THE WTO'S EFFECTS ON INDIAN AGRICULTURE

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ABSTRACT

The world trade is only responisble for setting international trade and regulation. Making sure that trade moves as smoothly, predictably, as freely as possible is its main goal. In this paper paper we have discuss about equipment for protection such as tariffs , export taxes, export subsidies etc. We have also discuss about Intellectual Property Rights and also about WTO and its implication for India such as WTO agreement on agriculture. We have also discuss about challenges face by wto in India. The current research supports this opinion because it is evident that very little, if anything, can be attributed to outside forces, such as the WTO, in the design of India's agriculture negotiation package.

Keywords: Agri-exports, Tarriffs, TRIPS, Phyto-sanitary, WTO, etc.

INTRODUCTION

The World Trade Organisation (WTO) is the only international body responsible for setting international trade regulations. Making sure that trade moves as smoothly, predictably, as freely as possible is its main goal.

Assurance is the outcome. The finished goods, components, raw materials, and services that consumers and manufacturers can choose from are both assured supply. Exporters and producers are aware that there will still be access to international markets.

Additionally, a more wealthy, tranquil, and ethically responsible economic world results. In the WTO, decisions are normally reached by consensus among all member nations and approved by their parliaments. Trade conflict is resolved through the WTO's dispute resolution procedure, which focuses on how to interpret commitments and agreements and how to make sure that nations' trade practises comply with them. By doing this, the possibility of disagreements turning into a political or military war is diminished.

Equipment for Protection

The most common reasons why governments intervene in agricultural trade are to increase tax revenue, support producer incomes, lower the cost of food for consumers, achieve self sufficiency, and counteract interventions from other nations (see Box 1). The next sections analyse these.

1 Direct defence equipment

Commodities are impacted by direct protection measures as they are imported or exported into another country. The most prevalent ones are export taxes, export subsidies, import and export quotas, and tariffs.

Tariffs

An importation is subject to a tax known as a tariff. As a fixed fee per unit of the imported item, certain tariffs are imposed, for instance, Rs 500 per barrel of oil. Ad valorem tariffs are assessed as a proportion of an import good's CIF price , for instance, a 20% fee on the CIF price of a tractor. Tariffs can be fixed (a set price per physical unit or a set portion of the CIF price) or variable (charges fluctuate in accordance with the CIF price). Variable tariffs are employed by the European Union (EU) on imported foods as variable import taxes.

The simplest and oldest type of trade policy instrument is the tariff. By artificially inflating the domestic price of the imported commodity, they are now mostly employed to shield specific domestic industries from foreign competition. Historically, they were utilised as a source of government revenue.

Export taxes

Commodity exports are subject to export taxes. They might be exacted as a percentage of the FOB price or as a fixed amount per physical unit, just as import duties. Governments typically impose export taxes as a way to generate income. Although their use has diminished recently, they were widespread in nations prior to structural adjustment when exporting primary commodities gave the simplest and safest method for raising tax revenue. Export taxes lower both the price at which export producers are paid and the price at which the commodity is sold on the domestic market. Thus, for example, the taxes on meat and wheat exports by the Argentinean government in the past had the result of lowering the price obtained forboth the price that Argentine consumers paid for these products as well as their production by local farmers. Export taxes have a tendency to inhibit local production and promote home consumption of the exported commodity because of this effect on prices, which over time reduces the amount exported. Export producers pay the price for export levies that benefit domestic customers and the government's coffers.

Export subsidies

An export subsidy is money given to a company or person who exports goods. It might be particular or ad valorem, just like a tariff or an export tax. Export incentives encourage producers and dealers to sell their products abroad, increasing the profitability of doing so and driving up the cost of the product on the domestic market. When a government provides a subsidy for the export of a good, traders will frequently continue to export the good until the domestic price has surpassed the foreign price by the subsidy's value. At the expense of domestic consumers and taxpayers, export subsidies help export manufacturers and traders.

Sanitary and phytosanitary restrictions

Import-related sanitary and phyto-sanitary limitations are not in and of themselves trade measures, but they can easily transformed into such. Intentionally using them to protect domestic producers from foreign competition has become more common. Nations frequently enact these limits in reaction to popular pressure rather than to prevent health risks based on scientific data the involvement of relevant parties. Sanitary and phyto-sanitary limits are a top priority during trade discussions as a result of this.

2. Indirect protection instruments

Here, there are two different kinds of instruments. The first is the control of the currency rate, which, while directly aimed at influencing trade flows, has broad effects (as opposed to those unique to particular commodities) because it affects all imports and exports uniformly. We have categorised it as an indirect tool as a result. We also include schemes, marketing aids, input subsidies, tax exemptions, and long-term investment support aimed at helping certain producers, particularly farmers. These policies tend to assist producers as such, rather than just exporters or import-competitors, and place more emphasis on domestic output than international trade. However, they have clear trade repercussions since they hinder domestic producers' ability to compete against foreign rivals.

Exchange rate management

The amount of domestic currency received by exporters for a specific value of exports and paid by importers for a certain value of imports is determined by the exchange rate, which is the price of the domestic currency in respect to foreign currencies. Currency devaluation raises this price, increasing both the value of domestic currency received by exporters and the value of domestic currency paid by importers. In this way, devaluation promotes exports while discouraging imports; increasing this one price offers generalised incremental protection to all domestic exporters and import competitors. The converse is true of overvaluation; because it acts as a subsidy for imports and a tax on exports, an overvalued exchange rate inhibits exports while encouraging imports.

Devaluation can result from a policy and happen over night.While devaluation can take place overnight as a consequence of a policy decision, overvaluation develops over time as a result of failures to adjust the exchange rate (i.e. to devalue) in situations in which domestic inflation is higher than that of the country's trading partners. Since devaluation pushes up the domestic price of exportable and importable commodities, it tends to have an inflationary impact. The fear that devaluation will feed the inflationary process often deters monetary authorities from devaluing in the face of creeping domestic inflation, notwithstanding the potential positive effect of devaluation on the trade balance.

Commodity programmes

Commodity programmes are the major agricultural protection instruments used by the United States, the EU, Japan and other countries to aid local producers. These programmes are designed to support farm incomes, and often result in restricting imports or subsidizing exports. Commodity programmes include direct payments made to farmers in the form of subsidies to crop prices, as well as supply control programmes aimed at reducing the harvested area. An example of direct payments to subsidize crop prices was the deficiency payment system practised in the United States to support grains and oilseeds, which granted farmers the difference between the market price for these commodities and a guaranteed or fixed target price, if higher. An example of a supply control programme is the payments made to farmers to keep land uncultivated under the set aside policy of the EU. The United States had a similar acreage reduction programme in the past, where producers were required to cut back the area sown to a particular crop by a prescribed percentage of the historic base, in order to be entitled to receive the corresponding payment. The latter programmes aim at reducing the domestic production of certain crops so as to sustain their market price while avoiding or reducing the creation of export surpluses.

Marketing support

Through various schemes including subsidised marketing credit and transportation and storage subsidies, marketing support instruments work to lower the costs associated with marketing for domestic manufacturers.

Input subsidies and tax exemptions

By bringing down the cost of inputs, input subsidies seek to lower manufacturing costs. They typically take the form of direct input subsidies (like a 10% price reduction on fertiliser), exemptions from indirect input taxes (like a tax break for fuel used in agricultural equipment), preferential domestic credit for production loans (like a subsidised interest rate for farmers' seasonal loans), and government-sponsored special insurance.

Long-term investment assistance

The goal of long-term investment support is to raise the productivity and profitability of the agricultural industry. The two key elements are financial commitments to agricultural research and infrastructure for farms, like irrigation and drainage systems. These investments are subsidised in various ways by numerous nations. The development of ports, storage facilities, and information systems are further long-term investments.

3. Intellectual Property Rights (TRIPS)

(Intellectual Property: Protection and Enforcement

In the 1986–1994 Uruguay Round, the WTO negotiated the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), which for the first time incorporated intellectual property regulations into the international trading system. Types of intellectual property

- Copyright and related rights
- Trademarks, including service marks
- Geographical indications
- Industrial designs
- Patents
- Layout-designs (topographies) of integrated circuits
- Undisclosed information, including trade secrets

4. The Sanitary and Phyto Sanitary Agreement (SPS) of WTO and its Implications for India

With the creation of the World Trade Organisation on January 1, 1995, the Agreement on the Application of Sanitary and Phyto-sanitary Measures (the "SPS Agreement") came into effect. It relates to the implementation of laws governing plant and animal health as well as food safety.

The Agreement on Application of Sanitary and Phyto-sanitary Measures lays out the fundamental guidelines for standards related to plant, animal, and food safety. It enables nations to establish their own standards. However, it also states that laws must be supported by scientific evidence and should only be used to the degree that they are essential to safeguard the health and well-being of people, animals, and plants; they must not unjustifiably discriminate between nations with similar environmental situations.

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5. India & World Trade Organization (WTO)- WTO Agreement on Agriculture

The Uruguay Round global trade talks came to an end on December 15, 1993, after more than seven years of deliberations, and they were formally ratified in April 1994 in Marrakesh, Morocco. One of these was the WTO Agreement on Agriculture.

The numerous deals negotiated at the Uruguay Round.

Beginning on January 1, 1995, the Agreement on Agriculture was put into practise. According to the terms of the Agreement, industrialised countries would finish their reduction pledges in six years, or by the year 2000, while developing countries would finish their commitments in ten years, or by the year 2004. The least developed nations are exempt from any reduction requirements.

6. Agri-Exports: Challenges and Prospects

India is provided with a wide range of agroclimatic conditions.

With a huge supply of resources and soil types for raising a diverse range of crops for both home and international consumption. This is furthered by the sizable community of competent farmers who have been able to modify their practises to meet the evolving demands for expansion and diversification imposed by the overall situation. The "real economy" and rural growth are both seen as being significantly boosted by the promotion of agricultural exports, which also helps to improve farmer returns.

We are also aware that the Government of India's EXIM POLICY (2002-2007) aims to offer the export drive in the nation the required impetus and direction.

The WTO's global trade policy has given farmers more export opportunities and opportunities to sell their produce for higher prices. The WTO, namely the Agreement on Agriculture (AoA), opens up new potential for the export of agricultural products, but India has not yet seized these chances to expand its trade, especially given the expansion of the global market.

7. Decision-Making Processes in India: The Case of the Agriculture Negotiations

I. The problem in context

In January 2001, India made a very thorough and detailed proposal as part of the WTO's ongoing agriculture negotiations. It was one of the longest proposals ever made by any member and covered every facet of the negotiations. This study looks at how this negotiation proposal was put together, the consultations that were held, and the actual decision-making that took place before the proposal was submitted. It makes an effort to pinpoint the primary players and significant stakeholders, their respective contributions to the process, and the degree to which, in their eyes, their concerns were addressed in the proposal. Finally, the study also seeks to understand how the stakeholders view the WTO as a body, notably in the context of how they see the WTO as influencing the course of events and end result.

II. The local and external players and their roles

The federal government

The state governments

Industry

Academic institutions and think tanks

Civil society

III. Challenges faced and the outcome

Identification of key issue

Consultations with industry

Inter-ministerial consultations

State-level consultations

Finalization of the proposal by the Cabinet

The perception of the WTO’s role in the process

IV. Lessons for others (the players’ views)

A process with so many protagonists makes it difficult to generalise or draw conclusions, especially when their contributions were dispersed both geographically and chronologically. It would be reasonable to anticipate that some of the decision-making procedures would be followed whenever decisions are being made on other WTO-related problems as they have undoubtedly been institutionalised in some cases. It is also evident that India's consultative process had advanced significantly, especially in comparison to the circumstances before to the Uruguay Round, and that a far larger audience had been included in the discussion of the main aspects of trade policy. As the current research demonstrates, the finalisation of the negotiating proposal on agriculture involved extensive consultations that took place over the course of more than two years. According to information received from the Commerce Ministry's archives, between 1999 and 2001, there were fourteen formal consultative meetings held with stakeholders in addition to a very high number of informal discussions.

The responses of some of the most important stakeholders further support how inclusive the consultative process was. The associations that represent the Indian business community seem to be generally pleased with the consultative procedure. "We were involved at all stages of the process, and the final proposal adequately reflects the concerns that we brought to the government's attention," the director general of CII stated. Manab Majumdar of FICCI similarly stated that "the process of consultations followed during the course of finalising the agriculture proposal reflects the exponential increase in interaction between government and the industry associations." Regarding the participation of the actual agricultural farmers, the situation is less clear. Although there are unions for rural agricultural workers, their political priorities tend to limit their ability to organise at the grass-roots level and they also seem hesitant to venture beyond of their specific domains of interest. Therefore, it is obvious that agricultural workers' organisations still have very little influence over the government. Their opinions were somewhat mirrored in the MOA's stance, which showed that its representatives were generally happy with the proposal's outcome. Jain believed that this was due to a clear political understanding that the MOA's viewpoints would prevail on substantive issues.

There is also no doubting how open and honest the process was. At each stage, flyers were posted on the official website, and it seems that the various stakeholders were frequently asked for their opinions. It also seems, though, that the political power brokers preferred to play it safe and felt more at ease with a defensive approach than they did with a vigorous push for market changes. According to a former cabinet secretary, "politicians tend to adopt an intransigent stand, especially on an issue like agriculture, where the domestic constituency is as large as 700 million people," because they do not want to lose their domestic support for events taking place in distant Geneva.

Therefore, it would not be incorrect to say that highly thorough cross-sectoral and interministerial deliberations served as the foundation for the Indian position and policy approach to the agriculture negotiations in the WTO.

then approved at the highest level of the executive branch. Along with representatives of numerous autonomous entities, agricultural universities, and renowned agricultural economists, the process also included officials from the Ministries of Commerce and Agriculture. Additionally, the state governments, political party leaders, and civil society were asked for their views. Therefore, it is obvious that the administration made this decision in response to legitimate domestic concerns.

Such a procedure for making decisions would appear to be in line with the WTO's mandate and position as a facilitator of an intergovernmental debate that results, among other things, in decisions that are legally binding on the participating states. The WTO, as well, is not an independent or self-contained body having the constitutional authority to make decisions on behalf of its members, although potentially not being widely enough spread. Instead, it serves as a forum for decision-making among sovereign national governments.

The current research supports this opinion because it is evident that very little, if anything, can be attributed to outside forces, such as the WTO, in the design of India's agriculture negotiation package. The threat posed by the WTO, not just as an organisation with a mandate to facilitate negotiations, but also as an organisation aiming to influence domestic decision-making processes, does not, however, appear to have fully vanished. The WTO is still viewed with considerable scepticism. The prevalent opinion appears to be that it is an organisation attempting to restrict domestic policy options. It is obvious that there is a dearth of knowledge regarding the WTO's mission and its member-driven structure.

Excerpts from two recent interviews with the Union Agriculture Minister may best capture the contrast between a decision-making process that was without a doubt entirely domestic and obviously very democratic, and the perception of the WTO as an organisation attempting to influence domestic decision-making processes. Let me make it abundantly clear that India will not buckle under any pressure. We will take a pragmatic approach to various issues. We will not compromise on safeguarding the interests of the small and marginal farmers. He said this in an interview with the Financial Express, emphasising the domestic imperatives of India's position in the agriculture negotiations.

However, in a subsequent interview that he gave not long after, he continued to refer to the "threat from the WTO," a threat whose only justification may be the lingering (though hopefully lessening) effects of the Uruguay Round, when the WTO was given the blame for some politically unpopular decisions.

CONCLUSION

Domestic A rise in global agricultural total prices brought about by the removal of trade barriers and agriculture substitution benefited India by increasing export revenues.

Patenting plant varieties is one of the TRIPs issues caused by the WTO agreement. Due to patents on plant types transferring ownership of all grains to MNCs, who will research and create new variations, Indian agriculture may be seriously impacted.

Additionally, the agreement's primary goal of promoting open and liberal trade was misapplied. As a result, exporting nations began sending their leftover goods to importers, which had major negative effects on the economies of developing nations where Indian agriculture was most evident. When it came to agricultural items, the Indian market experienced many shock waves as inexpensive and subpar goods were frequently delivered to the market.

More over half of India's population relies on agriculture, which is prevalent throughout the country. Reduced trade barriers and domestic subsidies are just two of the key developments that the WTO agreement on agriculture has brought about. The patenting of plant types is one issue that still affects Indian agriculture and has not yet been resolved. The WTO supports the conservation of biodiversity and the revitalization of the Indian economy.

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