IMPACT OF W.T.O. ON INDIAN AGRICULTURE

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India's agriculture has been facing serious crises. The crisis is more apparent in agricultural marketing. A threat of depending crisis in the days to come does exist.

In recent years the demand for agricultural products has been thoroughly on the decline. Several types of agricultural products are left with either farmers or millers. The farmers express fear and anxiety, rightly so that there would be nobody to purchase the new stocks coming into market after harvest or that the prospective demand for their products may be little. The demand for agricultural commodities has steeply declined due to many levels. The influence of wholesale merchants, millers and other middlemen in Indian agricultural marketing system is in doldrums. The people lack purchasing power and it is one of the reasons for the absence of demand for agricultural products.

Further, the prices of all agricultural commodities have been depressed. The government has encouraged the cultivation of commercial crops in place of food-grain crops on the plea that the cultivation of food-grains is not profitable. Accordingly, the farmers have stepped up the production of commercial crops. Fair prices are not available not only for food-grains but also commercial crops. The prices of almost all-agricultural commodities either food-grains or commercial crops have been dipped. When the prices of agricultural commodities fell in the past, there used to be a hope of price-rise in the future. But there is no such hope of increasing prices now. The farmers are caught up with a fear that even the present level of prices of agricultural commodities may not get stabilized. They are worried and agitated that the agricultural prices might get further depressed. The farmers are in a state of qualm caused by lack of demand and/or depressed prices for their agricultural produce. The Exim Policy as part of the globalization and lot of the middlemen in Indian agricultural marketing system is continuing unabatedly. The producer's share in consumer's price is generally low. Hence, the farmers are loosing their incomes. They are unable to meet their household expenditure, increasing cost of cultivation of crops, and also farm investment requirements. They are not able to repay the loans. They are not able to put up with the moneylenders' pressures and insults. In order to liberate themselves from the financial crises, social intimidations and series of insults, the farmers have been resorting to suicides. Although suicides are not a solution to the problem, this has been continuing. What are the factors contributing to this sad state of affairs? The State and Central Governments are undoubtedly responsible for the plight of farmers. The globalization policies adopted by the state and central governments are responsible for the plunder of agricultural sector. The policies formulated and implemented in accordance with WTO provisions need a closer examination at this juncture and the results of the analysis are presented in the ensuing paragraphs.

METHODOLOGY

The import policy has four important

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components, namely import tariffs, imports under open general list, removal of quantitative restrictions and compulsory import of food-grains.

(a) Import Tariffs–The Governments of the country level import tariffs to prevent to some extent the import of commodities from foreign countries by keeping the people's interests and welfare of the farmers in view.

The developed countries particularly America have been levying heavy import tariffs on the imports of agricultural commodities. These countries are imposing import tariff ranging from 150% to 300% and protecting their agriculture since a long time. The examples of some of import tariffs imposed by the developed countries are as follows:

America	:	Sugar (244.4%)
		Groundnut (173.8%)
		Milk (82.6%)
Europe	:	Meat (213%)
		Wheat (167.7%)
		Sheep Mutton (144%)
Japan	:	Wheat products (388.1%)
		Wheat (352.7%)
		Barley products (361%)
Canada	:	Butter (360%)
		Cheese (289%)
		Eggs (236.3%)

While the developed countries have been imposing import tariffs on such a high scale the developing countries, which do not have sufficient experience in the production of agricultural products, have been imposing import tariffs at a very low level.

Developed countries have to reduce the import tariffs by 36% and developing countries 24% by 2004. Even if the developed countries reduce their import tariffs by 36% they will continue to give very high import tariffs. On the other hand, if the developing countries reduce their import tariffs by 24% from their already low import tariff rates, they have to impose very low import tariffs. This is nothing but cheating the developing countries. Thus the market access has gifted the markets of the poor countries to the developed countries for looting.

Against the import tariffs imposed by developed countries, India brought down the import tariffs from 250% to 15% in case of several agricultural commodities. The government of India reduced the import tariff as per as the conditionalities of the WTO. However, the Government has raised the import tariff on certain food-grains recently as a result of the farmers' agitations. Even the raised import tariffs are also considered to be very low i.e. why these low tariffs are able to prevent the flow of agricultural goods into our country from the developed countries. Food-grains and several other agricultural commodities are being dumped into the country. This is the reason as to why the demand for domestic produce is on the decline.

(b) Import of Agricultural Commodities– The government has brought several agricultural commodities under open general list. This gave scope and opportunity for imports of various agricultural products. Accordingly, the palm oil is being imported into our country. This has been negatively affecting our groundnut farmers and coconut farmers. The price of palm oil is Rs. 24/- per kg, while the price of groundnut oil is Rs. 38/- per kg. Malaysia declares that it would supply palm oil of any required quantity at the rate of Rs. 18/- per kg at our seaports. A bulk of our people has already been using palm oil. The demand for groundnut has thus resulted in a decline. Groundnut farmers incurred a heavy loss. Further in Kerala and also in some parts of Karnataka and Tamilnadu people use coconut oil as an edible oil. Since palm oil is available at a cheap price. The people in these places have reduced the use of coconut considerably as edible purpose i.e. why the demand for coconut oil is lost and the prices of coconut oil are also slumped. The prices of other products of coconut area also depressed. The coconut industry in Kerala and Karnataka is affected adversely. The coconut factories are closed. About 20 coconut processing units in Thiptur of Karnataka are closed. As a result of this, about 2 lakhs of coconuts are coming into market at this place every day i.e. why the prices of coconut and its products are slumped. Coconut farmers are highly agitated.

Similarly, India is importing sugar from foreign countries including Pakistan despite the piling of huge stocks of sugar in the country. Further, there are reports that sugar would be made available to India at the rate of Rs. 9/- per kg as against the prevailing price of domestic sugar at a price of Rs. 13/- per kg. The continued import of sugar has affected the farmers adversely and the sugar industry as a whole has been in crises. The sugar factories have not been paying even the statutory support price fixed by the government. Added to this, the sugar factories owe dues of large amounts to sugarcane farmers. Sugarcane growers and sugar factories are facing serious crisis.

Cotton is yet another crop facing crises. The country is importing cotton. Even the garments are also imported. It is because of the imports, the cotton growers, the ginning, spinning and textile mills are subjected to great losses.

Even the wheat and rice are also bein' imported. The rice imports have gone up. About 1.7 million tonnes of rice was imported two years back. Thailand is reportedly ready to supply rice at the rate of Rs. 6/- per kg. in such a situation, what would happen to our paddy farmers?

Regarding livestock products, more than 40,000 tonnes of milk powder and butter oil was imported in just two months time in the year 2001. As a result of this, price of ghee declined from Rs. 160/- per kg to Rs. 100/- per kg. This has a potential threat to our 90 million dairy farmers. As already indicated that the import GDP ratio increased from 7.3 in 1989-90 to 10.2 in 1995-96. It clearly shows that the imports of agricultural commodities have been substantially increased during the last few years.

(c) Removal of Quantitative Restrictions–One of the significant provisions of WTO is the removal/lifting of quantitative restrictions. By lifting them, any country can export any commodity to any destination. The authority to impose restrictions no longer rests with the governments of the countries. The provision of removal of quantitative restrictions does not apply to those countries facing the problem of balance of payments. However, America and European countries insist that India should remove the quantitative restrictions at once, since India does not presently has a problem of balance of payments. These countries have filed cases in WTO as well. Although India has a time limit upto 2003 for removal of quantitative restrictions, our Commerce Minister Mr. Murosoli Maran signed quantitative restrictions with immediate effect covering as many as 1429 items of agricultural, livestock and other products. A sample list of items on which all quantitative restrictions are being removed presented in Annexure. The removal of quantitative restrictions, it is feared, shall lead the farmers into pauperization and siphon off them from agricultural sector.

(d) Compulsory Import of Food-grains– This is a peculiar of WTO. According to this provision, we have to import compulsorily 5% of the food-grains produced in the country, whether there is a need or not. This is the most unjust provision. This provision is made to get the markets of the developing countries surrendered to the developed countries. This is a grave threat to our food-security and self-reliance. If the country has to import such a huge quantity of food-grains (i.e. 5% of our domestic food-grain production), where does the money come from? Where is the foreign exchange? Does this not throw us into a debt trap? This would undoubtedly affect our food-grains growing farmers adversely. The prices of agricultural commodities of our farmers will be depressed to deep fathoms. The adverse impact of imports of wheat, rice, edible oils, sugar and cotton have already been felt by the farmers.

Export Policy :

It was expected that WTO would play a great role in expanding the international trade substantially. However, it did not happen. The developed countries had lion's share even in the increased international trade, however small it might be. These developed countries have boosted their exports. The developing countries gained nothing from this. The government, rich farmers and capitalists imagined that the exports from our country could be boosted up. The share of India in international trade is only 0.4%. This share is getting reduced day by day. The growth rate of exports declined from 20% in the earlier years to 5.3% in 1996-97, 4.6% in 1997-98 and 3.7% in 1998-99. As against this trend, the import - GDP ratio increased from 7.3% in 1989-90 to 10.2% in 1995-96. The trade gap has widened substantially.

Constaints to Agriculture Export :

1. Import Tariffs–In the developed countries, the import tariffs, as already stated, are very heavy, ranging from 150% to 350%. Our country can not export by meeting the heavy import tariffs. The import tariffs would continue to be high in developed countries even after reducing the import tariffs by 36% as per WTO.

2. International Prices–The prices of commodities are not stable generally in international market. The prices of agricultural commodities in international market are lower than those of our. Hence it is clear that we shall not get profits, if we export our agricultural commodities and we will have to sell them at a loss.

3. Cost of Cultivation–The subsidies given to agricultural sector in our country are low. The cost of cultivation of all our crops has tremendously increased. The costs of all the inputs, such as fertilizers, pesticides, power etc. have been raised i.e. why the prices of our agricultural commodities naturally tend to be high. The situation in the developed countries is much against to this. The governments of those countries extend fullest support to agriculture in various forms including subsidies. By adopting the technology, particularly Bio-technology and using heavy machinery those counties have been boosting agricultural production at minimum cost. Hence, the prices of their agricultural produce are low. It is, therefore, impossible for India to compete with those countries. We can not export to any country by facing stiff competition from the developed countries. These countries ignore the WTO provisions. The subsidies are extended to agriculture under some pretext or the other and in one form of the other. Even if the subsidies are reduced in those countries by 20%, still the subsidies would continue to be on a higher scale. Further the productivity of several agricultural commodities in India has been extremely low. India's rank in the productivity of the following crops is as follows.

Rice	-	51
Wheat	-	43
Maize	-	98
Pulses	-	126
Groundnut	-	78
Sugarcane	-	38

In the light of the above data, it is clear that India does not have competitiveness in several crops and the export opportunity tends to be minimum.

4. Excessive Production and Exports– The Government expected that we would get a big share in international trade since we produce excessively some of agricultural products. But it turned out to be false. For example India stands second in the production of vegetables next only to China and also stands second in the production of fruits next only to Brazil. But our share in international market of these two types of commodities is only marginal, say, 0.5% only. Hence, there is no guarantee that the exports necessarily increase, even if our agricultural production increases.

If the international trade expands due to free trade, we shall have export opportunities as much as other competing counties have. It is only our fallacy that other countries cannot compete with our country and we alone shall have monopoly. It is said that India has comparative advantage and competitiveness in floriculture. But what is India's share in flower trade? It is only marginal.

5. Non-Tariff Barriers–Our exports are not permitted under some pretext or the other by the developed countries. Our exportable commodities are rejected on health, sanitary and phyto-sanitory conditions. Our exportable fruits and prawns are rejected. They are returning the exported commodities on the guise of inferior quality. Furthermore, the developed countries have been implementing anti-dumping conditions rigorously and hence our exports have dwindled.

6. Export Subsidies–As per the WTO provisions, the developed countries will have cut export subsidies by 36%, while the developing countries by 21%. The developed countries cut the export subsidies by 36%, even then the export subsidies for agricultural commodities remain to be quite high. These subsidies for agricultural commodities are marginal in the developing counties. There would be nothing to reduce in export subsidies. Hence, there is no incentive to our exports.

7. Surpluses–In food-grains and other agricultural commodities, we may not have real surpluses. Our needs are on the increase. Hence, we are not in a position to export food-grains. We may continue to export some of our traditional agricultural products, such as Tea, Coffee, Jute, Spices and Condiments. No increase can be achieved in the exports of these commodities on account of WTO.

Agreement on Agriculture :

Aggregate measurement of support (Subsidies to Agril sector/Domestic support).

According to WTO provision the subsidy to Agril. sector has to be reduced by 20% by 2000 by the developed countries. The developing countries are allowed to have a subsidy of 10% of the total value of agril produce.

A deceitful plan appears to have been hidden in the WTO provision. The definition of subsidy itself is wrongly interpreted in order to serve the interests of the developed countries. Further a 'green box' agreement is entered into between America and European Union, which facilitates extension of subsidies on large scale of agril sector in those countries. The green box subsidies include 'set aside' payments, expenditure on agril research and development, payment towards agricultural insurance etc. All these payments are exempted from the agricultural subsidies calculations. These green box payments aid greatly in raising the agril production in Europe.

According to an estimate, every American farmer in1996 got a subsidy of 28 thousand U.S. $, in Indian currency it amounts to Rs. 13,63,000. This subsidy is more than the per capita income by 25 times of the low-income groups of 42 countries. The subsides given in different countries to agriculture is as follows:

Country	**% of the total value of agricultural produce**
Japan	72.5
Columbia	54.0
South Korea	61.0
Europe	37.0
Pakistan	26.0
USA	28.8
India	3.0

According to 'The Economist' of London, developed countries of the world were heavily subsidizing their agriculture, much against the spirit of WTO. In 1998 the average subsidy per farmer in the US was $30,655. On per hectare basis, it was $550 (=Rs. 23,650/- at the old rate). The total amount of subsidy paid in 1998 to US farmers was $97.3 billions (equals to Rs. 4,18,400 crores), which was much more than the total value of all farm produce in India. Besides the subsidies, farmers in the US get their farm inputs - fertilizer and fuel oils at mush cheaper rates than the Indian farmers have to pay. (Hindu, dated Sept. 12,2000). Further farmers in America get income support because their farms are located in disadvantaged regions. In Europe, as already stated, farmers get paid under their 'fallow' and 'set aside' provisions. As the name indicated, farmers get this subsidy to not to grow anything and to set their land aside for some time. In 1993, the European community paid out DM 3.6 billions to destroy the surplus fruits and vegetables produced in the European community. This does not include the surplus of cereals, milk, butter and meat. Subsidies under the 'set aside' and fallow lands are classified as income support and will continue. In America according to USDA publication, there are 29 ways, in which the farm sector has been subsidized by the state. When such is the case, how Indian farmer who gets lowest subsidy can compete in international market with America. Further, the hidden agenda of WTO is to see that agriculture is ruined in the third world countries, so that they can dump their products into the markets of these countries.

Trips :

Out of the 7 items of the TRIPS, patent rights have great impact on agriculture. Never before agriculture, livestock, micro-organization were under GATT. But now these are part of WTO.

Patents are usually given to inventions but not to discoveries Plants, livestock, genes are not inventions. These are only discoveries. Hence, patent rights to plants and livestock are against the rules of nature. The impact of patents on agriculture is as follows:

(a) If genes are patented, the plant-breeding programme will come to a standstill and we cannot evolve out own improve seeds.
(b) Multi National Corporations (MNCs) will have complete hold on our seed sector.
(c) Farmers cannot use their own seeds every year. They have to purchase the same from the MNCs.
(d) The seed price would go up.
(e) Dependency for seed on MNCs will go up, which is dangerous.
(f) Cropping pattern will be affected.
(g) Research in bio-technology will be affected.
(h) The use of indigenous knowledge may be prohibited, if patents are taken by the developed countries.
Ex.: Neem, Turmeric etc.

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