

# A Case Study on Impact of World Trade Organization (WTO) on Indian Economics Policy Related With Agricultural Sector

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**Abstract – Indian is no exemption to these general trends, with a couple of extraordinary highlights. Amid most recent two decades India's agricultural exports as a piece of absolute merchandise exports have kept on declining from the prevalent position they involved in the pre-freedom. Be that as it may, with the accomplishment of self-sufficiency in food grains and some other major agricultural commodities, which used to represent expansive bit of import bill, in general imports of agricultural commodities have forcefully declined. The cost on agricultural imports as an extent of earnings from agricultural exports has dynamically declined, and all the balance has turned out to be logically increasingly positive. The fundamental point of this paper is to the effect of world trade organization (WTO) on Indian agriculture sector. India is no special case to these general trends, with a couple of exceptional highlights. The Indian economy has encountered a noteworthy change in trade after the ramifications of WTO. On January 1, 1995 when World Trade Organization (WTO) appeared the whole economy of the world effects in regard of universal trade since WTO surrounded the new worldwide trade rules for global trade. To examinations the effect of WTO on remote trade of India the study is partitioned into two sections ten years prior and ten years after the WTO. How much the agriculture and industrial sectors were contributing in boosting the trade of the countries before the WTO and how it is getting along after the WTO. It inferred that trade of the India has not been expanded up to the desires that outcomes in to low picking up of advantages from world trade.**

**Keywords: WTO, India, Agriculture, Sector, Economy, Trade, Policy, Function**

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## 1. INTRODUCTION

Indian agriculture has experienced critical changes and change amid the most recent fifty years. The hidden components for these progressions were diverse in various periods. Amid the 1960s institutional changes like land changes and improvement of water system and different foundations assumed a noteworthy job in yield development. Innovative leap forward has been the prime mover amid 1970s, and spread of mechanical changes to more extensive territories and yields has been the primary factor amid 1980s. Amid most recent two decades India's agricultural exports as a piece of all out merchandise exports have kept on declining from the dominant position they involved in the pre-independence. However, with the accomplishment of self-sufficiency in food grains and some other major agricultural commodities, which used to represent large portion of import charge, generally imports of agricultural commodities have forcefully declined. The expense on agricultural imports as an extent of earnings from agricultural

exports has continuously declined, and all the balance has turned out to be logically increasingly good. Exchange on these issues has, normally, to consider the new trade routine as the expressed target of right off the bat to study the execution of India's agricultural exports under WTO routine. Furthermore, to examine the intensity of best agri-exports of India under WTO routine.

Most financial specialists would bolster the way that import hindrances hurt the security of food supply rather that improves the equivalent. Yield and even dry spell may happen because of disappointment of India's monsoon. India is more vulnerable to food supply shocks than would some way or another be if its agricultural economy was acclimatized completely into the enormous and robust international market.

WTO strategies on agricultural appropriations wound up viable in 1995 toward the finish of the Uruguay Round talks. WTO members strongly supported restrictions on trade-misshaping

endowments since the international commercial center had been wracked by broad sponsorship rivalry among high pay countries, particularly the European Community and the United States. Ranchers in non-funding states endured with scaled down costs. The Agreement on Agriculture handled this test by setting restrictions on trade-misshaping sponsorships, while allowing a wide assortment of non-contorting taxpayer supported organizations and costs to be offered to ranchers. It additionally enabled governments to commit as much as they diminish important to offer food to needy individuals. An observing and preservationist 2011 research by DTB Associates discovered that India was then outperforming its allowed local support levels by at least \$37 billion. Such a financing can make genuine harm international ware markets and the ranchers who are subject to them.

## 1.1 WTO

The WTO which formally appeared on first January 1995 is a result of the Marrakech Treaty marked on fifteenth April 1994. India was one of the 76 majority rules systems which turned into a part on its enactment. The WTO expects to oversee and change international trade. For a structure that has been given to nations to direct exchanges and formalize trade agreements; it doesn't determine or characterize results. It has influenced India's international trade as well as its inward economy. It will look to globalize numerous nations and help them hone their focused edge and look for advantage from advanced technologies from different countries.

The World Trade Organization (WTO) is the sole widespread international organization dealing with the guidelines that oversee trade between countries. By giving a framework to arranging trade contracts and a procedure for debate goals went for implementing members' consistence to WTO agreements, the WTO deals with trade guideline between taking an interest nations. These agreements are marked by specialists of part governments and endorsed by their parliaments. Fundamental to this goal is the need to support products and enterprises makers, exporters, and importers complete their organizations

## 1.2 Agriculture Trade

WTO Agreements In the wake of globalization, agricultural items and commodities should assume a progressively significant job in international trade. In spite of huge volumes India isn't so far a noteworthy player on the planet commodity market with the exception of in tea, espresso, cashew, soya meal, flavors and rice. It is basic to enhance this circumstance by upgrading India's trade aggressiveness and accomplishing the status of a net exporter for commodities in which India has relative favorable position. India's fundamental destinations in the continuous exchange on WTO Agreement are:

- To make open doors for extension of agricultural exports through important market access in developed nations.
- Elimination of export appropriations to accomplish a fair and market-oriented exchanging framework.
- To have significant special and differential treatment for developing nations to address their legitimate development including food and livelihood security and rural development.

The estimation of Exports of India's Agricultural and Allied items in 2011-12 was Rs. 1,80,279 crore (US \$ 37,618) and its offer in all total export was 12.4 %. Agricultural and Allied items' exports developed by 53.9% amid 2011-12 when contrasted with 21.3% development in total exports

## 1.3 Functions of the WTO

Coming up next are the significant functions of WTO:

- To uphold tenets, regulations and provisions related with trade policy survey instrument.
- To give a stage on which part nations can settle on future choices with respect to trade and tariff.
- To give comforts to execution, organization and activity of multilateral and reciprocal contracts of the international trade.
- To administer the rules and procedures related to question settlement.
- To guarantee optimization on how world assets are utilized.
- To help international organizations, for example, IMF and IBRD for developing intelligence in determination of Universal Economic Policy.

## 1.4 Impact of WTO on agriculture sector

- ✓ **Imposition of Import Duties** - The prior GATT had an arrangement of exchanging agricultural produce additionally, however it did no encouraged in giving facilitated commerce regime around the globe. It was permitted to impose import obligations and import portions for limiting import and export subsidies as motivating forces to support domestic exports and ensure the household exercises. Fishery, ranger service, elastic, jute, sisal, coir and abaca were not secured under the traditional agricultural exports

✓ **Withdrawal of QRs** - Before the finish of March 2001, India was relied upon to pull back the QRs put on 1429 commodities, and a total prohibition on QRs preceding 31st December 2001. As a piece of its first stage policy, India was required to pull back the QRs on 715 commodities before the finish of March 2000. Another period of withdrawal of QRs on 714 commodities was normal before the finish of March 2001. In any case, in all the QRs have been pulled back for 772 commodities in which 208 agricultural commodities are included.

✓ **Economic Help** - The domestic support has now turned into a risk. The support is proposed to bring an aggressiveness and to esteem the frail in the domestic market. Other than it has been activated use to intensely financing strategies of the DCs to their agriculture for getting the additions of value preferences

✓ **Export Subsidies** - Agricultural commodities get no export endowments in India other than indicated in a part's arrangements of commitments. Some indirect motivators are given to agricultural things to exports. DCs have consented to cut the estimation of export endowments by 36 percent over a time of 6 years from 1995 and the UDCs need to cut the equivalent by 24 percent over a time of 10 years. The DCs need to decrease 21 percent in amounts of financed exports and UDCs need to lessen 14 percent of the equivalent amid same period. The DCs are permitted to diminish the expense of marketing and transporting exports under specific conditions

✓ **Positive Impacts** - Controlling of trade barriers and domestic sponsorships raised the expense of agricultural items in the international market. For nations like India the WTO built up the General Agreement on Trade In Services (GATS). India's Service Exports expanded from 5 Billion USD (1995) to 102 Billion USD (2008-09).

✓ **Negative Impacts** - The TRIPs agreement covers agriculture too so the Indian agriculture will likewise be influenced significantly. Since a vast greater part of the Indian Population relies upon agriculture for their livelihood, these developments will have serious results.

## 2. REVIEW OF LITERATURE

**Kaliappa, & Singh (2006)** through their paper "India and the WTO's Agreement on Agriculture (AoA)" examined about issues subsidiary to the WTO's

Agreement on Agriculture from India's point of view. Why achievement of the Doha Round is urgent for India is likewise talked about. They proposed that, since India's subsidy was at that point underneath as far as possible and that it didn't have any local support to deal with, there was no need of dread about its subsidy. Additionally, the present exchanges may result in adequate adaptability in item and duty determination. Consequently, India should work for the achievement of the Doha round and all the while attempt to improve its local market to get greater productivity. India's arranging system must be not the same as that of other developing nations in light of the ideal headed rates for agriculture locally available. The circumstance is exceedingly determined for India, particularly concerning the way that the developed nations have prevailing with regards to connecting the market access in services and industry with the agriculture subsidy.

**According to Pearson (2014)**, trade misshaping agricultural sponsorships in India are as of now far in abundance past the cutoff points set by the WTO agreement. India currently needs the other WTO individuals to move center while it raises its appropriations further. With international item costs going down, those sponsorships will potentially influence ranchers in different countries, lure corrective reactions from their governments, and compromise the rules-based worldwide trading framework. Agricultural trading nations ought to along these lines bring a WTO question case requiring a conclusion to India's terrible practices so as to staunch that risk (Pearson, 2014).

**R. Ullamudaiyar(2014)** – The issue recognized in the current agreement on licenses, tax, sponsorships, trade and agriculture show that the developing nations are awakening to the need to guarantee that India needs to lead the pack in guaranteeing that the WTO regime is utilized to most extreme preferred standpoint to ensure the interests of developing nations. World Trade Organization ought to give the uniformity policies and resolution among the enrollment nations and not partition the developed nations' items, and developing nations' items in International market level. Better understanding and agreements must be consulted for better thriving.

**Sanjiv Singh (2015)** – The motivation behind the present paper is to analyze the Impact of World Trade Organization on Foreign Trade in India. On January 1, 1995 when World Trade Organization (WTO) appeared the whole economy of the world effects in regard of international trade since WTO encircled the new worldwide trade rules for international trade. This study is worried about ramifications of the WTO with reference to India. What amount of trade has been expanded by India after the usage of the WTO? It inferred that trade of the India has not been expanded up to the desires

that outcomes in to low picking up of advantages from world trade.

### 3. RESEARCH METHODOLOGY

The different investigations anticipated that because of the WTO world trade has been expanded in developing economies. Regardless of whether the WTO has influenced the Indian economy similarly is focal point of our study.

#### 3.1 Data analysis

The study examinations that trade composition and volume of trade of India amid pre and post WTO utilizing pre-post approach.

#### 3.2 Statistical tools used

The study depends on the econometric analysis through relapse, t-test to see the impact of explanatory factors for example Esteem included by industry in GDP in rate, Value included by Agriculture in GDP in rate, World Income (US \$ Billions), Gross Domestic Product of nations (US\$ Million) on trade volume when the WTO.

#### 3.3 Time period

The analysis covers the information for the period 1986-2005, for example ten years pre and ten years post the WTO. The study depends on secondary data that has been taken from World Bank site.

### 4. OBJECTIVES OF THE STUDY

1. To research the WTO and agriculture sector in India
2. To examine the functions and effect of WTO on Indian agriculture sector
3. To study the performance of India's agricultural exports under WTO regime
4. To trial the Impact of WTO on agricultural sector in India
5. To analyze the competitiveness of top agri-exports of India under WTO regime

### 5. DATA ANALYSIS AND RESULT

The trade volume in India has likewise consistently raised pre and post the WTO with variety. In spite of the fact that the compound annual growth rate of trade amid pre-WTO (6.72%) was higher than the growth rate in pre-WTO (6.46%). Then again, amid the post-WTO the CAGR of world trade has been expanded from 1.84% to 2.25%. The trade volume of India was expanding after the WTO usage, however not at so great rate when contrasted with world trade. This is because of the new difficulties looked by

Indian economy forced by WTO. For India, the imports what's more, exports have been expanded for every one of the years amid pre and post the WTO. The imports stayed more than exports for entire of the years amid pre and post the WTO, aside from 1991 and 1993. The growth rate of exports includes fallen inside 10 years after the execution of WTO. The relatively slower growth rate of exports when contrasted with imports has contributed more towards the slower growth rate of trade. It might be reasoned that the WTO has influenced the trade of India. It is clear that inside ten years after the WTO, there stayed higher growth rate of imports when contrasted with exports.

#### 5.1 India's foreign trade pre-WTO

The Econometric table-1 demonstrates the assessed consequences of model of India for the informational indexes of pre-WTO which center around the four indicators, regardless of whether they are factually critical and, assuming this is the case, the bearing of the relationship. The proportion of industrial sector in GDP (IN.IND.,  $t=5.44$ ) isn't critical ( $p=0.610$ ), however has positive effect on international trade of India. Next, the impact of agriculture sector (IN.AGRI.  $t=-2.063$ ,  $p=.094$ ) is noteworthy and its coefficient is negative demonstrating that the agriculture sector is contrarily influencing the international trade of India. India's GDP is additionally huge t-esteem (IN.GDP - 2.020) however the coefficient is negative which would demonstrate that the negative impact. At last, the world GDP (WD. INCOM,  $t=9.840$ ,  $p=.000$ ) have factually critical qualities for the informational index pre-WTO and demonstrate that constructive outcome.

**Table 1: Model Results for India (Pre WTO)**

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	95% Confidence Interval for B		Correlations		
	B	Std. Error	Beta			Lower Bound	Upper Bound	Zero-order	Partial	Part
(Constant)	1.374	24.999		.055	.958	-	65.635			
IN.IND.	.347	.637	.060	.544	.610	-1.290	1.983	.421	.236	.016
IN. AGRI	-.659	.320	-.202	-2.063*	.094	-1.481	.162	-.846	-.678	-.062
IN.GDP	-2.190E 11	.000	-.206	-2.020*	.099	.000	.000	.668	-.670	-.061
WD.INCOM	5.062E-13	.000	.948	9.840*	.000	.000	.000	.989	.975	.295

Dependent Variable: Trade (percentage of GDP) No. of Observations = 10

\* denotes significant at 5 percent level and \*\* denotes significant at 10 percent level.

The table 2 is the Model Summary of the variables. The R esteem is .998, which speaks to the basic correlation. It demonstrates a high degree of correlation. The R2 esteem shows the amount of the dependent variable, "India's trade as a level of GDP", can be clarified by the independent variable, " of explanatory variables for example Esteem included by industry in GDP in rate, Value included by Agriculture in GDP in rate, World Income (US \$ Billions), Gross Domestic Product of nations (US\$ Million)". In this case, .99.6% can be clarified, which

is huge. The F-test  $(F=276.755)$  is statistically significant, which implies that the model is measurably critical.

**Table 2: Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change	Durbin-Watson
1	.998(a)	.996	.992	.31235	.996	276.755	4	5	.000	2.803

a Predictors: (Constant), WD, INCOM, IN, INDUS, IN, AGRI, IN, GDP  
 b Dependent Variable: IN, TRADE

## 5.2 India's foreign trade post-WTO

The table 3 demonstrates the analysis of India's remote trade post-WTO. The t-test for industrial sector in GDP .953 have anticipated positive value, however not measurably significant, implying that the regression coefficient for industrial sector in GDP influence the India's trade yet not significant. Note that t-value for agriculture sector is (-.965) which is stayed negative impact even after post WTO. There is down to business change in India's GDP amid post WTO with significant t-value (IN, GDP 2.097). The fourth, explanatory variable the world GDP isn't measurably significant after WTO and show that negative impact.

**Table 3: Model Results for India (Post WTO)**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95% Confidence Interval for B	
	B	Std. Error				Lower Bound	Upper Bound
(Constant)	17.440	56.802		.307	.771	-128.575	163.455
IN, IND.	.704	.739	.110	.953	.384	-1.195	2.603
IN, AGRI	-.761	.788	-.347	-.965	.379	-2.786	1.265
IN, GDP	3.441E-11	.000	.756	2.097**	.090	.000	.000
WD, INCOM	-1.000E-13	.000	-.170	-.283	.789	.000	.000

Dependent Variable: Trade (percentage of GDP) No. of Observations = 10

\* denotes significant at 5 percent level and \*\* denotes significant at 10 percent level.

The table 4 mirror the Model Summary of the variables after post WTO. "R" segment speaks to the value of R, the multiple correlation coefficients. R can be viewed as one proportion of the nature of the forecast of the dependent variable for example India Trade. A value of (.995, in this model, demonstrates a good level of prediction. The "R Square" section speaks to the R2 value (additionally called the coefficient of assurance), You can see from our value of 0.990 that our independent variables clarify 99% of the changeability of our dependent variable. The F-test (130.015) is factually significant, which implies that the model is statistically significant.

**Table 4: Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.995(a)	.990	.983	.84991	.990	130.015	4	5	.000	2.207

a Predictors: (Constant), WD, INCOM, IN, INDUS, IN, AGRI, IN, GDP

b Dependent Variable: IN, TRADE

## 6. CONCLUSION

The issue distinguished in the current agreement on licenses, levy, endowments, trade and agriculture demonstrate that the developing nations are awakening to the need to guarantee that India needs to lead the pack in guaranteeing that the WTO regime is utilized to most extreme preferred standpoint to secure the interests of developing nations. World Trade Organization ought to give the correspondence arrangements and goals among the participation nations and not partition the developed nations' items, and developing nations' items in International market level. Better understanding and agreements must be consulted for better success.

- The study demonstrates the effect of the WTO on international trade of India. The India has blended outcomes. The WTO has influenced the trade marginally positively, however not of course. The finish of the study is condensed beneath:
- The trade volume of India was expanding after the WTO execution, however not at so great rate when contrasted with world trade. This is because of the new difficulties looked by Indian economy forced by WTO.
- The trade volume of India was ascending before the WTO. The nation has kept up the trend as well as rate of growth in additionally expanded. India is the main nation in the present analysis, who has picked up favorable position of the WTO in the points of view of international trade.
- The impact of agriculture sector is contrarily influencing the international trade of India on the grounds that the WTO made genuine concern the execution of agriculture sector and food security. The negative impact of agriculture sector remained proceed even after WTO.
- India's GDP is likewise significant t-value yet the coefficient is negative which would demonstrate that the negative impact. There is pragmatic change in India's GDP amid post WTO and decidedly influence the trade of India.

Consequently, WTO has been assuming an important job in India's remote trade. It needs further research to perceive any reason why India has not profited by the WTO according to desire while the major conjectured recipients of the WTO were the developing nations. As concerned the econometric outcomes, we need to hang tight for certain years to have the powerful outcomes about the effect of various variables on international trade of the countries when WTO. It is recommended that being an individual from the WTO, India appreciates the most-favored country status rather than tolerating the agreements which are against the national intrigue. Extent of the above examinations is confined variables and it has not secured alternate ramifications of the WTO. Alternate ramifications of WTO which are worried about India must be study for research. Anyway as referenced in the above analysis there is not kidding and dire need to re-investigations the policy pursued by India with regards to expanding rivalry and transparency at worldwide dimension.

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