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## A Study of WTO and Agriculture Sector in India

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#### Abstract

International trade is refers to trade (Imports and Exports) of goods and services of nation with rest of the world. In other words International trade is the exchange of goods and services between countries WTO was established on 1st January 1995 by replacing General Agreement on Tariffs and Trade (GATT), which was in existence from 1947 to 1994. India is a founder member of WTO. The main aim of this paper is to analyze India's agriculture Export Performance in Pre and Post WTO Regime. The annual growth of exports also increased to 9.5 per cent during post-WTO period on an average as compared to -2.8 per cent during pre-WTO period. Moreover, exports index at base 1994-95 also increased to 98.0 per cent during post-WTO period on an average. So it is clear that the impact of WTO on India's primary product export performance was positive.

Present paper presents productivity, export rate and employment rate in India pre and post WTO. The paper identifies a number of barriers faced by the agriculture sectors and give suggestion to improve their performance.

**Keywords:** World Trade Organization (WTO), International Trade, Production growth, Export growth, and Employment rate India.

#### Introduction

Agriculture Sector of Indian Economy is one of the most significant parts of India. Agriculture is the only means of living for almost two-thirds of the employed class in India. Agriculture plays a vital role in India's economy. Over 58 per cent of the rural households depend on agriculture as their principal means of livelihood. While nearly half of the population of the country is engaged in agriculture for livelihood, as per World Trade Organization's trade Statistics, the share of Indian agriculture in total GDP is only around 20%. As against a growth target of 4% for agriculture and allied sectors for the period 2012-17, the growth registered in the first year was 1.2%, 3.7% in 2013-14 and 1.1% in 2014-15. In recent times, agricultural incomes in the country are under stress on account of the rising cost of inputs and the inability of farmers to get reasonable prices for their produce. Agriculture, along with fisheries and forestry, is one of the largest contributors to the GDP. The agriculture sector of India has occupied almost 43 percent of India's geographical area. Agriculture is still the only largest contributor to India's GDP even after a decline in the same in the agriculture share of India. Agriculture also plays a significant role in the growth of socio-economic sector in India.

The WTO Agreement on Agriculture (AOA) came into force on 1 January 1995. The share of Agriculture Sector in the Gross Domestic Product (GDP) at constant prices decreased from 55.1 percent in 1990-91 to 14 percent in 2013-14 and 53.2 percent people find direct and indirect employment in the agriculture sector in India. The annual growth of exports also increased to 9.5 per cent during post-WTO period on an average as compared to -2.8 per cent during pre-WTO period. The average growth rate is 3.4 per cent for agriculture sector in the 11th Plan.

"As per latest estimates released by Central Statistics Office (CSO) the share of agricultural products/Agriculture and Allied Sectors in Gross Domestic Product (GDP) of the country was 51.9 per cent in 1950-51, which has now come down to 13.7 per cent in 2012-13 at 2004-05 prices." The decrease in the share of Agricultural and Allied Sectors in GDP of the country in comparison to other sectors is on account of structural changes due to a shift from a traditional agrarian economy to industry and service dominated one, he added. "This phenomenon is generally expected in the normal development of an economy," Anwar said.

In a separate query, the minister said despite a decline in the sector's contribution to GDP, foodgrain production and productivity has risen. "Despite this, the production of foodgrains has increased from 230.8 million tonnes in 2007-08 to 255.4 million tonnes in 2013-14 (fourth advance estimates)," Anwar added.

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According to CIA Fackbook sector wise Indian GDP composition in 2014 are as follows: Agriculture (17.9%), Industry (24.2%) and Services (57.9%). Total production of agriculture sector is \$366.92 billion. India is 2nd larger producer of agriculture product. India accounts for 7.68 percent of total global agricultural output. GDP of Industry sector is \$495.62 billion and world rank is 12. In Services sector, India world rank is 11 and GDP is \$1185.79 billion. Contribution of Agriculture sector in Indian economy is much higher than world's average (6.1%). Contribution of Industry and Services sector is lower than world's average 30.5% for Industry sector and 63.5% for Services sector.

The country is the largest producer, consumer and exporter of spices and spice products. It ranks third in farm and agriculture outputs. Agricultural export constitutes 10 per cent of the country's exports and is the fourth-largest exported principal commodity. The agro industry in India is divided into several sub segments such as canned, dairy, processed, frozen food to fisheries, meat, poultry, and food grains.

The Department of Agriculture and Cooperation under the Ministry of Agriculture is responsible for the development of the agriculture sector in India. It manages several other bodies, such as the National Dairy Development Board (NDDB), to develop other allied agricultural sectors.

**Objectives of the study**

1. To analysis of India's agriculture Export Performance in during Pre and Post period of WTO Regime.
2. To analysis of India's agriculture Production performance in during Pre & Post period of WTO in India.
3. To study share of Agriculture sector during pre & post period WTO in India.

1. To check the performance in total export by agriculture sector in pre and post WTO in India

Total Export/ All Agriculture Commodities					
Pre WTO			Post WTO		
Years	commodities	*Unit Value base index (1993-94)	Years	commodities	*Unit Value base index (1993-94)
1980-81	7,885	23	1995-96	31,795	102
1985-86	10,338	36	1999-00	36,822	127
1990-91	18,145	62	2000-01	44,560	132
1993-94	22,238	100	2009-10	1,78,751	195.95
1994-95	26,331	104	2012-13	2,30,141	231

\*Real exports have been calculated by dividing the current export with Unit Value Index of exports at base 1993-94 of the respective years.

Source: Government of India, Economic Survey (various Issues)

The above diagram showed that Export in commodities of agriculture sector pre & post WTO in India and world. The export growth rate of agriculture Sector in commodities has been calculated by using unit Value Base Index (1993-94) method. The above figure showed that export in commodities

4. To study Employment rate of Agriculture Sector during pre & post period WTO in India.
5. To study various problem faced by agriculture sector in India.
6. To give the policies make by govt. for the development of agriculture sector in India.

**Data collection**

The study relies on secondary data compiled from various published. The main source of data for this study is based on the Handbook on Indian Statistics published by sources Economic Survey of India. This study is made for the period 1980-81 to 2013-14 for which latest data is at hand at the respective sources. We splint the study period into two: 1980-81 through 1994-95; 1994-95 through 2013-14, to track the status of Indian agriculture before and after WTO periods.

The data were analysed with the help of various tool and techniques i.e. graphical presentation and Percentage. Data collected is present in the form of table. Each table is accompanied by appropriate analysis and explanations. In addition to this, adequate uses have been made of graphs and diagrams to illustrate and highlight the data presented in tabular form.

**Tools and Techniques**

To obtain the objectives of the present study the data were collected from the various sources and transcribed into tables and the same were analyzed with the help of appropriate statistical tools and techniques to draw a conclusion.

**Finding and Results**

was increased from 23 to 154 and 231 in the year 1980-81 to 2004-05 and 2012-13 respectively. This diagram showed that before 1995 Export Growth rate of agriculture is very slow. But after 1995 Export Growth rate comparative to pre WTO is high of India and world.

2. To check the performance in total agriculture production in pre and post WTO in India

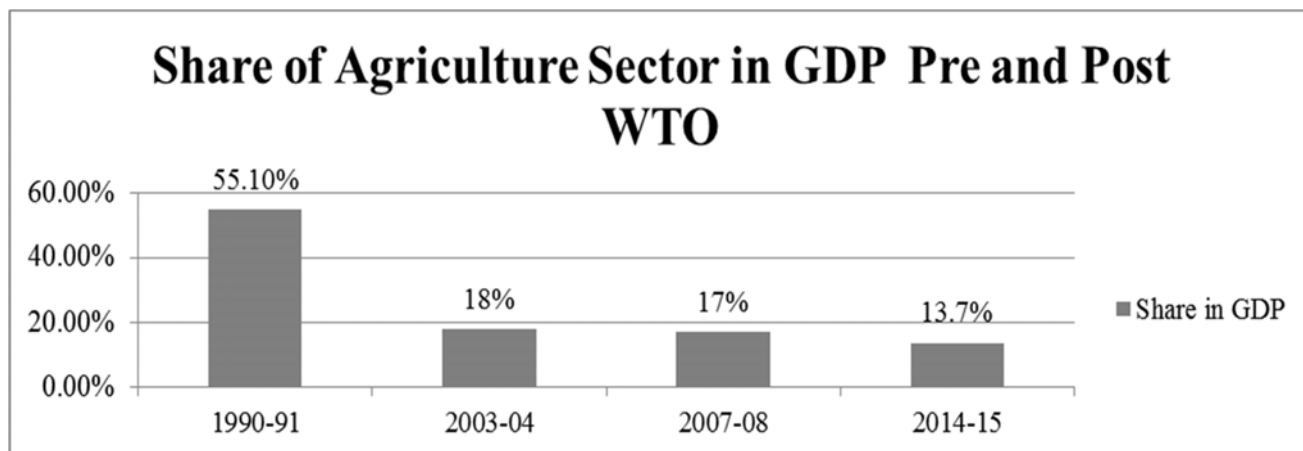
Total Agriculture Production			
Pre WTO		Post WTO	
Years	Production (tonnes)	Years	Production (tonnes)
1985-86	1,38,020	1995-96	2,19,300
1990-91	1,53,450	1999-00	2,81,530
1993-94	1,86,200	2004-05	3,19,360
1994-95	1,97,650	2012-13	68,87,20,000

Source: Economic survey of India

The above diagram showed that production in tonnes of agriculture sector pre & post WTO in India and world. The production growth of agriculture Sector in tones has been calculated by using total method. The above figure showed that production in tonnes was increased from 1,38,020 to

68,87,20,000 in the year 1985-86 to 2012-13 respectively. This diagram showed that before 1995 production in tonnes of agriculture is very slow. But after 1995 production growth rate comparative to pre WTO is high of India and world.

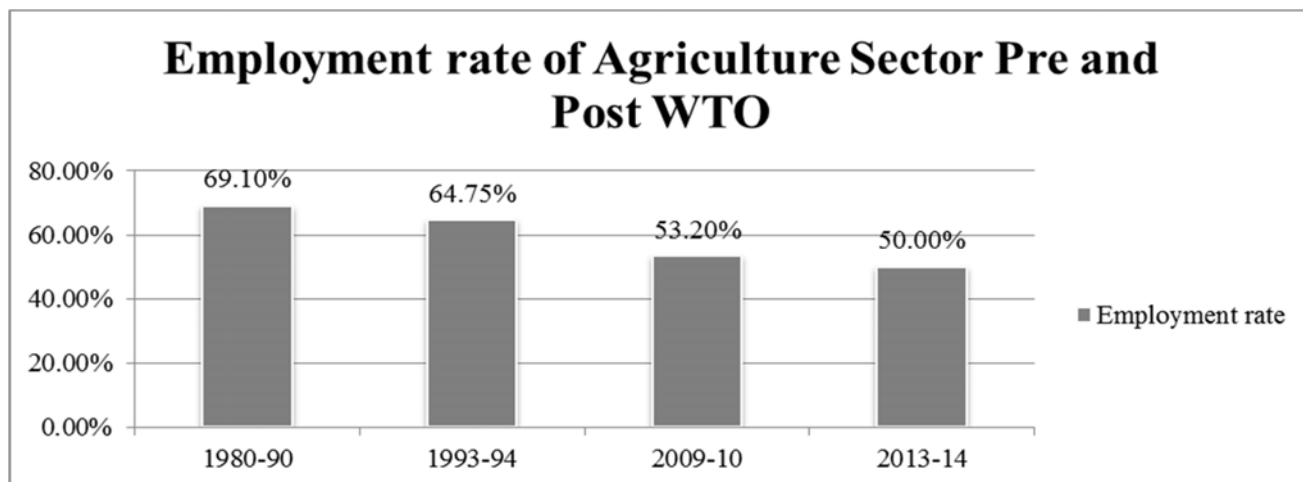
3. To check the share of agriculture sector in GDP pre and post WTO in India



Source: - Economic Survey 2013-14

At previous methodology, composition of Agriculture & allied was 55.10 in 1990-91. Share of Agriculture & allied sector has declined at 17.01% in 2013-14.

4. To check the employment rate of agriculture sector pre and post WTO in India



Source: - Economic Survey 2013-14

The above Chart showed that the Employed rate of total people in Agriculture Sector pre and post WTO. The above chart shown that the Employment rate was decreased from 69.1 per cent to 50 per cent in the year 1980-90 to 2013-14 respectively in Agriculture Sector.

**5. Problem Regarding Agriculture Sector Growth**

- Small or no use of machines is made in ploughing, sowing, irrigating, thinning and pruning, weeding, harvesting threshing and transporting the crops. This problem is specially the case of small and marginal farmers. It results in huge wastage of human labour and in low output per capita labour force.
- Agriculture marketing problem in the rural area is a very big problem for the farmers. There is no available marketing for the sale of agriculture products. In the absence of marketing facilities, the farmers have to depend upon local traders and middlemen for the disposal of their farm produce which is sold at throw-away price.
- In the absence of an organized marketing structure, private traders and middlemen dominate the marketing and trading of agricultural produce.

- A storage facility in rural areas is very bad. It is either totally absent or grossly inadequate. Under such situations the farmers are compelled to sell their produce immediately so they do not get a fair price from the purchasers who are generally well-organized.
- A Small and fragmented holding problem in the rural area is more serious in densely populated and intensively cultivated states like Kerala, West Bengal, Bihar and eastern part of Uttar Pradesh where the average size of land holdings is less than one hectare and in certain parts it is less than even 0.5 hectare.
- The main problem of Indian agriculture is the lack of cheap and efficient means of transportation. At present there are lakhs of villages which are not well connected with main roads or with market centers.
- Most roads in the rural areas are bullock- cart roads and become useless at the time of rainy season. Under this condition the farmers cannot carry their produce to the main market and are forced to sell it in the local market at low price.

### 6. Suggestions Regarding Growth of Agriculture Sector

- For the improvement agriculture production is urgent require to mechanise the agricultural operations so that wastage of labour force is avoided and farming is made convenient and efficient. Agricultural implements and machinery are a crucial input for efficient and timely agricultural operations, facilitating multiple cropping and thereby raising production.
- For the growth of agriculture market, the government has come out with regulated markets. These markets generally introduce a system of competitive buying, help in eradicating malpractices, ensure the use of standardized weights and measures and evolve suitable machinery for settlement of disputes thereby ensuring that the producers are not subjected to exploitation and receive remunerative prices.
- For solution to small holding land problem is cooperative farming in which the farmers pool their resources and share the profit.
- A scheme provides storage facilities to the farmers near their fields and in particular to the small and marginal farmers. To the improvement additional storage facilities in rural areas has recommended a scheme of establishing a network of Rural Storage Centre's to serve the economic interests of the farming community.
- Each village by metal led road is a gigantic task and it needs large amount of money to complete this task.
- A scheme of rural credit scenario has undergone a significant change and institutional agencies such as Central Cooperative Banks, State Cooperative Banks, Commercial Banks, Cooperative Credit Agencies and some Government Agencies are extending loans to farmers on easy terms.

### Conclusion

At last, it is found that after WTO, the agriculture sector playing a significant role in employment generation. After WTO export rate and Production Rate of Agriculture Sector are also increasing in India. Because after WTO new technique and better quality product are available in India. But share of agriculture sector in total share after WTO is decreasing time to time in India. For the improvement of export commodities is need national common market for farm goods and law amendment for trading in some agriculture commodities.

The agriculture sector in India is expected to generate better momentum in the next few years due to raised investments in agricultural infrastructure such as irrigation facilities, warehousing and cold storage. Factors such as reduced transaction costs and time, improved port gate management and better fiscal incentives would contribute to the sector's growth. Furthermore, the growing use of genetically modified crops will likely improve the yield for Indian farmers.

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