

Liberalisation, Domestic Price Policy and Agricultural Growth

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Introduction

Macro-economic crisis of early nineties was the beginning of the process of calibrating trade liberalisation. Even though, the basic current emerged actually during mid eighties, it could acquire a visible drive only by early nineties (Sen and Das,1992). As is well known, the crisis began when the foreign exchange reserves touched a critical bottom level, adverse balance of payment condition was evident and a near debt trap situation became imminent. The state of affairs was handled carefully with a battery of macro-economic tools that included liberalisation of foreign trade, devaluation of the currency and series of steps in domestic macro-economic policy management (Singh, 1995). This period incidentally coincided with a few major changes in the arena of international trade, heralding the establishment of World Trade Organisation (WTO) and removal of non-tariff trade barriers. The discussions at Punta del Este gave rise to the draft agreement prepared by Arthur Dunkel. India being one among the founder members of GATT, agreed to abide by the set of regulations given under the various agreements of WTO. The macro-economic situation in the country was also undergoing a rapid transition along with significant changes in trade scenario, in this process the agricultural sector, sheer by its significance in the economy, became an important player. Naturally growth trends in agricultural sector and the domestic market conditions became the initial candidates to bear the initial impact.

The Backdrop

Among the major changes that took place in the trade policy during nineties, five were of greater significance for agricultural sector. First, the EXIM policy of March 1990, introduced liberalisation of imports of certain commodities including capital goods and raw materials. Relaxation of licensing policy, foreign exchange availability and reduction in cash margins of imports were introduced to facilitate trade. Second, at the same time introduction of the Special Import License Scheme and relaxation in export control were launched as important steps to ease the existing controls on trade. All this indicated export encouragement on one side and

import relaxation on the other as the main theme of policy changes undertaken then onwards. Further, the trade policy that was earlier characterised only by short-term changes, essentially protective to combat exigencies, was tuned to a long-term consistent policy with an outward look (Sen and Das, 1992; Sen and Mukhopadhyay, 1994). Third important set of modifications included the extension of the Exim Scrip facilities to a number of agricultural commodities, decanalisation, and significant shifting of commodities from restricted and prohibited lists to free list took place during 1994 (Sen, 2000). The percentage of free trade items increased from 22% in 1995 -96 to 58% by 2000. Fourth, the EXIM policy of 2001, gave special importance to the agricultural sector through the creation of the Special Economic Zones and Agricultural Export Zones wherein the state governments were required to identify product specific Agricultural Export Zones and encourage trade. Quantitative Restrictions (QRs) were initially removed on 111 items. Finally, the changes announced by Government of India on 1st April 1999, 2000 and 2001 became historical in the process of liberalisation of agricultural trade. India's proposal of a six-year phase out (by 2004) of the Quantitative Restrictions was agreed by the European Union and Australia but not by United States. Later as per the agreed programme with WTO, the Government of India brought out a new OGL list containing 894 items and partially liberalised imports of 414 items bringing them under the Special Import License (SIL). Close on the heel of this step, QRs on 715 items were removed on 1st April 2001 of which nearly 170 items belonged to agriculture. Through this process the trade restrictions on most of the items originating from agricultural sector were put on OGL list. These stages in the process of liberalisation brought forth analytical issues dealing with the impact of international markets on domestic policy.

In the academia, we have three broad viewpoints expressed by the analysts about the impact of liberalisation. The proponents of these viewpoints could be grouped as 'Committed Liberalisers', 'Preference for no-change' and 'Cautious Liberalisers' (Deshpande, 2002)². The first view is marked by the faith in the paradigm of growth taking care of the distribution (Singh, 1995, Ahluwalia, 1996, Parikh et al. 1997). The protagonists believed that the agriculture is controlled largely by the State and State interventions in various forms hinder the natural growth potential (WTO, 1998). The State intervention in the sector is believed to inhibit the true growth potential. It is also stated that the 'Statisation' of the sector

has to be reduced firmly to improve production and allocative efficiency of the sector (Debroy, 1997). This group had put forward a view point that international trade which, was hitherto based on the residual exportable surplus and protective in nature, should become proactive. It is argued that the new avenues be explored in international trade this changed situation (Brandao and Martin, 1993 , Ghemawat and Patibandla, 1998, Gulati et al., 1999).

The second viewpoint is advanced by the group having 'Preference for no Change' favouring the earlier policy regime of protected agricultural sector. They emphatically record that the present pace of liberalisation may leave out the weaker sections and fragile regions in the process of newfound growth (Bhalla, 1993, Ghosh, 1997). It was argued that the process of marketisation would lead to incremental income only to a small minority that may lead to increase in income inequality. It is expressed that India's food grain sector is being mishandled (Sharma, 1994, and 2000, Shiva, 1999) and we must continue to hold a wedge between border and the domestic prices, as the fluctuations in World prices will be transmitted to the domestic market (Nayyar and Sen, 1994). The productivity trends during nineties have not been very encouraging. Based on this a strong view was expressed that after eight years from the beginning of economic liberalisation instead of experiencing any unprecedented boom in the growth pattern, the agricultural sector is showing signs of decelerated growth (Bhalla, 1995). Keeping in view the productivity trends it is also brought forth that food security of the country may be in peril (Shiva, 1999, Acharya, 2002). Fears were expressed that the opening up of the trade would create import surges and the producers will be adversely impacted (Mehta, 2000, Chand, 1999).

The third viewpoint is largely similar to the first group but more cautious in their approach and therefore termed as 'Cautious Liberalisers'. Those who advocate this viewpoint believe that the process of liberalisation would usher in new trends in growth of agriculture in developing countries but this has to be done in a systematic manner (Srinivasan, 1998). Indian agriculture is poised for a positive change provided the steps are taken keeping in view the rapidly changing circumstances and basic characteristics of Indian agriculture (Rao, 2001). While it is argued that we must take greater advantage of growth generated through trade, by properly negotiating under WTO regime and at the same time the domestic reforms must be

pushed through on priority, to avoid the probable welfare loss (Datta et al, 2000). This group further emphasises earnest requirement of investment in research and development, domestic market reforms and infrastructural facilities to precede the process of liberalisation (Bhalla, 2002). The 'Cautious Liberalisers' do not necessarily feel that the State should withdraw its controls at once from the agricultural sector, but believe that this can be done extremely gradually over years and can be graded positively (Rao, 2001, Pangaria, 1999). It is believed that agricultural sector can achieve its natural growth potential, if reforms are properly graded (Rao, 1994).

Liberalisation and Agriculture

India's agricultural sector cannot be compared with that of many countries participating significantly in the international trade. Among the major constraints faced by the country that it has one of the lowest average sizes of holdings; about 80 million small and marginal farmers; only a small proportion of farmers generating sizeable marketable surplus; market conditions in factor as well as product markets far from satisfactory; and finally India never had a sustained presence in the international trade. These overt constraints provoked the use of terminology like 'level playing field' while analysing comparative performance of India vis a vis its trading partners. It is quite clear that the production as well as domestic and international trade environment in India is not comparable to many of its competitors but finally that needs to be achieved in the process. How this should be achieved is a major policy issue to wrestle with.

Liberalisation of trade has opened up quite a few concerns for the agricultural sector. Positive as well as negative implications of liberalisation are being debated among the academics. On the positive side it is argued that liberalisation has unwrapped the prospects for Indian agriculture to make its presence felt in the international market. India has demonstrated comparative advantage in quite a few commodities therefore, it was rightfully expected that India would emerge as a significant player in trade of these commodities. It is expected that liberalisation will help to boost up exports and meet the import bills apart from enhancing foreign exchange reserves. But at the same time that will increase import-intensity of exportable commodities. Opening of trade will also help to augment export competitiveness and improve the quality of production. In these circumstances a clear long-term export oriented production strategy can be chalked out. Sudden

shortages and hoarding of certain commodities could be tackled with ease. The demand for processed agricultural products will increase and that will have a substantial value addition to the farmers' produce.

On the negative side it is feared that sudden import surges may occur in the market. Increased intensity of exports may facilitate entry of new-private traders and the market margins as well as undue profiteering will increase. These can act as strong disincentives to the producers. Such a situation will be common in the case of the commodities, which have higher income elasticity of demand. The process of increased trade will not only generate export-import price parity but also integrate the World market prices with domestic prices. Therefore, the prices in the domestic market of these commodities are likely to increase to keep pace with international prices. In other words the international prices may normatively guide domestic price movements. This in turn may lead to price instability and increased price fluctuations. The worst consequence of such situation is the likely disincentive it will create among the domestic producers, if price signals are not properly transmitted and acted upon.

In the face of such situation reference is made to the Minimum Support Price as a tool for providing incentives to the farmers. The role of MSP as an incentive to adopt technology comes out very clearly in the initial writing of Professor Dantwala, who was one of the main architects of India's price policy. He stated that "Though no rigid formula has been accepted to determine the levels of floor prices, the criterion followed is that *progressive farmers should find these levels adequate to encourage enterprise and investment to augment production through the adoption of improved technology with all its risk and uncertainty* (emphasis added)" (Dantwala, 1996, Pp 213 originally published in 1967). MSP did serve the purpose for quite some time. It has been noted by Acharya (Former Chairman of CACP) that "In fact, the instruments of Minimum Support Prices, food subsidy and input subsidies have played an important role in achieving the objectives of food security and accelerated growth of economy and benefits all the sections of the society" (Acharya, 1997).

Minimum Support Price (MSP) as a tool of the price policy came under scrutiny during this debate for two reasons. First, a question was raised about the WTO compatibility of MSP as price protection. Its impact on trade came under

review. The second issue related to its effectiveness as a tool of the price policy. Recently it was pointed out that MSP has not been properly administered in most of the states (Deshpande, 2003). After an experience of a quarter of a century, in the implementation of the market intervention scheme Prof Dantwala wrote again during early nineties recognising the changing role of MSP and interventions. He wrote, "Likewise, intervention has to be selective. *Its need must be clearly established and its effectiveness should be constantly under review* (emphasis added). The real problem is not simply to establish the legitimacy of intervention, but that of ensuring its effective and judicious implementation" (Dantwala, 1996, Pp292, originally published in 1993). The very target group, for whom it is intended, could not derive benefit out of it. It has become more a discriminatory tool across crops, regions and groups of farmer (Deshpande and Naika, 2002)

The Canvass

The subject under discussion had an overwhelming response with 52 papers received for the conference but about half of them dealt with peripheral issues and therefore could not be considered here. Quite a few contributors had identified and raised very pertinent issues for discussion. The methodology and the analytical depth are quite commendable. We tried to group the papers into a manageable number of groups according to the issues to be raised for discussion. Broadly the papers can be grouped into four groups according to the central themes. First set of papers deal with the understanding the process of liberalisation and the changes observed in aggregate agricultural trade of India and impact on growth across the States. The second group of authors focussed on the changes in crop economy especially the changes in trade sector among individual crops, cropping patterns and the impact on growth across crops. The third group of paper writers were concerned with the impact on horticulture and other allied agricultural sectors and brought out the specific problems of these sectors. The impact of trade liberalisation on domestic prices and the analysis of the price policy in the context of changed circumstances formed the core of the fourth group of contributors. We discuss below the issues raised under these four groups on the wider canvass of liberalisation.

Analysts of agricultural sector often consider 1990-91, as the cut off point to mark the beginning of the process of liberalisation and therefore, the performance

before 1990-91 is compared with that in the post 1990-91 period. It is necessary to understand here that liberalisation is a process that was set in motion during the 1990s reform process and consolidated slowly in the decade that followed. Many changes including the signing of the WTO agreement, removal of QRs, changes in trade policy took place in the decade at distinct points of time and not simultaneously. It did not happen in any one particular year and therefore, periodisation with a break at 1990 may not be methodologically correct. The three papers that analyse the process of liberalisation in depth are by Reddy & Reddy, Singh & Singh and Singh & Vasisht³. All of them take the decade of nineties to represent the period of liberalisation. The changes that they have indicated point out a mixed picture. There are crops and regions that have gained in terms of growth rates (Reddy and Reddy), whereas, the performance during nineties was disastrous for some other regions (Singh and Singh). There is hardly any serious attempt to get at the impact of the process of liberalisation on regional growth patterns. The course of action during nineties has provided growth initiative to certain regions (specialising in trade oriented crop pattern) as against other regions. Changes in growth pattern of Orissa, Himachal Pradesh, Punjab, Haryana, Bihar and Madhya Pradesh are specifically analysed by the contributors, whereas the growth behaviour of agricultural sector of some other states incidentally appeared in the discussion. The changes noted in the growth performance in the case of Himachal Pradesh, with the help of spline function, indicated specific changes in commercial crop sector bypassing the food grain group (Saini et al), whereas, in the case of Orissa quite interesting observations are made by Panda and Singh et al. They point out towards the issue of food security and inter-district disparities within the State. This gives rise to an important implication in terms of probable increase in the regional disparities in growth behaviour within a state and across the states. It will be worthwhile therefore, to identify the regions and crops that have lagged or performed well in this period, and the reasons for such differential growth behaviour.

Immediate impact of the process of liberalisation is felt on the commodity trade. The export and import trends during nineties suggest three commodity groups. The first group includes the commodities of which the exports have increased and imports have reduced. The second group includes the commodities for which imports exceeded the exports and the third group covers commodities that have shown no such visible change. The contributors to this Conference volume have

taken a good number of representatives of these three groups of commodities for the purpose of analysis. These include rice, wheat, cotton, oilseeds, coconut, cashew, walnut and chillies. A few papers have addressed to some important commodity groups like sericulture, horticulture, dairy and fishery.

Rice and wheat being the vanguards of our food security, account for the major share of land as well as non-land resources. Therefore, rightfully these two became the first candidates for analysis of the changes in trade pattern. Samal and Mishra found that during the trade liberalization period, there has been substantial increase in the Basmati rice exports. This was more pronounced in the non-Basmati rice especially between 1994-95 and 2002-03. The sustenance of this trend and the changes in the flow of net returns to the farmer are quite important aspects. The analysis of changes in profitability of rice and wheat in Punjab by Sidhu and Singh, indicated that the returns to land and management have increased during 1990 to 1998. They also indicated good prospects for these two crops in the near future.

Cotton, cashew nut, walnut and chilli attracted the attention of some of the contributors. With multi fibre agreement being phased out and the new agreement on Trade in Textiles and clothing in offering the quota system is slated to go. Therefore, cotton and textile trade become an important sector. The authors suggest a decline in export growth during the post-liberalization period and thus the trends need to be carefully monitored (Mahesh et al). Cashew nut, chilli and walnut among the other spices have significant export presence. India is one of the largest producer and exporter of cashew nuts. The total exports of cashew during 1999-2000, was 2451 crores, which is about 8% of the total agricultural exports (Wadkar et al). Therefore good prospects are indicated for the export of cashew nuts. Chilly is another crop of trade interest. India is the largest producer of chilly, but it exports only 2.5 to 7.5% of its total product. Sujatha and Eswara Prasad, using the Conjoint analysis⁴, analysed the preference attributes for exports of chilly like variety, colour, price and pungency. They found that colour was an important attribute followed by price and pungency. Spices and condiments' trade therefore, is one of the important sectors to observe the changing trends. In the commodity sector the indicators of impact are mixed (if we prefer to call it as impact) (Kalamkar and Moorthy), and calls for a systematic commoditywise trade analysis.

Among the allied agricultural sectors the contributors have attempted analysis of horticulture (at times individual crops), Sericulture, Floriculture, Plantations and Fisheries. In an excellent analysis of trade participation of the horticultural sector Deepak Shah calculates the instability in the domestic market, World market and separately for the group of developing and developed countries. The instability in price is on increase in the world as well as in developed and developing countries. After analysing the changes in the composition of world trade he concludes that developing countries contributed more to the declining share of tropical products in the world agricultural exports. That trend is alarming. Tea is one of India's major plantation industry and export commodities. We expect good results out of its trade performance, but Usha Tuteja finds that even though, India ranks first in tea production in the world; its export share is lower than other small countries. India was a major exporter of tea during 1981, but it has lost this position to China, Kenya, Malawi, Uganda and Argentina. It is necessary to locate the reasons of such change as they cause concern but that cannot be blamed on liberalisation.

The debate on the impact of liberalisation in the recent past was spurred by the heavy imports of edible oils and that became a very sensitive issue. It was noted that the Palm Oil imports increased by 2 lakh tonnes during 1996-98, and by 10 lakh tonnes in the following year (Reddy and Reddy). This raised issues relating to the impact of trade on domestic oilseed & oil producers. Bhupal through a systematic analysis demonstrated the probable disincentive created to the farmers by the unabated edible oil imports. This is reiterated by Reddy and Reddy on the basis of a study at micro level. Farmers are compelled to reallocate area under oilseeds to other crops in the wake of price collapse. Chandrasekhara Rao in an excellent paper goes to a further step to test the hypothesis about the inter-connectedness of farmers' suicides in Andhra Pradesh due to the disincentives caused and declining net returns. One point clearly emerges out of these studies that there are trade sensitive commodities and their growth as well as price behaviour needs to be closely observed.

Among the other trade sensitive commodities, coconut, arecanut, marine products and sericulture find important place in the debate. The issues of concern are of course different across commodities. There is an immediate apprehension about the compliance to the stringent sanitary and phytosanitary measures provided

under HACCP (Hazard Analysis Critical Control Points) in the fishery (marine products as complete group) and dairy sectors. Kumar and Kumar point out that the cost of such compliance in fishery sector will be quite heavy and that will affect the trade prospects of fishery. The analysis by BIRTHAL et al points towards the problems of efficiency in Indian dairy sector. They did not deal elaborately with the HACCP provisions as it is quite crucial for the dairy sector. Coconut and arecanut are facing unexpected import surges and as the two crops are perennial in nature, immediate diversification to other crop enterprise is difficult. Sericulture is another sensitive sector. Tuhin Roy in an elaborate analysis pointed out that China is a major competitor in sericulture and it controls 83% of the world silk trade. Thus the prospects of sericulture industry hinges up on the steps that China takes in the trade of sericulture. Import of silk in India was about 1500 metric tons in the early 1990s and that has gone up to 6936 metric tons by 2000-2001. This trend is certainly of concern to the silk producers and may create disincentives for them in near future. Such situation results in reallocation of area, and that is disastrous in the case of plantations and sericulture. These commodities and sectors therefore, emerge as trade sensitive and need close monitoring in the coming years especially from the view of cropping pattern changes.

The reallocation of resources is one of the important consequences of the new trade orientation, this is welcome, if it is net welfare augmenting but that is not always the case. Some area reallocation has been taking place in the agriculture and allied sectors (Gulati and Kelly, 1999), in the decade nineties. A few authors have pointed out the changes in the cropping pattern in the wake of trade orientation (Srivastava in the case of Uttar Pradesh; Rathi & Awasthi for Madhya Pradesh and Sinha & Kumar for Bihar). They indicated generally a preference towards commercial crops in the area allocation decisions during nineties. This can also be a part of the usual change in area allocations and it will be certainly challenging to decompose the changes that have occurred due to the trade liberalisation or otherwise. It is however, necessary to see if such reallocations have taken place due to trade liberalisation or as a part of the usual reallocation decisions of the farmers. Moreover, the result of such resource reallocation on farm families remained an unattended issue.

Among the issues that crop up from the above analyses, four are of vital importance. First, it is strongly felt, if we can identify the trade sensitive commodities in Indian context, so as to monitor the changes that occur in their trade pattern? One of the suggestions in the draft proposal prepared by the Chairman of the WTO Committee on Agriculture Mr. Stuart Harbinson⁵ also included this issue. He proposed that "Developing countries shall have the flexibility to declare up to [] [*no number was specified sic*] agricultural products at the [6-digit] [4-digit] HS level as being special products with respect to food security, rural development and/or livelihood security concerns and designate these products with the symbol "SP" in Section I-A of Part I of their Schedules " (WTO, July,2003). Second, how should we approach to compute commodity-wise Trade Sensitivity Index (in terms of elasticity of imports with respect to price ratio (Domestic and World prices)) and which variables enter into such computations? Third, can we arrive at the region specificity of such commodities as some of the commodities have special importance in certain regions? Lastly, if alarming situation arises in these trade sensitive commodities, where and how do we set the trigger for activating the ameliorating measures?

Impact on domestic prices is an important theme emerging for discussion among the contributors. Theoretically it is expected that trade liberalisation will impact the domestic prices through price and market integration. Therefore, the price fluctuations in the world market will be transmitted to the domestic market. This will result in two types of situations. First, the World market prices will be higher than the domestic prices forcing a price rise in the domestic market. That will provide incentive to the producer but may adversely impact the consumers. Second, the lower world market prices may force the domestic prices to collapse through import surges. That can be detrimental to the producers but may be a welcome situation for the consumers.

The issue of impact of liberalisation on prices emerged very strongly in the case of Palm Oil import (Chand and Jha, 2001) and that of Silk. Quite a few contributors analysed this aspect and argued on either side of the issue of transmitting the world price fluctuations to domestic prices. The price changes and growth in prices during nineties thus became significant points for debate. Jha and Mohapatra conclude about the disconcerting trends in the price situation in the domestic market. That makes one worry about the likely impact of liberalisation in

future. But this is rather refuted through an elaborate analysis across crops and states in India by Kalamkar and Narayanamoorthy. After testing the hypothesis of linking liberalisation with the changes in growth pattern in real prices of selected crops, they came across lower growth rates in the cases of pulses and oilseeds during nineties. However, they do not prefer to link that with liberalisation. It is further interesting to find Reddy and Reddy to conclude that "The (*regression sic*) estimates, after accounting for the time trend, clearly indicate that international prices (INP) do not have any influence on WSP (*Whole Sale Prices*) or OTP (*Output Prices*) in most of the cases indicating the absence of any integration between Indian agriculture and global agriculture especially during the 1990s". But can this preclude such possibility in near future?, and for that matter groundnut prices is a good case in question. Nasarudeen and Kuruvilla found that year to year variations in prices of rice showed high volatility in international prices when compared to Indian prices and the divergence between the price instability at international and country level has been narrowing down. Similarly, a comparison between world prices and the Minimum Support Prices also showed interesting results. International prices of Wheat were above MSP during 1998-99 but went below that during the later years. For Rice it took one more year for the international prices to fall below the MSP (Sidhu and Singh). The probable impact of this on trade as well as producers is an issue of concern.

Emerging Issues

The debate on impact of liberalisation on agricultural economy involves both methodological as well as analytical issues. We can broadly group these issues in three sets for the purpose of clarity and organisation. The first set of issues for discussion should address to the basic methodological concerns emerging out of the papers taken for discussion. It is interesting that the location of the process of liberalisation itself becomes our first problem to deal with. The uneasy questions crop up like: Can one take the decade of nineties as the period representing liberalisation in the agricultural sector? Have all the significant changes in the market liberalisation took place during 1990-91? And such other queries derive no satisfactory answers. This is pertinent on the face of the fact that a large number of steps were taken at distinct points of time during the decade of nineties and all of it did not happen at any one point of time. The liberalisation of trade in agricultural sector was significant probably only in the post 1999 (with removal of QRs) and not

before that. Moreover, one has to assume some gestation period for settling down the impact parameters. Second question points towards the data on trade of agricultural commodities at sub-national level. We have not yet developed a foolproof method to record commodity wise data on trade originating from individual states. Commodities move towards ports of destination mostly by road or rail. These are unrecorded in the statistical system by their place of origin and purpose of movement. Therefore, the reliability of data at sub-national level is quite questionable. Third issue relates to the question about testing the hypothesis related to changes due to liberalisation by adopting the usual 'before and after' approach. A good number of changes take place independent of the trade related factors. Lastly, one must be wary about the level of aggregation across commodities and regions while computing various trade related parameters like trade sensitivity, market access, aggregate measures of support etc. It is necessary to discuss how one goes about these in terms of methodology.

The second set of issues relate to the study of growth behaviour across crops and regions in the face of the changes in the trade policies. It is essential to identify the crops and regions that have lagged or performed well in this period, and the reasons for such differential growth behaviour. The location of the trade sensitive commodities in the Indian context will help to monitor the changes that occur in their trade pattern. Discussions may address to this concern. There are a few methodological problems in the computation of commodity- region specific trade sensitivity indices. It is necessary to map these and discuss about the variables that will enter into such computations. Discussion on this will be quite useful. Lastly, where and how do we set the trigger for activating the ameliorating measures, in the case of an alarming situation caused by import surges? Such situation can be confronted in these trade sensitive commodities.

The third set of issues deals with the impact of liberalisation on the domestic prices. The methodological questions about the measurement of market and price integration between the world and domestic market needs to be discussed carefully. It is also necessary to decide the appropriate price data from among the available price series (FHP, WSP, MSP, Averages of selected markets etc) to be used for arriving at the measures of integration. This is more pertinent in view of the lack of domestic market integration. The character of the world market, the mechanism of price formation and the likely changes in price policy are a few important concerns

for discussion. Even when we have problems about the intra-regional, inter-market integration, the global integration of the domestic markets needs to be understood carefully. In the face of this, how one should look at global integration, is an intriguing question. Similarly, the choice of the border prices across trading partners vis a vis that of the countries is also a ticklish issue. Above all, we need to discuss these issues in the frame of the Agreement on Agriculture under WTO, as that will be a major impacting factor. The trade distorting components of price policy, types of non-actionable subsidies and their influence on price sector assume importance. Discussion can be devoted to these issues in that order.

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² This kind of categorisation has been followed in other studies also. See Bhalla, Racine and Landy, 2002.

³ Here onwards the papers mentioned refer to those included in this volume either in full or in summary form. Therefore, full references are not given here.

⁴ Interestingly, the Conjoint analysis is primarily used by mathematical psychologists. It is quite an innovative tool in the study of trade behaviour

⁵ Unfortunately, the Harbinson draft was completely sidelined as the discussions on Subsidy predominated the Cancun Ministerial round in September 2003.

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