was negative while developed countries were found heavily subsidizing their agriculture. Based on this, it was expected that the implementation of AoA would result in reduction of domestic support in developed countries and would improve export prospects for India. The study is a modest attempt to understand the implications of multilateral trade liberalisation on Indian agriculture and to carefully assess the likely costs and benefits of globalisation to the consumer and producers in India. The main thrust of the study is to examine how the free trade affects the pattern of cultivation, trade and income of the Indian farmers. The importance of the present study emanates from the fact the agriculture not only constitutes one of the largest sector of the Indian economy but also provide employment and linkage with the industrial growth.

The establishment and objective of WTO, like its predecessors the GATT, was to promote free trade and to raise the level of living standard all around the world. WTO works on the principle of Ricardo’s comparative analysis that all the members get benefitted if they engaged in free trade. The objective of establishing a free and liberalised trade regime is widely advocated as free trade is an engine of growth.

It is argued that the developing countries have agrarian structure and have comparative advantage in agriculture. And in case of free trade these countries have inherent benefits for the exports of agricultural produces and increase the income of farm producers. Nevertheless, in a dynamic world characterised by rapid technological advance, the benefits of trade liberalisation in agriculture to developing countries like India would essentially depend on the relative competitiveness of their agriculture. This, in turn, hinges on their capacity to undertake large investment in rural infrastructure for technological up gradation, marketing, processing and diversification and growth of agriculture. But the main challenges for the developing countries would to be increase the efficiency of production and to create institutional mechanisms to enable the small and marginal farmers to share the benefits of agricultural diversification and increase agricultural exports. On the other hand the opening of all barriers to agriculture trade was also likely to pose some critical challenges because of the possibility of large scale imports.

It was argued that trade liberalisation was a expected to result in optimal allocation of world resources and increased welfare of all the trading partners. So the positive aspect of free trade not depends only on productivity and efficiency but aspect would depend on the extent that multilateral trade negotiations can bring trade liberalisation, eliminate excessive domestic and export subsidies by the developed countries and provide the market access on the basis of the competitiveness the developed countries market.

Trade does provide new opportunities for specialisation and exchange, but the extent to which poor household in particular, the small and marginal farmers and landless labour take advantage of them depend on their access to resources and the supportive role provided by the state. It has

to be underlined that globalisation offers both opportunities and challenges, there are general concerns about the short and medium term costs of trade liberalisation in the agricultural sectors that employs a large proportion of workers in most developing countries. These costs could express themselves in terms of loss of income and employment for a large section of vulnerable population in the agricultural sector.

The main objective of the study is to analyse the impact of trade liberalisation on Indian agriculture. The whole study is categorised into 6 chapters, to examine the whole effect systematically. Chapter first examines the development of trade theory from the 17th century through the part of the 20th century. The historical approach is useful in way of introducing the concepts and theories of international trade from the simple to the more complex and realistic trade practices.

Second chapter is devoted to a brief history of WTO as it has evolved in the present form, as a predecessor of GATT. Establishment of GATT and their objectives are also mentioned along with the various rounds of GATT and finally objectives of WTO also will be mentioned.

Third chapter deals the main provisions of Agreement on Agriculture (AoA). This part also examines the question whether domestic support and export subsidies have actually been sufficiently reduced by the developed countries and whether they have provided adequate market access to agricultural exports from developing countries? This chapter also discuss the various ministerial summits of the WTO and raise the issue of deadlock.

Fourth chapter concentrates on the general overview of Indian agriculture since independence along with the changing agricultural export scenario. The chapter deals the area of comparative advantage of export basket of agriculture products in terms of competitiveness. The chapter also

examine the relationship between the procurement / support price and terms of trade with diversification of agriculture in the changing scenario.

Fifth chapter deals a brief review of the implication of WTO provision on Indian agricultural policy and important changes which took place along with govt. policies and programmes. The discussion also try to spell out the ingredients of a strategy to augment agricultural exports in the changing global economy.

Sixth chapter is devoted to the empirical evidences opening up of the Indian Agriculture in terms of trade since 1995, food security and food management, on crop production, agricultural employment and wages.

Finally, at last there is conclusion which deals with the main objective of the study namely to examine in what way and to what an extent economic reforms and trade liberalisation have affected the standard of living of the Indian peasantry. This part also contains a few suggestions that would enable a large number of marginal and small and resource poor farmers to partake the benefits of trade liberalisation.