



WTO and Indian Agricultural Trade Performance of Sugar, Tea and Cotton

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Abstract

The present paper is an attempt to examine the Indian agricultural trade performance of sugar, tea and cotton under WTO regime. The analysis shows that trade performance of the commodities has been remarkable and it has been favorable for India and it has accessed new markets for its agricultural products. It is growing with initial volume and value which is considerable for a new commodity under export. In the case of commodities like cotton and sugar, India occasionally exports large quantity but there is no consistent trend in these exports. Exports of traditional items from India like tea could not keep pace with the study period. WTO has helped India to access new markets and address trade disputes, awarding and getting MFN status to countries India trades with and standardization of the trade practices, but still a slew of the improvements are required to bring the Indian agricultural trade to noticeable scale in international market place.

Keywords: WTO, India, Agriculture, Tea, Sugar, Cotton

I Introduction

It is tough fact that rice and tea leaves, spices and fruits all have their regional specialties and is being traded largely on the basis of these specialties. When, it comes to trade performance of Indian agriculture under WTO trade performance of Indian

agriculture should be done to assess whether joining WTO has been meaningfully useful for India or it just made our markets available to developed nations. India has been the founder member of WTO when it came into existence on January 1, 1995. WTO provisions related to international trade are now similarly applicable to agriculture which was brought within the fold of GATT. Applications of WTO provisions on agriculture contain many contentious issues and are an area of serious concern for India which is primarily an agrarian economy. Moreover the world, despite growing interdependence and integration is highly heterogeneous with regards to level of development.

WTO provides new opportunities to increase international trade in agriculture. However ability to take advantage of these opportunities would depend upon the strength of the agriculture sector. Most Indian farmers are resource poor and struggling to produce with poor infrastructure. These farmers cannot face the challenges of comparative advantage in world trade without assisting them through integrated package of technologies, services and public policies to bridge the wide gap between actual and potential yields.

II Objective of the Study

The present paper is an attempt to examine the Indian agricultural trade performance of sugar, tea and cotton under WTO regime. In this way, the objective of the study is to

analyze trade performance of sugar, tea and cotton under WTO regime.

III Methodology

In the present study, secondary data is used for analysis and collected from various sources i.e. DGCIS Kolkata, Agricultural Statistics at a Glance, Economic Survey etc. For analysis, the study period has been taken from 1995-96 to 2014-15. Annual compound growth rate (CAGR) and graphs have been used to analyze the data.

IV Indian Agriculture Trade

Performance under WTO Regime

There are vast differences between developed countries and India with regard to the extent, economic conditions, application of modern technology, skills and literacy level of the farmers and farm size in the

agriculture sector. The developed countries are highly competitive and efficient. Moreover the support infrastructure like storage, processing, finance, marketing, transport and R&D facilities are much more advanced and organized. While in India, for millions of farmers, agriculture is still a medium of livelihood and not an occupation and it is still being carried out in most traditional way. Indian farmers are mostly involved in subsistence farming with very little or no marketable surplus. While in the developed countries, agriculture is treated as an industry and being supported by all necessary means and agriculture surplus production is as far as possible being marketed and sold in international markets with proactive support from the government. Commodity wise trade performance of Indian agriculture under WTO regime has been analyzed as:

Table 1
Sugar Trade in Post WTO Period

Value in Rs. Crore
Quantity in Metric Tonne

Year	Export		Import		Net Trade Value
	Quantity	Value	Quantity	Value	
1995-96	863721.30	506.40	150631.89	215.89	290.51
1996-97	667278.90	860.80	2130.19	3.18	857.62
1997-98	173289.83	244.45	346912.14	470.25	-225.80
1998-99	12743.43	17.36	900472.25	1111.22	-1093.86
1999-00	13004.65	18.14	1181181.45	1110.80	-1092.66
2000-01	338692.71	430.98	30407.56	31.11	399.87
2001-02	1456502.72	1728.29	25583.33	32.60	1695.69
2002-03	1662409.81	1769.50	41431.14	32.83	1736.67
2003-04	1200612.76	1216.60	74409.90	62.70	1153.90
2004-05	108696.60	149.53	932746.67	976.18	-826.65
2005-06	321202.28	569.10	558773.31	651.59	-82.49
2006-07	1643401.65	3127.50	1053.59	3.48	3124.02
2007-08	4641117.82	5404.18	510.32	2.29	5401.89
2008-09	4734598.97	5289.65	113427.90	287.98	5001.67

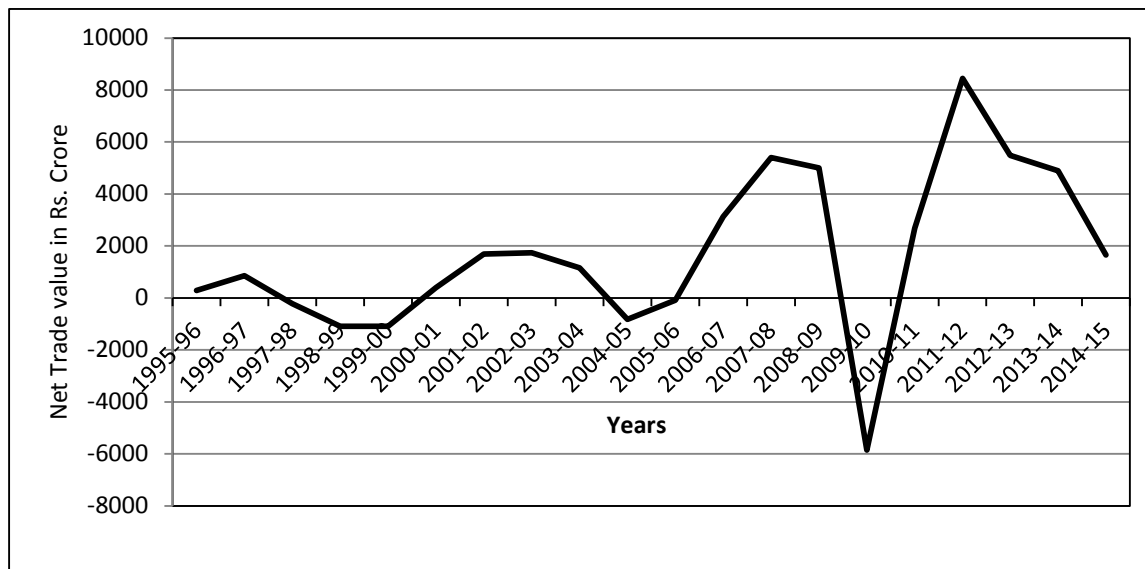
2009-10	44736.98	110.21	2551416.00	5965.80	-5855.59
2010-11	1733871.54	5472.79	1034584.65	2789.54	2683.25
2011-12	2749428.71	8766.78	99713.60	313.83	8452.95
2012-13	2793778.81	8576.32	1122240.41	3094.38	5481.94
2013-14	2477640.34	7178.50	880956.63	2286.86	4891.64
2014-15	195441.41	5326.66	1538635.70	3668.21	1658.45
Total =					33653.02
CAGR (%)	-7.52	13.18	13.01	16.08	9.60

- Source:** 1. Directorate General of Commercial Intelligence and Statistics, Kolkata, *Various Issues*
2. www.wto.org/home/resources/statistics/statistic database
3. www.rbi.org.in & RBI Bulletins on Indian Foreign Trade
4. Agriculture Statistics at a Glance, *Various Issues*
5. Economic Survey, *Various Issues*.

It is cleared from table 1 that India has been self reliant in certain agricultural produces, Sugar, being one of them. Haryana, Punjab, Maharastra, Pune, Uttar Pradesh are the leading states into sugarcane growing. As a result of which India has been in a position to have surplus stock of sugar to export. India had been having the total exports of sugar more than the imports in most of the years 1995 onwards except some years. In the year 1995-96 export of suger were 506.40 crore exceeding imports by 215.89 crore and 860.80 crore in 1996-97. But then imports overtook exports for next three year from 1997-98 to 1999-2000. Exports again improved in 2000-2001 when exports of

sugar were Rs. 430.98 crore and imports were Rs. 31.11 crore and remained in positive figures till 2003-04. Year 2004-05 had imports exceeding exports by Rs. 826.65 crore and next year 2005-06 had net imports exceeding exports by Rs. 82.49 crore. In the years to come till 2014-15, sugar exports were exceeding the imports by considerable margin except the imports of sugar in year 2009-10 when Indian sugar exports were Rs. 110.21 crore against imports of Rs. 5965.80 crore. This trading of sugar in last 20 years has helped India to garner Rs. 33653.02 crore. Thus, it can be concluded that trading of sugar has been favorable for India in post WTO period.

Figure 1
Net Trade Value of Sugar



Source:

Table 1

Net trade value is shown in figure 1. In the case of CAGR the imports (16.08 per cent) increased with the higher rate than the

exports (13.18 per cent), and the total trade has increased with 9.60 per cent of CAGR.

Table 2
Tea Trade in post WTO period

Value in Rs. Crore
Quantity in Metric Tonne

Year	Export		Import		Net Trade Value
	Quantity	Value	Quantity	Value	
1995-96	158756.71	1171.11	0.00	0.00	1171.11
1996-97	179554.54	1037.10	0.00	0.00	1037.10
1997-98	19370.22	1876.30	0.00	0.00	1876.30
1998-99	21041.41	2264.90	0.00	0.00	2264.90
1999-00	179312.17	1784.70	5062.23	25.61	1759.09
2000-01	187439.97	1788.70	10872.54	41.44	1747.26
2001-02	180111.24	1719.22	10317.56	67.01	1652.21
2002-03	182863.28	1652.10	23645.59	125.30	1526.80
2003-04	177779.71	1637.40	10772.56	64.60	1572.80
2004-05	183402.60	1840.30	31765.35	146.92	1693.38
2005-06	162867.21	1730.71	18751.24	108.14	1622.57
2006-07	185636.22	1969.50	23296.87	127.06	1842.44

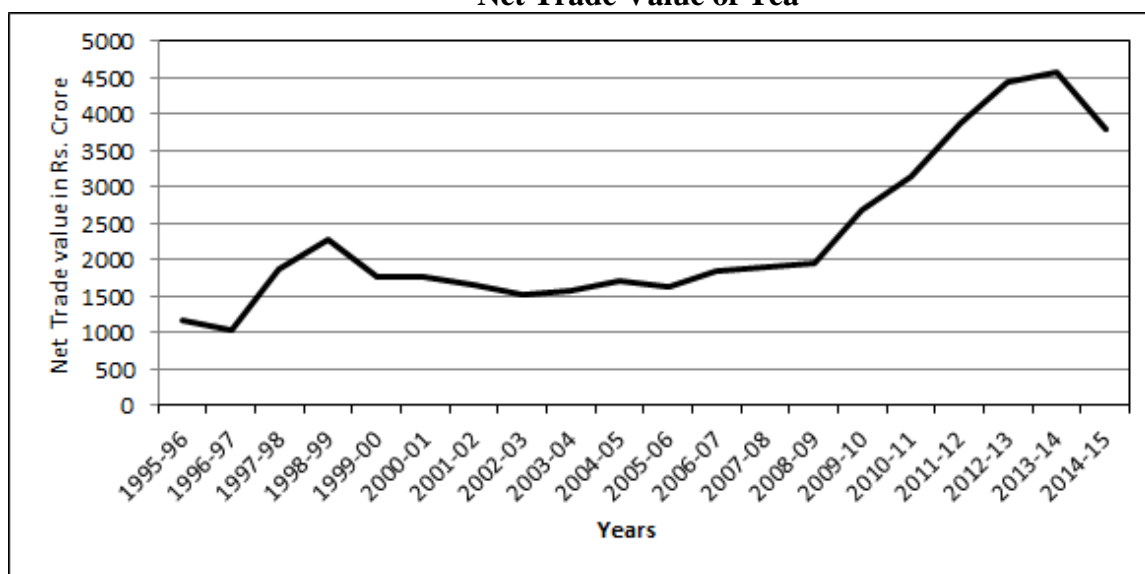
2007-08	198554.36	2022.32	19843.56	131.66	1890.66
2008-09	196587.56	2089.57	25635.89	135.69	1953.88
2009-10	207839.07	2943.53	34459.38	276.52	2667.01
2010-11	238146.24	3354.34	20824.06	202.35	3151.99
2011-12	271983.56	4078.53	22429.49	218.19	3860.34
2012-13	268799.83	4718.79	22301.54	274.52	4444.27
2013-14	249907.56	4873.34	22739.48	291.68	4581.66
2014-15	215209.62	4166.14	27445.24	388.73	3777.41
Total =					46093.18
CAGR (%)	1.61	6.91	11.93	19.88	6.36

Source: Same as table 1.

It is cleared from table 2 that tea export from India has always been higher than imports of this commodity. With the start of British rule in India, this commodity came in picture as a main trading commodity and its overseas demand surged thereafter. It's a reward commodity for India in overseas market place which has helped India to garner Rs. 46093.18 crore in last 20 years i.e. 1995-96

to 2014-15. India has exported tea with constant increasing overseas demand. Study duration of this research work i.e. 1995-96 to 2014-15 started with exports of Rs. 1171.11 crore in 1995-96 and remained between Rs.1000 crore to Rs. 2000 crore till 2006-07. In the year 2007-08, total exports crossed Rs. 2000 crore and in recent years 2013-14 to 2014-15 it was above Rs. 4000 crore.

Figure 2
Net Trade Value of Tea



Source:

Table 2

Net trade value is shown in figure 2. On import side, negligible imports were recorded for four years in a row i.e. from 1995-96 to 1998-99. In 1999-2000 total imports were Rs. 25.61 crore which has been reached to Rs. 388.73 crore in 2014-15, being the highest import of tea by volume and value. The export exceeding import earned India Rs. 46093.18 crore. Thus, it's concluded that India got a fair price of tea in

international markets which has been made available under trade agreements by WTO members and other regional trade organizations. India faces a stiff competition in export of tea from Sri Lanka. In the case of CAGR the imports (19.88 per cent) increased with the higher rate than the exports (6.91 per cent), and the total trade has increased with 6.36 per cent of CAGR.

Table 3
Cotton Trade in Post WTO Period

Value in Rs. Crore
Quantity in Metric Tonne

Year	Export		Import		Net Trade Value
	Quantity	Value	Quantity	Value	
1995-96	33287.78	203.54	69621.23	521.23	-317.69
1996-97	269587.72	1574.50	2929.93	31.56	1542.94
1997-98	157532.23	821.89	9973.54	80.65	741.24
1998-99	41963.65	206.92	57406.87	381.11	-174.19
1999-00	15910.72	77.07	237404.81	1253.93	-1176.86
2000-01	29762.45	221.07	212365.51	1184.73	-963.66
2001-02	8231.42	42.69	387043.33	2053.62	-2010.93
2002-03	11754.69	50.28	233854.76	1237.61	-1187.33
2003-04	179610.09	942.37	252906.52	1570.03	-627.66
2004-05	86643.87	422.58	192187.86	1135.56	-712.98
2005-06	614802.23	2904.40	98754.51	703.66	2200.74
2006-07	116221.29	6107.80	81487.62	663.07	5444.73
2007-08	141754.42	7999.69	136342.21	911.89	7087.80
2008-09	100954.76	5899.02	100491.04	758.90	5140.12
2009-10	-	9537.08	-	1241.37	8295.71
2010-11	-	13162.42	-	622.24	12540.18
2011-12	-	21624.24	-	1059.91	20564.33
2012-13	-	20276.51	232554.37	2466.74	17809.77
2013-14	1947700.00	22337.84	180974.54	2375.78	19962.06
2014-15	1142534.00	11642.64	258.90	3101.08	8541.56
Total =					102700.52
CAGR (%)	20.45	23.74	-25.51	9.84	51.20

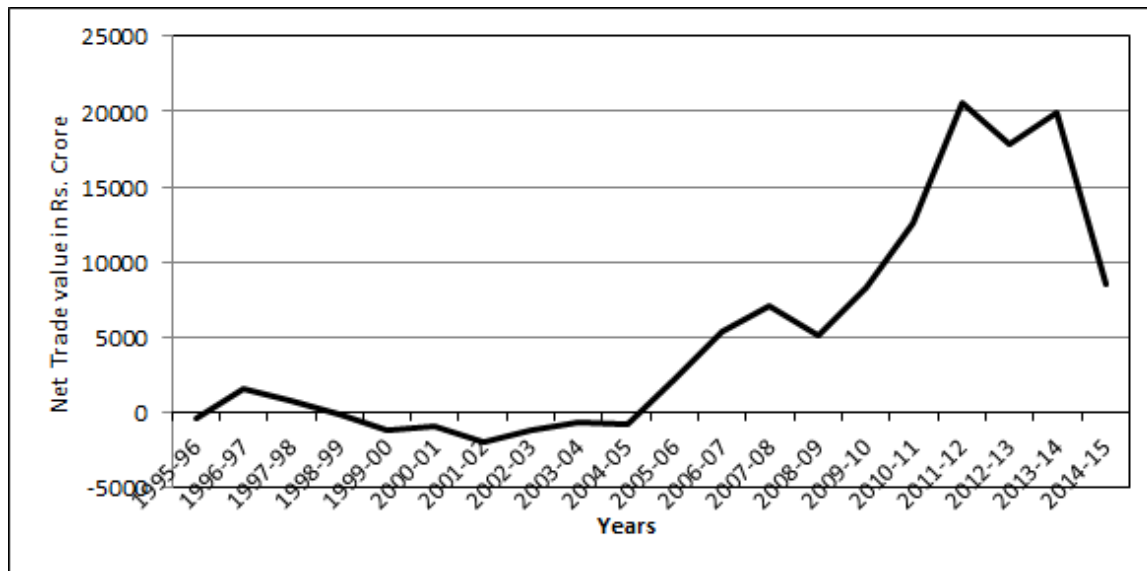
Note: - data not available

Source: Same as table 1.

It is cleared from the table 3 that one of the oldest commodities traded in international market place by India is Cotton. Trading of cotton has been centuries old and demand for cotton has been consistent in England, cross border and overseas markets. In the year 1995-96 and 1996-97, India exported cotton of Rs. 203.54 crore and Rs. 1574.50 crore respectively. In the table given above, trading volume and value for some of the years have been marked by dash (-) for the reason of unavailability of authorized data. Exports have been above Rs. 100 crore to 12000 crore except sudden fall in exports in the years 1999-2000 (exports valued Rs.

77.07 crore), 2001-02 (exports valued Rs. 42.69 crore) and 2002-03 (exports valued Rs. 50.28 crore). Leaving apart occasional fall in exports, exports of cotton have been remarkably very high than imports. For instance, in year 2007-08 exports valued Rs. 7999.69 crore against imports of Rs. 914.89 crore. In the recent years, from 2011-12 to 2014-15, exports exceeded the imports by an average of Rs. 10000 crore. In total these exports exceeding imports helped India to fetch a considerable amount of Rs. 102700.52 crore from international market place.

Figure 3
Net Trade Value of Cotton



Source:

Table 3

Net trade value is shown in figure 3. Being favorable to nation, we can watch that in post WTO period has helped the nation in international trading of cotton. In the case of CAGR the exports (23.74 per cent) increased with the higher rate than the imports (9.84

per cent), and the total trade has increased with 51.20 per cent of CAGR.

V Conclusion

The analysis shows that trade performance of the commodities has been remarkable and it has been favorable for India and it has

accessed new markets for its agricultural products. It is growing with initial volume and value which is considerable for a new commodity under export. In the case of commodities like cotton and sugar, India occasionally exports large quantity but there is no consistent trend in these exports. Exports of traditional items from India like tea could not keep pace with the study period. WTO has helped India to access new markets and address trade disputes, awarding and getting MFN status to countries India trades with and standardization of the trade practices, but still a slew of the improvements are required to bring the Indian agricultural trade to noticeable scale in international market place.

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