

Chapter No.3

WTO and Agreement
On
Maharashtra Agricultural Sector

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3.1) Introduction:

In April 1994 General Agreement on Trade and Tariff (GATT) member's countries came together in Marrakesh of the Morocco country and founded an agreement. According to that agreement they decided that there should be a new world organization such as the World Trade Organization (WTO). With that agreement on 1st January 1995 World Trade Organization (WTO) was established and its head quarter is in Geneva. With this new organization developing countries can also get the benefit of the foreign trade and it is recommended that they should also reduce their trade barriers so that developing countries can get the market for their goods. In this new system developing countries have reduced their trade barriers and made their economies more free. In world trade replacing the changing General Agreement on Trade and Tariff (GATT) with World Trade Organization (WTO) was not they for the administrative system that also deal with the technological changes. Which took place in the last 15 to 20 years and the new market opportunities? World Trade Organization (WTO) understands the strategy of the developing countries.

3.2) New economic policy and Indian agriculture sector:

International free trade policy has given a golden opportunity to Indian and Maharashtra in farmers to protect agricultural operations by using modern techniques for increasing output to produce that commodity which has international market and to cash more prices by exporting such commodities.

Because of the modern and advanced agricultural employment and standard of living of the agricultural labour will increase. But it raises a question that how much benefits the farmers can be given exporters of these commodities. Prices are higher to them, also there is no guarantee from the exporters and traders about the price. The only solution is to export through farmers co-operatives bringing the benefits of higher prices to the farmers. Government have already established the agriculture marketing federation to promote farmers.

In Maharashtra government and co-operative fruits and vegetable processing firms can bring a new agricultural revolution. Because of new free trade settlement General Agreement on Trade and Tariff (GATT) there is a new market for Maharashtra processed fruits and vegetables. In Maharashtra, Vidharbha and other tropical area can produce tropical fruits and vegetables. And important thing is Goas

Vasko harbor is available for such export farmer must get the benefit of these opportunities.

3.3) Future of farmers in the free economy:

Even after adopting the new economic policy, still Indian and Maharashtra 70 percent people depend on agriculture from these 70 percent people what is the future of the 90 percent small and marginal farmers which have the land 5 to 20 acres? Are they going to be landless like Europe and America so that while supporting the new economic policy it is necessary to take in to consideration the farmers and agriculture to India and Maharashtra and how to project them in such system.

In Europe and America there are thousands of co-operative societies. So it is necessary to rethink on free Indian economy and situation in India we must find out our theories and our functions. In India 70 percent people are related to agriculture and these theories of factories cannot give employment to these eliminated farmers. To make is the farming profitable necessary measures and steps. Shows be taken today the question of economics prices of agriculture commodities is finished. Which that become of the trade globalization there is a lot of scope for agriculture goods and produced agriculture goods farmers get the benefit of it.

Our government and farmers must have to think and become and global free trade opportunity and should progress toward it. Which the development at agriculture and farmers we must think on the protection of the land at these farmers and after these necessary steps should be taken. For that it is essential to obey some restrictions which are essential.

3.4) Objective of the world trade organization (WTO):

- i) To increase the standard of living of the member counties people.
- ii) To increase the effective demand and full employment.
- iii) To make attempts for increase in production of good and its trade.
- iv) To make attempts for the optimum use of world resources.
- v) To increase the production of various services and its trade.
- v) Accept the concept of sustainable development.
- vi) To protect the environment.

3.5) Function of world trade organization (WTO):

- i) Providing a system for implementation administrative and execution of world trades multiparty and two party contracts.
- ii) Providing a platform to member countries for making their strategies regarding trade and duties.
- iii) Implementing the rules and regulation in roving the complaints.
- iv) Implementing the rules and regulation of trade policy examine system.
- v) The International Monetary Fund (IMF) and International Bank of Reconstruction Development (IBRD) in deciding the world economic policy.

In short we can say that World Trade Organization (WTO) was established for Substituting the tow party agreement by multiparty agreement and for that or eating The rules though the discussion between member countries.

3.6) Agreement on Agriculture (AOA):

On 24th April 1994 world trade agreement was founded. This is the first time where agriculture is included in world trade. In 1994, at the end of Urugve round agriculture was included in international trade and Agreement on Agriculture (AOA) was founded. With other agreement in World Trade Organization (WTO) this agreement was also founded to reduce the trade barriers in international agriculture market. There are mainly four parts of the trade agreement.

- 1) Agreement on Agricultural
- 2) Intellectual Property Rights
- 3) Economical Subsidies
- 4) Environmental

In the case of agriculture it is divided in to four parts.

- i) Import duty
- ii) Quantitative Restriction
- iii) Export subsidies
- iv) Domestic Support

In international agricultural agreement these four things are included. Provision of Agreement on Agriculture (AOA) is divided in to four sections.

- 1) Concessions and guarantees which entering in to the market.

- 2) Concessions within the country and for export.
- 3) Rules and regulations regarding health and hygiene.

These are the four parts at the agreement on Agriculture (AOA) according to Agreement on Agriculture (AOA) all the members countries have given the remission for reducing the import duty, export subsidy and internal assistance.

The table no. 3.1 reducing assistance as per the Agreement on Agriculture (AOA) is given.

Table No 3.1

Developed countries and developing countries reduction time in import duties

In percentage

Types	Developed country reduction Time (1995-2000)	Developing countries reduction Time (1995-2004)
1	2	3
1) Import Duty-		
i)Total agriculture production average reduction	36	24
ii)Direct agriculture production average reduction	15	10
2) Domestic support total national production	20	13
3) Export subsidy	20	13
i)Subsidy value	36	21
ii)Subsidy goods	24	14

Source: OECD World Trade Organization 2004

Above table explains that on agricultural production developed countries has to reduce 36 percent 1995 and developing countries 24 percent 2004, direct agriculture production average reduction developed countries reduction is 15 percent 1995 and developing country 10 percent 2004, domestic reduction developed countries 20 percent 1995 and developing countries 13 percent 2004, developed

countries reduction subsidy value and subsidy goods 36 percent and 21 percent 1995, and developing countries 24 percent and 14 percent reduction 2004.

3.7) Current status of Maharashtra Agriculture sector:

As compared to the other portion of Maharashtra sugarcane production and sugar tect ores are more centralized grape and sugarcane production in Nagar, Nasik, Pune, Sangli, and Solapur are getting the co-operative production and on the other hand grape farming has because spontaneous through farmers, of the grape farming floriculture, horticulture, regrettable farming, greenhouse farming this type of farming also increased. These types of farming are standing on their own feet so they are increasing at a higher rate.

The picture is very optimistic regarding Maharashtra agriculture. As compared to the nation, Maharashtra stands first in grapes, sugarcane, banana, pomegranate, onion, regrettable and other resinous types of flowerer. But is the case of cotton, Tur and pulses of Vidharbha and Marathwada, Kokan, Maharashtra behind the national figures.

Farmers of Maharashtra are trying to export their agricultural output but our state and central government putting barriers in their way. In 1998 export of was of Rs 340 crore 90 percent of export worthy onion production takes place in Maharashtra. But our central government added the onion in necessary commodity list, which lands Rs 500 crores loss of the Maharashtra farmers. Australia covered the glut countries market from thousands of miles at the same time Brazil and Chili covered the European market. These two markets are near to India so it is very easy to capture the market.

With export in internal trade also Maharashtra's farmers are on lead Nagpur's orange, Khandesh bananas, Kokan alphanso, Solapur pomegranate and Nasik and Sangli grapes are famous in the country. But comparing to Himachal Pradesh apple and apple juice our efforts fall short. In the season is we don't have the pakka road as Punjab and Hariyana and the chain of cold storage at talukas level. But the farmer is trying to produce export oriented agricultural commodities by using modern technology. Taking this entire thing in to consideration we can say that Maharashtra's agriculture and farming are leading in India agricultural sector.¹

3.8) Average production of Maharashtra principal crops:

Many types of products are produced in Maharashtra. E.g. paddy, wheat, Jower and Bajara are the principle crops, with that Tur, gram, groundnut and sugarcane are also produced. Before and after the new economic policy the situation of these principle crops is shown in the table no. 3.2.

Table No.3.2

Average production of Maharashtra principal crops

Year	Rice	Wheat	Kharif Jowar	Rabbi Jowar	Bajari	Tur	Gram	Cotton	Sugarcane
1	2	3	4	5	6	7	8	9	10
1991-92	1336 (9.0)	997 (10.0)	618 (6.6)	618 (5.9)	470 (7.6)	357 (7.4)	475 (9.6)	472 (3.8)	79829 (19.4)
2001-02	1751 (11.8)	1388 (13.9)	761 (8.1)	761 (7.3)	594 (9.6)	757 (15.7)	596 (12.0)	147 (1.1)	78070 (18.9)
2003-04	1849 (12.5)	1171 (11.7)	651 (6.9)	651 (6.9)	676 (10.9)	662 (13.7)	530 (10.7)	190 (1.5)	51315 (12.4)
2004-05	2097 (14.1)	1016 (10.2)	1792 (19.2)	1832 (17.6)	1126 (18.2)	658 (13.6)	466 (9.4)	500 (4.0)	20475 (4.9)
2005-06	2347 (15.8)	1420 (14.2)	1955 (21.0)	2387 (22.9)	1143 (18.5)	633 (13.1)	704 (14.2)	616 (4.9)	34690 (8.4)
2006-07	2489 (16.8)	1869 (18.7)	1684 (18.1)	2088 (20.0)	1059 (17.1)	815 (16.9)	924 (18.7)	4618 (37.3)	66277 (16.1)
2007-08	2905 (19.6)	2081 (20.9)	1841 (19.7)	2059 (19.8)	1097 (17.7)	937 (19.4)	1241 (25.1)	5815 (47.0)	80599 (19.5)
Total	14774 (100)	9942 (100)	9302 (100)	10396 (100)	6165 (100)	4819 (100)	4936 (100)	12358 (100)	411255 (100)
Increase(+) /Decrease(-)	117.4	108.7	197.8	233.1	133.4	162.4	161.2	113.1	0.96
Growth Rate	16.7	15.5	28.2	33.3	19.0	23.2	23.0	16.1	0.13

Source: Economic Survey of Maharashtra 1991-1992 to 2007-2008

Note: Figures in the parenthesis indicate Percentages to total.

Table 3.2 shows that as compared to 1991-1992 in 2007-2008 most of the crops per hectars production is increased. Even though 2007-2008 figures show that there is small fall-off in the case at paddy, Tur, Cotton and Sugarcane. But in the case of Wheat, Bajara, and Groundnut per hectars production is increased. In 2007-2008 per hectars production is increased for all the crops excluding sugarcane. As the compared to 1991-1992 in the year. 2003-2004 excluding rice and Bajara all food grains production is increased. In the case of all food grains production as compare to 2001-2002 in the year 2003-2004 grain productivity is declined to 16 percent. But as compared to 1991-1992 in the year 2007-2008 food grain production is increased by 34 percent.²

3.9) Maharashtra Kharip and Rabbi Crops area and production:

Kharip crops mainly include Rice, Bajara, khari Jowar, Tur and cotton. Rabbi crops include rabbi Jowar, wheat, rabbi oilseed, sugarcane etc. How the production and area is changed is illustrated in table.

Table No. 3.3

Maharashtra Kharip and Rabbi Crop area and production

Year	Kharip					Rabbi			
	Area/ Production	Total Cereal	Total Pulses	Total Food Grain	Oilseed	Total Cereal	Total Pulses	Total Food Grain	Oilseed
1	2	3	4	5	6	7	8	9	10
1999-2000	Area	5593 (15.6)	2520 (14.6)	8113 (15.3)	1917 (10.6)	4390 (15.0)	1085 (13.6)	5475 (14.7)	673 (17.1)
	Production	6706 (14.6)	1537 (15.9)	8243 (14.8)	2123 (10.8)	3684 (15.3)	671 (12.9)	4355 (14.8)	350 (17.5)
2001-02	Area	5160 (14.4)	2500 (14.5)	7660 (14.4)	1720 (9.5)	4216 (14.4)	887 (11.1)	5103 (13.7)	557 (14.3)
	Production	6193 (13.5)	1365 (14.1)	7558 (13.6)	1815 (9.2)	3039 (12.6)	515 (9.9)	3554 (12.1)	261 (13.0)
2003-04	Area	4939 (13.7)	2512 (14.5)	7451 (14.0)	2198 (12.21)	3585 (12.2)	925 (11.6)	4510 (12.1)	505 (13.0)
	Production	6655 (14.5)	1448 (15.4)	8139 (14.6)	2666 (13.5)	1629 (6.7)	471 (9.0)	2100 (7.1)	171 (8.5)

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1	2	3	4	5	6	7	8	9	10
2004-05	Area	5123 (14.3)	2464 (14.3)	7587 (14.3)	2733 (15.2)	4053 (13.8)	921 (11.5)	4974 (13.3)	515 (13.2)
	Production	5811 (12.6)	1173 (12.1)	6984 (12.5)	2350 (11.9)	2982 (12.4)	494 (9.5)	3476 (11.8)	243 (12.1)
2005-06	Area	5173 (14.4)	2160 (12.5)	7333 (13.8)	3028 (16.8)	4236 (14.5)	1217 (15.2)	5453 (14.6)	593 (15.2)
	Production	6496 (14.1)	1025 (10.6)	7521 (13.5)	3049 (15.5)	3958 (16.4)	768 (14.7)	4726 (16.1)	346 (17.3)
2006-07	Area	5033 (14.0)	2374 (13.7)	7407 (13.9)	3150 (17.5)	4531 (15.5)	1454 (18.2)	5985 (17.5)	590 (15.1)
	Production	6336 (13.8)	1315 (13.6)	7651 (13.7)	3250 (16.5)	4137 (17.2)	990 (19.0)	5127 (17.5)	313 (15.6)
2007-08	Area	4770 (13.3)	2677 (15.5)	7447 (14.0)	3196 (17.8)	4167 (14.2)	1466 (18.4)	5633 (15.1)	450 (11.5)
	Production	7646 (16.6)	1736 (18.0)	9382 (16.9)	4396 (22.3)	4619 (19.2)	1284 (24.7)	5903 (20.1)	312 (15.6)
Total	Area	35791 (100)	17207 (100)	52998 (100)	17942 (100)	29178 (100)	7955 (100)	37133 (100)	3883 (100)
	Production	45843 (100)	9635 (100)	55478 (100)	19649 (100)	24048 (100)	5193 (100)	29241 (100)	1996 (100)
Increase(+) /Decrease(-))	Area	-14.7	6.2	-8.2	63.5	-5.0	35.1	2.8	-33.1
	Production	14.0	12.9	13.8	107.0	25.3	91.3	35.5	-10.8
Growth Rate	Area	-2.1	08	-1.1	9.0	-0.7	5.0	0.4	-4.7
	Production	2.0	1.8	1.9	15.2	3.6	13.0	5.0	-1.5

Source: Economic Survey of Maharashtra 2007-2008

Note: Figures in the parenthesis indicate Percentages to total.

The above table shows that total kharip cereals production is declined from 1999-2000 to 2001-2002 compared to 2003-2004 in the year 2005-2006 also is decreased. In the case of total kharip cereals it is declined from 1999-2000 to 2001-2002. The situation is worst in the year 2005-2006 compared to 1999-2000 total kharip food grain production is continuously declined in 2003-2004 and 2005-2006. Total kharip oilseed is increased continual up to years 2005-2006.

Compared to the year 1999-2000 total rabbi cereals production is declined in 2001-2002 to 2003-2004. Taking the total rabbi cereals production in to consideration as compared to 1999-2000 in the year 2001-2002 and 2003-2004 it is decreased and in 2005-2006 it is increased. In the case of total rabbi food grain compared to 1999-2000 in the year 2001-2002 and 2002-2003 production is decreased and in 2005-2006 it is increased. In the case of rabbi oilseed as compared to 1999-2000 production is decreased and we can by that kharip and rabbi crops production.

3.10) Maharashtra Farmers:

The poor economic conditions are of the Maharashtra farmers. In the process of adoption of new technology a farmer has to purchase new inputs like seeds, fertilizer, implements, machines etc. This requires finance but in most of the less developed countries farmers are generally poor. So for the adoption of new technology the government as well as the financial institutions should provide cheaper credit facilities for adoption of a new technology. Size of the holdings that is a positive relationship between the sizes of holding is and the adoptions of technology, generally large farmers adopt new technology because their size of land holding is large and financially they are sound. But in the case of marginal and small farmers the adoption of new technology is very difficult because their land holding is very small and financially they are very weak. The level of income is the farmers. The adoption is of technology increases the per hector output. It also leads to greater marketable surplus and adds to the gross income of the farmers the effect of technology on the farmers gross income is adopted e.g. the who was an early adopter and used hybrids seeds corn before the majority of his gross and net income considerably resulting in higher yields per acre harvested this dollar return per acre was higher with relatively little additional cost. However all commercial corn producers' hybrid seed corn none

his 10 yield would lower his income. Thus the adoption of technology increases the income of all types of farmers. But an increase in the income is not uniform.³

3.11) Conclusion:

The broad conclusions that emerge out of this study in cropping pattern in Maharashtra state during the period 1990-2006 is summarized as follows.

Area under food grains cultivation had shown a decline trend of 16.63 percent in 2007-08 over the base years 1990-91. In decreasing change in area under food grain at 12.21 percent in 2007-08 over the base year 1990-91. Among the area under cereals cultivation the percentage decrease is of 16.9 in 2007-08. The area under rice, wheat, jowar and bajra cultivation showed a declining trend of 19.2 percent, 20.9 percent, 19.7 percent and 17.7 percent in 2007-08. The reason for this decline is the cropping pattern is that is the share of the other cereals and pulses has increased and that of the principal cereals declined giving some evidences of diversification in this direction.

The area under pulses cultivation showed a percentage increase of 5.49 in 2007-08 over the base year of 1990-91. The area under gram showed a significant increase of 18.12 percent in 2007 over the base year 1990-91. The area under tur and other pulses is including urid, moog, moosoor shown an increasing trend of 3.76 percent and 1.20 percent in 2007-08. These crops were sown in irrigated as well non irrigation fields. Its increase is mainly due to increase in irrigation facilities during the period under study.

Groundnut is the oilseed crop which shows a decline in its area under groundnut was 55.73 in 2007-08. The reason for this decline may be of a shift to cultivate other cash crops like cotton with the development of irrigation. In addition to the family requirements of is cereal instead of groundnut especially by small farmers.

The area under sugarcane showed a decline trend during the period 1990-91 to 2007-08. The percentage decrease in area under sugarcane cultivation is 19.05 percent in 2007-08. The version for this decline is an increase in gross cropped area by about 23.28 percent in 2007-08. The version for this decline is a shift in cropping pattern to cash crops like cotton with the development of irrigation cotton is the only cash crop showing an increasing trend in area under cultivation during the period under study. The percentage increase in area under cotton cultivation is 1.17 percent

in 2007-08. This increasing is mainly due to the increase in irrigation facilities during the period from 1990-91 to 2005-06.

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