

A STUDY OVER THE AGRICULTURAL IMPLICATIONS OF WORLD TRADE ORGANISATIONS AGREEMENTS

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ABSTRACT :

International trade between each countries would develop the economy of the country. The agreements made between each country is the official legal contract for their relationship between each countries. There are many agreements between countries. These agreements are made in the international organisation which are formed for the welfare of the countries. To maintain the trade relationship between the countries an organisation is formed with the name of that GATT which was then replaced by the name WTO which is the World trade organisation. Though the organisation was formed for the trade relationships, they also maintain the development of the member countries. One of the major problem in the member countries is the agricultural disputes. To solve this agricultural dispute they formed many agreements between the member countries. To study over the agricultural implication of world trade organisation agreement it is necessary to study about the points in the agreement and the recommendations made by the countries in the conference of world trade organisation. During the last two decade India's agricultural export has been decreased. There are many reasons where are friends for the decline of agricultural exports from India. Unlike other countries, India has a different type of climate and the form of agricultural technologies. They lack many new modern updates in the production of the goods. To sort out the disputes of agriculture in India the agricultural agreements of the World Trade Organisation should be implemented with the benefit for India. This paper studies about the agreements made on the

agriculture and the suggestions made to solve out the disputes of agriculture in the International trade with the other countries.

KEYWORDS : WTO , AoA , GATT , tariff , subsidies , Amber box

INTRODUCTION:

India is a country with many types of culture, religion and traditional practices. But the unique occupation among India is agriculture. The world trade agreements fixes the import and export prices for all agricultural products. This creates changes in the income for the farmers. The agreements made in the World Trade Organisation has various objectives regarding agriculture. The main motive of the organisation may be to improve over all trade of the nations by making all countries to be its members .

During last two decades India's agricultural exports as a part of total merchandise exports have continued to decline from the preponderant position they occupied in the pre-independence (Sheshagiri ,2011). Uruguay round has been the opening of markets for agricultural products as well as a reduction in exports subsidies for farm products in developed countries. This open up the possibilities of exports of several products from low wage agriculture (Pani 1993).But it is found that the agricultural decisions framed affects the Indian economy (SanmeetKour and Priyanka Bhau, 2013). India has a competitive advantage for exports of several agricultural commodities because of near self-sufficiency on inputs, relatively low labour and diverse agro-climatic conditions (Kumar 2007). But, Indian agriculture trade has been facing serious challenges under globalise regime. Though agriculture contributes one-fourth of India's GDP, its share in global agro trade has diminished to about 9 percent over the period of time (Madaan 2007). The main problem faced by the farmers is the prices fixed for the import and exported the agricultural products . The farmers income has been poorly affected . This research is to study over the impact of the trade policies framed in the world trade organisation in the past years. Hence this paper aims to study over the agricultural implications and its problems of World Trade Organisation's agreements.

HYPOTHESIS :

Ha: In the field of agriculture, WTO does not create any impact.

H0: To analyse the benefit and impact of agriculture with WTO.

OBJECTIVES :

- i. To study the implications of agricultural agreements framed by World Trade Organisation.
- ii. To find out the problems faced by the farmers in India due to the import and export policies.

RESEARCH METHODOLOGY :

The research is based on secondary source of data, which include:

- Articles
- Books
- Journal
- Reports from India

AGREEMENTS ON AGRICULTURE (AOA) :

The Agreement on Agriculture (AoA) was consulted amid the Uruguay Round of the General Agreement on Tariffs and Trade, and went into compel with the foundation of the WTO on January 1, 1995. It goes for changing exchange farming, conceiving a reasonable and market-arranged framework, which enhances consistency and dependability for both bringing in and sending out nations.

The Agreement on Agriculture applies not just fundamental farming items, (for example, wheat and live creatures), yet in addition the items got from them, (for example, flour and meat), and also most handled agrarian items (e.g. chocolate and frankfurters). The scope of the Agreement likewise incorporates wines, spirits and tobacco items, and in addition strands, (for example, cotton). Fish and fish items are excluded, nor are ranger service items. These items are secured by the Non-Agricultural Market Access (NAMA) arrangements of the World Trade Organisation, in light of the Doha Declaration of 2001. Concurrence on Agriculture has three columns.

Market Access – Tariff Only

The market get to govern for agrarian items is "duties as it were". This implies all non-duty measures were to be either evacuated or to be supplanted by levies, reflecting generously a similar level of security (this procedure is called "tariffication"). According to

the AoA, the WTO Members resolved to set tax ties to agrarian items and accepted diminishment duties on levies, at which are contained in every Member's WTO Schedule of concessions on merchandise (Article 4).

Diverse decrease duties connected to creating and created Members. In the meantime, please take note of that the LDCs were not required to decrease their levies.

Household bolster (Subsidies)

This column depends on the supposition that not all endowments contort exchange to a similar degree. The Agreement recognises two classifications of household bolster:

Household bolster with no, or negligible, mutilating impacts on exchange – not subject to diminishment duties. These were kept in Green Box and Blue Box Measures. Local help with contorting impacts on exchange – subject to cutoff points and diminishment responsibilities. These were kept in Amber Box measures.

Green Box Subsidies

Green box appropriations are those endowments which cause no, or at most negligible, exchange twisting impacts or consequences for generation. These incorporate the sums spent on Government administrations, for example, examine, sickness control, and framework and nourishment security. This likewise incorporates the appropriations given to the agriculturists that specifically don't influence worldwide exchange seriously. Since they are allowed in WTO administration, the most created nations have continued giving sponsorships to their ranchers. The Green Box contains settled instalments to makers for natural projects, inasmuch as the instalments are "decoupled" from current creation levels.

Blue Box Subsidies

Blue Box contains coordinate instalment sponsorships which can be expanded unbounded, insofar as instalments are connected to generation restricting projects

Golden Box Subsidies

All local help measures considered to mutilate generation and exchange (with a few exemptions) fall into the golden box The arrangements acknowledges 5% of agrarian creation for created nations, 10% for creating nations. The Amber box endowments with conditions intended to decrease bending are put in Blue Box. They incorporate the immediate instalment

to the ranchers to lessen creation. Aside from the above, there are Article 6.2 sponsorships for Development Programs.

Fare Competition

Fare endowments are ventured to have exchange mutilating impacts. They permit exporters, profited with such appropriations, to offer beneath the cost of creation. In that way, send out appropriations diminish world costs, undermining exporters in different nations. The Agreement on Agriculture precludes the utilisation of fare endowments for rural items, unless a Member has claimed all authority to utilise send out appropriations in its WTO Schedules of concessions.

PROBLEMS WITH THE AGREEMENTS RELATED TO AGRICULTURE:

Five years after the World Trade Organisation (WTO) came into existence, the anticipated gains for India from the trade liberalisation process in agriculture are practically zero. Here I point out some problem:

1. International Price of Agriculture product is reducing

All things considered Agreement on Agriculture particularly was tied in with decreasing the local help/endowments by the created nations while diminishing the duty and non tax hindrances by the creating nations to improve showcase access and more open exchange over the nations in agribusiness. However because of the across the board nearness of local and fare appropriations in the created nations, costs of horticultural products kept on staying discouraged amid the vast majority of the post-UR Period. Subsequently along many creating nations, India decreased levies and import obligations and additionally expelled the quantitative confinements on agrarian import. With such situation, the global prizes of numerous farming wares went to its most reduced utmost in post WTO period and the Indian market began getting overwhelmed with shoddy import which expanded 270 for every penny by volume and 300 for each penny in esteem terms between 1996-97 and 2003-04. A poor Indian rancher, with negligible residential help can't contend with the intensely sponsored items from the created nations. Truth be told, since 1997, to mid 2004, there were 2500 detailed suicides by the poor obligated ranchers and numerous more began moving to the urban regions as incompetent work prompting an enduring decrease in the horticulture workforce and its offer in Gross Domestic Product .

2. There has been more challenges in importing indian products :

India is facing more challenges in traditional export things; the challenge is not from the developed nations, yet from the creating nations; real import of vegetable oils are from the creating nations (Malaysia and Indonesia); and India has done well in export of high esteem items to the developed nations.

SUGGESTIONS TO SORT OUT THE PROBLEMS :

It is essential to make a consideration of a portion of the perspectives communicated at a current Workshop on these issues held at the Madras Institute of Development Studies, Chennai.

Recommendation to WTO organisation :

1. Blue box measures ought to be disposed of. Also, Blue box ought not be incorporated into the estimation of Final Bound Total AMS.
2. Creating nations including India should be permitted to give household bolster in the farming part to address the difficulties of nourishment security and to have the capacity to save the feasibility of provincial business, as not quite the same as the exchange distortive help and sponsorships by and by allowed by the Agreement.
3. The moderators ought to adjust the sponsorship lessening equations with the goal that the post-cut level of exchange twisting help for created nations ought not surpass 5 percent of their aggregate estimation of horticultural generation.
4. To force solid and lawfully tight meanings of Green box sponsorships to guarantee that appropriations inside these cases are not creation or exchange misshaping.
5. Alongside send out endowments, trade credits and certifications may likewise be recommended to be brought under lessening duties.
6. Dumping of rural products must arrive at an end: For some creating nations horticulture constitutes the reason for life for most of the populace; frequently the

poorest part. In the rich nations just a couple of percent of the populace bring home the bacon by horticulture. Just with regards to rural products, it is still allowed to finance send out, similarly as various other exchange twisting sponsorships are permitted. The rich nations make productive utilisation of these conceivable outcomes.

7. To force solid and legitimately tight meanings of Green box sponsorships to guarantee that endowments inside these cases are not creation or exchange mutilating.
8. The WTO ought to underscore more noteworthy independence of economies broadly and locally Domestic markets, as opposed to outside business sectors, ought to be the primary jolt of development.
9. WTO should demand that the working archives and minutes of WTO gatherings be promptly accessible to the general population.
10. All nations ought to tell their quality necessities of farming produce obviously on the WTO sites.

DISCUSSION :

India turned into a net exporter of sustenance grains. Wonderful outcomes were accomplished in these fields of dairying and oil seeds through white and yellow insurgencies. Horticultural exchange has kept on developing since the Uruguay Round assentment, yet more gradually than in prior years, and more gradually than non-rural exchange. In spite of these major auxiliary changes, the horticulture division keeps on obliging the significant offer of the workforce.

India is yet to rise as huge exchange accomplice on the planet agribusiness showcase. India holds around 1% of the worldwide exchange farming items. With the progressing exchange transactions under the WTO, Indian Agriculture needs to reorient its standpoint and upgrade aggressiveness to maintain development (Krishan Kumar). The remedies for the International agreement's implication in the Indian agriculture should be made to sort out the problems. It has been concluded that the Indian trade in world is very less and it must be improved by providing more help to Indian agrarian products. Indian agricultural products by

seeking a reduction in the high tariffs and subsidies present in developed countries. (Honkan, 2011)

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