A Comparative Study of Pulses Production Pre and post WTO in India

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I. ABSTRACT & INTRODUCTION

India is characterized by agrarian economies in which agriculture contributed and it’s allied, on an average by about 20 percent or more of their GDP, beside the fact that most countries are exporters of agricultural commodity as major source of foreign currency. Moreover, more than 60 percent of population in third world countries reside in rural areas and depend upon agriculture and related activities for their livelihood. Agricultural production therefore is directly linked with the economic and social development in rural areas. For the foregoing cited facts agriculture being in WTO is of much concern to most of the developing countries become of its impact in most aspects such as food security, poverty alleviation, and employment, besides economic and social development in general. Agriculture has long being regarded as one of the most important areas blocking the many to the strengthening of a liberal trade system. It is argued that agricultural production and trade are highly distorted by large scale subsidies. Direct and included agricultural related subsidies manifest themselves in distorted world prices of agricultural commodity.

The WTO was established in 1995 and when compared with the GATT, was much wider in scope, with a stronger institutional basis and with treaty status. The Final outcome substantially changes the multilateral trading environment. The Achievement of earlier round were codified, new areas of trade were brought within the rules, a new system for settling disputes was established and separate agreements on agricultural was concluded.

II. WTO AGREEMENTS ON AGRICULTURAL (AoA)

A. Market Access

Under market access commitment, all WTO member countries are required to replace all types of non-tariff barriers, a process called “tarification” to cease the introduction of any new non-tariff barriers ,and to reduce the levels of tariffs within a time-bound programme .Tariffs should be reduced by a single average of 36 percent over six years up to 2001 for developed countries and 24 percent for the developing countries over 10 years (2005) taking 1995 as a base year for the reduction .

B. Domestic Support Reduction

Besides the reduction of tariffs, the agreement also provides for a significant reduction of domestic support commitments in each member country. The member countries are committed to reduce what is described as Aggregate Measurement of Support (AMS) by 20 percent for developed countries the base period being 1985-1988 .The Aggregate Measurement of Support is the annual value of market price support plus non-exempted direct payments and other non-exempted direct payments and other exempted subsidy. It was agreed that if AMS does not exceed 10 percent of the total value of agricultural commodities in case of developing countries and 5 percent in case of developed countries, the country is not required to reduce AMS. But in case, AMS exceed 10 percent and 5 percent limits, it should be reduced by 13.3 percent and 20 percent for developing and developed countries respectively of that value that does not qualify the exemption during the implementation period .The period of reduction given is 6 years for developed countries and 10 years for developing countries .The Least Developed Countries are exempted from these reductions.

C. Export Subsidies

Export subsidies have traditionally been one of the greatest impediments to the development of agriculture for Less Developed Countries .Commitments of member countries in this respect, are to be reduce direct export subsidies by 36 percent from their level in 1986-88 in case of developed countries over a period of six years and quantity of subsidized exports is to be reduced by 21 percent .On the other hand ,direct export subsidies of developing countries are to be reduced by 14 percent .The reductions in case of developing countries are to be carried out over a period of 10 years as against six years for developed countries .The Least Developed Countries are exempted from those reductions .Exports subsidies subject to reductions are the direct subsidies paid which include payments in kind ,subsidies given to reduce the costs marketing including internal handling ,processing
Due to the importance of subsidies in international trade, subsidies in general are identified in WTO terminology by ‘boxes’ given colors of traffic lights: green box, amber box and Blue box which donate for permitted, reduced and forbidden subsidies, respectively. Those boxes can be referred in the following:

1. The Amber Box

For agriculture, all domestic support measures considered to distort production and trade (with some exceptions) fall under amber box. The total value of these measures must be reduced. There are proposals regarding how much further, these subsidies to be reduced and whether limits should be set for specific products than having overall aggregate limits. Around 30 WTO members, mostly developed countries, have commitments to reduce their trade-distorting domestic supports in amber box that is the total aggregate measurements of support members without these commitments have to keep within 5 percent of the value of production for developed countries and 10 percent in case of developing countries.

2. The Green Box

Qualification for the green box implies that a subsidy must not distort trade, or at most cause minimal distortion. These subsidies have to be government funded (not by charging consumers high price) and must not involve price support. Green box subsidies are allowed without limits and include research, extension, disease control, environmental protection and regional development programmes (infrastructures such as irrigation, feeder roads programmes).

3. The Blue Box

The blue box is the exemption from the general rule that all subsidies linked to production must be reduced or kept within defined minimal (de minimis) levels. The blue box covers payments directly linked to acreage or animal numbers, under schemes which limit production as a result of imposing quota systems, or farmers are required to set aside part of their land. The blue box is considered important by some countries as an important tool for supporting and reforming agriculture, and for achieving certain non-trade objectives.

Poverty alleviation, and employment, besides economic and social development in general. Agriculture has long being regarded a one of the most important areas blocking the many to the strengthening of a liberal trade system. It is argued that agricultural production and trade are highly distorted by large scale subsidies. Direct and included agricultural related subsidies manifest themselves in distorted world prices of agricultural commodities.

III. OBJECTIVE

To examine the impact of WTO policies on pulses production in India

IV. REVIEW OF LITERATURE

A study done by Dholakia (1997), showed that however, agricultural sector is said to have benefited indirectly from reforms. One, due to the exchange rate policy and second, improvement in terms of trade. The most crucial impact of new economic policy reforms on agriculture is reported to be the significant reduction in the anti-agriculture bias through more degree of relative sectoral protection.

According to a study of Ashok Gulati, (2000) the board results are in line those of Parikh et al. (1996) that agriculture liberalization per se has little impact on growth of agriculture, and there by on the overall growth of the economy, but when this liberalization is combined with liberalization of the manufacturing sector, growth in agriculture is accelerated. Indeed, about 2/3 of the impact of sector. Opening up agriculture runs another danger of raising poverty levels in the short run. This happens especially when agricultural prices rise without commensurate increases in production in the tariffs on manufacturing helps in reducing poverty levels. Form that perspectives, opening up the industrial sector first seems a logical choice.

A study done by Hoda and Gulati (2005), showed that there were sweeping reforms in exchange rate policies and a marked decline in industrial protection in 1991, but it was not until later in the decade that direct reforms began in agriculture. Agricultural reforms started as the border, with the opening up of rice exports in 1994. In comparison, the reforms in the arena of domestic policy have been slow. These reforms have been to a large extent a consequence of unilateral policy initiatives rather than the results of reduction commitments required under the WTO.

V. METHODOLOGY

(i) Data Sources

Keeping in view the objective of the present study, the secondary data have been taken from the various sources. Notable among these are:-

- Agricultural Statistics at a glance (Various Issues, Ministry of Agriculture, GOI.)
- Economic Surveys (various issues), Ministry of Finance, GOI.

The data published in reputed Journals, book and English newspapers have also been used

(ii) Statistical Techniques

The compound annual growth rate of the agricultural exports has been calculated by the following formula.

\[ Y = AB^t \]

Where,

\[ Y = \text{Growth rate of the given variable. i.e. production and exports} \]
\[ t = \text{Time period} \]
\[ A & B = \text{Coefficient} \]
Then, compound annual growth rate is given below:

\[ \text{CAGR} = (b-1) \times 100 \]

Where,

A = Intercept
b = Antilog of log ‘B’

VI. DATA ANALYSIS

Performance of Pulses Production

<table>
<thead>
<tr>
<th>Year</th>
<th>Production (In million ton)</th>
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*CAGR: 2.19  0.98  0.81

Source: Agricultural Statistics at a Glance 2012
*CAGR: Compound Annual Growth Rate

VII. CONCLUSION

CAGR were 2.19 from 1950-65, 0.98 from 1965-95 and 0.81 from 1995-2010. From the above study we can conclude that compound annual growth rate of pulses production were normal in India before green revolution. CAGR of pulses production were very low during green revolution period. There is no impact of green revolution on pulse production in Indian. After implementation of WTO policies it saw declining trends in pulses production in India. So we can say that there is no impact of WTO policy on Pulses Production in India

REFERENCES


[10] http://www.agriinfo.in