



WTO OBJECTIONS OVER INDIA'S AGRICULTURE SUBSIDY

Tejinder Kaur*

Abstract

There is not denying the fact that India has been an affiliate of the World Trade Organization since its inception in 1995. The World Trade Organization is sometimes referred to as a trade-free trade institution to encourage multilateralism and a rules-based system in the conduct of global trade between countries. The WTO allows the US, Canada, the European Union and Australia to give more support to their domestic farmers. So it is unjust for them to cut-down India's agriculture subsidy. The real fact is that India's agricultural subsidies are a helping hand for its poor farmers and guarantee food security for its millions farmers, developed countries' insist for cuts is irrational. Like many developing countries including India are facing severe policy constraints in supporting their poor farmers. India's trade-distorting agricultural subsidies already exceed the agreed limits in its World Trade Organization commitments. Now India wants to increase these agriculture subsidies. The present study is also an attempt to understand the WTO and developed nations objections over India's Agriculture subsidy.

Key Words: WTO, India, Agriculture, Subsidy.

***Assistant Professor of Commerce, Govt. Sant Baba Sewa Singh Memorial College, Guru Ka Khuh, Munne (Ropar) Punjab.**

Introduction

Since the founding of the World Trade Organization in the year 1995, till now this organization has played an imperative responsibility in increasing international trade and resolving disputes between different countries. Although allegations of favoritism have been leveled at this organization from time to time, these accusations have often been leveled by developing countries and less developed countries. This is infrequently seen when a developed country has made allegations of favoritism. Presently, parallel allegations are being made by the US. It is worth noting that the WTO was established after a long conciliation and due to the dominance and influence of developed countries like the US at the time, many regulations were made in favor of these countries, including the issue of agricultural subsidies. The objective of the WTO has been to take out trade barriers and this idea is mainly advantageous for economically developed countries, causing long-term losses to developing countries and less developed countries. Presently, countries that have been involved in the creation of WTO are now inquiring this organization.

Even though some of the issues of the WTO are in resistance to developing countries, this organization has supported the expansion of global trade and the economic development of different countries. At present, it is very vital to have a rule-based system at the international level so that business chaos can be clogged and cooperation can be given to boost international trade and economic growth. America has a more serious difficulty with India. Most of these relate to programs that offer lifelines to defenseless farmers and guarantee food security for millions of poor people. A major stumbling block is the public stockholding of food grains to implement its National Food Security Act, a rule that the WTO minister of Bali attacked in 2013 by developed countries.

India's Agriculture Subsidy and WTO Objections:

The sticking point is Agriculture issue. As far as India is concerned, has been the way in which the Minimum Support Price. It is fundamentally a support mechanism extended by the Indian government to the domestic farmers so as to make sure that the farmers get a minimum economic profit for their produce especially when prices in the open market are less than the costs incurred are fixed. At the same time, India called for removing shortages with the condition of reducing subsidies spent for rural development, rural employment and agriculture.

It is to be noted that under the Doha development cycle launched in 2001, it was decided to lessen the domestic agricultural subsidy (subsidy) given for agriculture in the context of development in the WTO. It states that programs such as fertilizer, crop incentives, procurement at minimum support price and distribution of food grains at cheap prices should be tightened; as such subsidies for agriculture harm the open market. By the way, the way to define good and bad subsidies is also very messy. Developed countries like the US, UK have argued that when the Indian government buys grain directly from farmers by paying the minimum support price, it weakens competition in the open market. The market's responsibility in fixing prices becomes fewer and the responsibility of government becomes more. In fact, there was an effort that the developed countries in the WTO would lessen the agricultural subsidies of other countries so that the cost of production would increase there and there would be a whole infiltration in the market of developing and underdeveloped countries of heavy agricultural assist in developed countries.

Conclusion

Countries like India need to rethink the Doha Round negotiations. India needs a flexible policy system to deal with the threatened agricultural sector. For this it is necessary to revive the Doha Round of the World Trade Organization.

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