**Livestock Sector Policy Brief: India**

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# Key Issues About the Livestock Sector

* The livestock sector accounts for 7% of GDP and 8% of the labour force in India. The sector, however, could contribute much more to the economy as livestock productivity is particularly low, both as compared to developed and developing countries averages.
* Poverty is widespread in Indian rural areas, and a pro-poor development of the livestock sector could contribute to improve the livelihoods of farmers. First, livestock keepers are for the most part smallholders, to whom livestock supplies milk, meat, eggs, hides, as well as power and manure. Second, the ownership of livestock is more evenly distributed than land, and women constitute 71% of the labour force in livestock farming and 83% in dairying.
* The Government of India has set up a detailed development strategy for the livestock sector, which focuses on genetic improvement of cattle and buffaloes, improved animal health and meat quality as well as control of animal diseases.

# Economic and Policy Issues

* Economy – India is a low-income economy with a GDP per capita of 470 US$. Agriculture, industry and services account for 22.7, 26.6 and 50.7 percent of GDP respectively (2002). The population is 1.16 billion: 72% live in rural areas and 42% are employed in agriculture. In recent years GDP growth averaged 5.8% per annum, with agriculture being the slowest growing sector in the economy (3.8% per year).
* Economic reforms – Since 1991 the Government of India has been implementing a fairly comprehensive economic reform program, undertaken in the face of a balance of payments crisis. The macro-stabilization programme includes: (i) reduction of the fiscal deficit with large curbs on Government expenditures; (ii) tax reforms with the goal of increasing revenue receipts; (iii) privatisation of some public enterprises (however all infrastructural sectors are still controlled by the Government and in some cases are monopolies); (iv) sharp exchange rate devaluations followed by a fairly rapid transition to a more or less market driven system, accompanied by encouragement of the inflow of foreign capital; (v) significant scaling down of net central bank credit to the Government; (vi) abandonment of the import substitution policy and the introduction of a phased trade liberalization approach. Following the stabilisation programme, after a dip in the GDP growth during 1991-92, the economic witnessed sustained growth after 1992-93. This was accompanied by a fall in the poverty ratio from 36% in 1993-94 to less than 30% in 2002.
* Institutional reforms *­­*– India is a Union of 29 States and 6 Union Territories and, since 1992, it is considered one of the world’s most decentralized economies. The Constitution grants considerable power to the States in terms of regulatory oversight, tax and expenditure assignments, provision of infrastructure, and provision of social services. The States account for 51% of general Government spending and a much higher proportion (75% to over 90%) of public spending on health, education, and irrigation. This institutional framework, where the central Government partly finances State Governments, undermines the incentive for sub-national Governments to control their deficits, especially when there is strong case for increasing social expenditure (e.g. high poverty rate). Accelerating institutional reforms is considered of critical importance, and the 10th Five Year Development Plan includes the following strategies for improving governance: (i) increasing people’s participation in policy planning; (ii) increasing information on government’s actions and policies; (iii) reforming the revenue system; (iv) mobilising non-public resources for funding the development plan; (v) improving programmes/projects formulation; (vi) judicial reforms, and (vii) promoting e-governance.
* Policy objectives – The 10th Five Year Plan (2002-03 to 2006-07) targets doubling per capita income within the next ten years and creating 100 million jobs. It is assumed that this can be achieved through a growth rate of 8% during the 10th Plan period and 9.3% during the 11th Plan, and by focusing attention on growth of employment intensive sectors, including commercial agriculture, agro-industry and agri-business; retail and wholesale trade; tourism, housing and construction; IT and IT-enabled services; transport and communications; education, health and financial services.
* Poverty objectives– Poverty reduction in India is one of most compelling challenges for the Government. India has some 433 million people (29%) living below the international poverty line (US$ 1), or 350 million according to national estimates. Poverty rates greatly differ among States, from over 50% in Bihar to less than 10% in Punjab. The 10th Five Year Plan sets as objectives the reduction of poverty ratio by 5 percentage points by 2007 and by 15 percentage points by 2012.

# Agricultural Sector Policies

* National Agricultural Policy – The National Agricultural Policy, announced by the Government in 2000, aims at agricultural growth rates of above 4% per annum in the agriculture sector. In addition, it highlights the importance of food and nutritional security issues, including the importance of animal husbandry and fisheries sectors in generating wealth and employment. The Policy proposes to emphasize diversification of production, increasing protein availability in the food basket and generation of exportable surpluses.
* Agricultural sub-sectors– The agriculture sector in India contributes nearly 23% to GDP, provides livelihood to about 64% of the labor force, and accounts for about 18% share of the total value of the country's exports. The sector is dominated by small farms, and the main products are sugarcane (279 million tons in 2002-2003), rice (75.72), wheat (69.3), coarse cereals (33), oilseeds (27), pulses, cotton and jute. Productivity is generally low and distribution of production is unevenly distributed among States: Uttar Pradesh, Punjab and West Bengal produce almost 40% of all foodgrains; Uttar Pradesh, Maharashtra and Tamil Nadu contribute 65% to sugarcane production; Madhya Pradesh, Gujarat and Rajasthan produce around 55% of all oilseeds. Agriculture development could contribute to poverty reduction, as cross-state differences in the trend rates of rural poverty reduction are positively correlated to changes in agricultural output per acre.
* Land policies *–* A major concern in rural India is the large numbers of landless or near-landless families. Under the 1949 Indian Constitution, States were granted the power to enact and implement land reforms, with subsequent significant heterogeneity across States and time in terms of number and types of land laws. Some States simply regulated tenancy contracts, some abolished the Zamindary system, others imposed size ceilings on land holdings and/or attempted to reduce landholdings fragmentation.[[1]](#footnote-1) Since independence inequality in the distribution of land has certainly lessened, and today the average size of operational holding is 1,41 ha. However, significant differences exist among States and both lack of access to land and high fragmentation of landholdings are still considered among the main determinants of poverty.
* Credit policies– There are three main concerns with respect to rural credit in India. First, the supply of formal sector credit is inadequate because of pervasive market imperfections. Second, the distribution of formal sector credit is unequal with respect to region and class, caste and gender. Third, the major source of credit to rural households, particularly income poor working households, are informal sector loans which are usually advanced at very high rates of interest. This requires the improvement of agricultural credit institutions, which today are cooperatives, commercial banks, and regional rural banks. Primary Agricultural Credit Societies (PACs) are specialized rural credit institutions found in villages or groups of villages. The loans from PACs are generally short-term, loan recovery is poor and refinancing occurs mainly from central and State cooperative banks of which there are around 9,000, mainly in urban and semi-urban areas. Land Development Banks are cooperatives that lend for longer-term purpose; they serve wide areas and their outreach in terms of number of borrowers is limited. Regional Rural Banks are a hybrid between commercial banks and cooperatives, set up as subsidiaries of national commercial banks and intended to serve the poor farmers. The National Bank for Agriculture and Rural Development is an apex refinancing institution for the cooperatives and acts as the regulatory authority for commercial banks and cooperatives working in rural areas.
* Input subsidies *–* Since the introduction of green revolution technology, agricultural growth in India has been heavily dependent on fertilizer use. In particular, following the oil crisis in the early 1970s, the Government began strongly subsidizing fertilizers. Starting 1991, the economic stabilization program includes a reduction in subsidy for all fertilizers, but nitrogenous fertilizer prices have remained under Government control.
* Minimum support prices *–* The Indian Government attempts to protect low income producers by ensuring that prices of most agricultural products are affordable. This is achieved through a Minimum Support Price (MSP) for most agricultural products, based on the recommendations of the Commission for Agricultural Costs and Prices. The Government reimburse farmers the negative difference, if any, between market price and MSP.
* The Public Distribution System (PDS) – The PDS has been the most far reaching anti-poverty Programme in post-independence India. Wheat and rice, and some other essential commodities (e.g. sugar, kerosene, salt), have been distributed at subsidized prices via a network of fair trade shops (about 314,000 retail shops operating on a commission basis). The PDS was designed to counter-speculation by private traders, particularly during food shortage, and in 1990s was perceived as the main safety net to protect the poor from the short-run adverse effects of the liberalization programme. In the 1997 the programme was revised to become the Targeted Public Distribution System and now attempts to target mainly households below the poverty line.
* Taxation–  India has a well developed tax structure with a three-tier federal structure, comprising the Union Government, the State Governments and the Urban/Rural Local Bodies. The main taxes/duties that the Union Government is empowered to levy are Income Tax, Customs duties, Central Excise, Sales Tax and Service Tax. However, only States can levy tax on agricultural income and on land use for agricultural/non–agricultural purposes. The national tax system allows for a series of exemptions to promote industrialization: in the agricultural sector firms which have begun to operate cold chain facilities for agricultural produce before April 2003 area allowed to 100% deduction from tax income for the first five years and 30% for the subsequent five years.
* Infrastructure *–* Since independence the Indian Government has largely invested in rural areas, particularly in irrigation schemes to support the diffusion of the green revolution technology. However, public investments in rural areas have been falling since the 1970s, and particularly in the 1990s following an upsurge in the decentralization process, with a slowdown in growth of agricultural productivity and poverty reduction.

# Key Facts About the Livestock Sector

* Basic data *–* The livestock sector contributes around 7% to GDP and employs 8% of the labour force. In 2003 Indian livestock stock consisted of about 96.9 million buffaloes (57% of world buffalo population), 226.1 million cattle (16%), 59 million sheep (5%) and 124.5 million goats (17%), as well as 949 million poultry birds.
* Demand *–* From 1990 to 2001 consumption of meat and milk increased by 38% and 54% at aggregate level, and by 13% and 21.3% in per capita terms. Increased poultry demand (+200%) explains to a great extent this positive trend. Levels of consumption are expect to grow higher in the years to come, as they are very well below developing and developed countries averages.

Table 1. Food consumption of meat, 1990-2001

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Consumption  (,000 Mt) | | | Consumption  Per capita (kg/yr) | | | Calories  per capita/per day | | |
| Commodity | 1990 | 2001 | % increase | 1990 | 2001 | % increase | 1990 | 2001 | % increase |
| *Meat total* | *3857* | *5328* | *38.1* | *4.6* | *5.2* | *13.0* | *20* | *23* | *15.0* |
| Bovine | 2340 | 2646 | 13.1 | 2.8 | 2.6 | -7.1 | 10 | 9 | -10.0 |
| Mutton & Goat | 603 | 696 | 15.4 | 0.7 | 0.7 | 0.0 | 3 | 3 | 0.0 |
| Pigmeat | 416 | 595 | 43.0 | 0.5 | 0.6 | 20.0 | 5 | 6 | 20.0 |
| Poultry | 371 | 1251 | 237.2 | 0.4 | 1.2 | 200.0 | 2 | 5 | 150.0 |
| Others | 127 | 140 | 10.2 | 0.1 | 0.1 | 0.0 | 1 | 1 | 0.0 |
|  |  |  |  |  |  |  |  |  |  |
| Cow Milk | 45662 | 67136 | 47.0 | 54 | 65.5 | 21.3 | 102 | 105 | 2.9 |

Source: FAOstat

* Supply – The contribution of the livestock sub-sector to agricultural GDP has increased impressively in the last twenty years, from less than 15% in the late 70s to over 25% today. The contribution of the dairy sector to GDP is higher than rice, wheat and sugarcane combined. In particular, milk contributed to 57% of livestock output value, followed by meat (17%), draught power (10%) and manure (8%). However, production efficiency is low: beef and buffalo productivity are 29% lower than developing countries average, cow milk productivity is 12% lower; poultry 31%; and sheep and goat meat 22%. Buffalo milk productivity is almost equal to developing countries average.

Table 2. Production trends of various livestock products

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Slaughtered Animals and  Milking Cows | | | Carcass Wt/Yield or Milk/hg | | |
| Commodity | 1990 | 2003 | Annual growth rate | 1990 | 2003 | Annual growth rate |
| Beef and buffalo | 20,984,001 | 25,030,001 | 1.4 | 1,145 | 1,178 | 0.2 |
| Buffalo milk | 25,900,000 | 34,000,000 | 2.1 | 11,219 | 14,074 | 1.7 |
| Cow milk | 30,400,000 | 38.800.000 | 1.9 | 7,316 | 9,407 | 1.9 |
| Poultry | 402,700 | 1,723,000 | 11.2 | 9,225 | 9,286 | 0.1 |
| Sheep and Goat Meat | 58,100,004 | 66,800,000 | 1.1 | 105 | 106 | 0.1 |

Source: FAOstat. Carcass Wt/Yield are the following: poultry = 0.1 gr/an; others = hg/an. Annual growth rates: regressions fit to FAO annual data.

* Mixed ruminant productionsystem– Small scale mixed crop livestock farming is the common and most dominant form of animal husbandry in India. Livestock is equitable distributed among farmers, and residues and by-products of crops grown are extensively fed to animals. Intensive fodder cultivation amount to 4% of the total cultivable area and is restricted to States such as Punjab, Haryana, Uttar Pradesh, Madhya Pradesh, Gujrat, Maharashtra, Andhra Pradesh and Karnatka. Wheat straw is then transported to deficit areas, mostly the Himalayan hills.
* Grassland based ruminant production system *–* The total area of permanent pastures and grasslands is about 12.4 M ha or 3.9% of the country`s geographical area. An area of 15.6 M ha, classified as wasteland, is also used for grazing. Forests are another major source of grazing and fodder collection. The grassland based production system is prevalent in the Himalayas where there are several nomadic tribes. The animals are moved to sub-alpine and alpine pastures during summer, while during winter they are grazed on adjoining plains. Sale of wool and live animals for meat are the only source of income for these tribes.
* Peri-urban and urban ruminant production systems– Peri-urban and urban livestock production systems contribute significantly to milk production, and they are typically located in and around Delhi, Mumbai, Calcutta, Bangalore and other large cities, where the milk is sold. Urban systems comprise dairy units of 10-50 cows and buffaloes, and animals are fed with both green fodder purchased from nearby rural areas and concentrates.
* Dairy production – The Operation Flood (OF) program, one of the world's largest and most successful dairy development programs, was launched by the Government in 1970, and its main thrust was to organize farmers' cooperatives in rural areas and link them with urban consumers. Operation Flood has led to the modernization of India's dairy sector and has created a strong network for procurement, processing, and distribution of milk by the cooperative sector, which continues to play an important role in keeping smallholders involved with this fast-growing sector. Milk production grew at an average annual rate of 4.6% during the 1970s, 5.7% during the 1980s, and 4.2% during the 1990s, pushing India into position as the world’s largest milk producer. Even though dairy production is widespread throughout the country and overwhelmingly carried out by small-scale producers and cooperatives, the distribution of the 103,281 dairy cooperatives in not homogenous in the country. Today roughly two-thirds of national milk production comes from the States of Uttar Pradesh, Punjab, Rajasthan, Madhya Pradesh, Maharashtra, Gujarat, Andhra Pradesh, and Haryana.
* Poultry production – Independent and relatively small-scale producers account for the bulk of poultry production. A significant feature of India's poultry industry, however, has been its transformation from a backyard activity into a major commercial activity in a few decades, so much that today poultry is one of the fastest growing segments of the agricultural sector. Integrated large-scale producers account for a growing share of output in some regions, and include large regional firms that incorporate all aspects of production, including the raising of grandparent and parent flocks, contracting production, compounding feed, providing veterinary services, and wholesaling.

# Policies and Institutional Factor Affecting the Livestock Sector

* Policy objectives *–* The 10th Five Year Plan points at the following objectives for the livestock sub-sector:

1. Rapid genetic enhancement of cattle and buffaloes and improvement in the delivery mechanism of breeding inputs and services to farmers.
2. Extension of dairy development activities in non-Operation Flood, hilly and backward areas.
3. Promotion of fodder crops and fodder trees to improve animal nutrition.
4. Provision of adequate animal health services, with special emphasis on creation of disease free zones and control of foot and mouth disease.
5. Development of backyard poultry in rural areas.
6. Provision of credit facility to farmers for viable activities.
7. Development of reliable database and management information system.

* Policy instruments *–* The strategy for the development of the livestock sector can be summarized as follows:

1. Expand and strengthen the infrastructure for artificial insemination, and improve its efficiency and effectiveness using frozen semen technology for crossbreeding purposes.
2. Creation of seed stock of qualitative superior bulls and bull mothers which would form the nucleus germplasm pool for building a national milk herd of high productivity cattle and buffaloes. For this purpose, modern technological tools such as embryo transfer will be deployed with increasing frequency.
3. Facilitate genetic improvement of important livestock breeds through selective breeding and crossbreeding of low production stock, both for milk and draught purposes. Important indigenous breeds will be conserved.
4. Improve productivity of pasturelands by introducing improved fodder seeds and increased use of wastelands for fodder production.
5. Develop adequate animal health services for protection of livestock, with special emphasis on eradication of rinderpest and control of foot and mouth disease.
6. Improve the database for livestock and livestock products.
7. Enhance the adoption of technological innovations for increasing productivity of livestock products.

* National and State Governments functions *–* Animal husbandry is a State subject and the State Governments are primarily responsible for the growth of the sector. However, the National Department of Animal Husbandry & Dairying has been operating 38 Central Livestock Organizations and allied institutions, and has been implementing 12 Central Sector and Centrally Sponsored Schemes for the development of infrastructure and supplementing the efforts of State Governments for achieving the accelerated growth of the animal husbandry sector.
* Central Cattle Development Organizations *–* These national organizations include 7 Central Cattle Breeding Farms, the Central Frozen Semen Production and Training Institute, and the 4 Central Herd Registration Units, which have been established by the Department of Animal Husbandry in different regions of the country for production of genetically superior breed of bull calves, good quality frozen semen and identification of location of superior germplasms of cattle and buffaloes.
* Meat processing *–* A Centrally Sponsored Scheme “Assistance to States for improvement/modernisation of abattoirs, establishment of carcass utilization centres” is being implemented since the 8th Five Year Plan. Under this scheme, which should terminate in 2004-2005, financial assistance is given to State Governments on a 50:50 basis. Under the component “Modernisation of Carcass Utilization Centres”, 100% financial assistance is provided for building plants and machinery and effluent treatment, and 50% for water, electricity and land development for establishing carcass utilization centres.
* Feed and fodder policy *–* Due to competing pressures on land, the gap between the demand and supply of fodder is increasing. Furthermore, recent droughts in several States have brought the need to develop drought-resistant fodder. The Department of Animal Husbandry has been implementing two schemes: (i) the Central Fodder Development Organization, which manages a number of forage production demonstration farms in difference regions of the country; and (ii) the Centrally Sponsored Scheme on feed and fodder development, which includes: a) assistance to States for feed and fodder development, and b) feed and fodder production enhancement, with focus on common property resources with drought proofing as prime objective.
* Dairy policy *–* The efforts of the Department of Animal Husbandry in the dairy sector are concentrated on promotion of dairy activities in non-operation flood areas, with emphasis on building up cooperative infrastructure, revitalisation of weak dairy cooperative federations and creation of infrastructure in the States for testing the quality of milk and milk products. For pursuing these objectives, the Department has been implementing 4 Schemes in the dairy sector, namely consolidation of cooperative movement, productivity enhancement, improving monitoring and research, and marketing support. At the same time, the National Dairy Development Board (NDDB) continues its activities for the overall development of the dairy sector in Operation Flood areas, has evolved a Perspective Plan 2010 to strengthen the country’s cooperative dairy sector, and continues to work in close partnership with the 126 identified district unions to help achieve their perspective plan goals.
* Poultry policy *–* The 10th Development Plan intends to join all the Central Poultry Development Organizations region-wise so as to converge the poultry developmental activities in a single system. These organizations will now operate for the following common objectives in their respective regions: (i) making available quality chicks, (ii) promoting diversification, as poultry development has been concentrated only on chicken so far, while other species, such as duck and turkey, have been systematically neglected; (iii) improving feed quality; (iv) supporting training programs for trainers, farmers, women beneficiaries, and the various public and private sector poultry organizations; (v) ‘adoption of a village’: each Directorate should adopt 5 to 10 villages in its region by supplying all the extension services and make them model poultry villages which will serve as demonstration centres.
* Livestock health and disease control *–* A major pillar of the Government of India’s livestock development strategy over the last three decades has been the highly subsidised public delivery of veterinary services. Over time, the Governments have built up vast networks of physical and human infrastructure to provide these services to millions of farmers. The number of State-run veterinary institutions was 54,912 in 2003, with some 100,000 professionals and para-professionals. The quality of services provided by these institutions is however poor, especially as they are not adequately equipped with clinical diagnosis facilities, with reported indiscriminate use of antibiotics and other drugs, high costs and potential threats to human health. The Department of Animal Husbandry has therefore proposed a scheme “Livestock Health & Disease Control”, which during the 10th Development Plan aims to: (i) improve diagnosis of a series of common diseases through assistance to State/Union Territory Governments; (ii) enhance professional capacity through improved regulation of veterinary practices and the establishment of a register of veterinary practitioners; (iii) eradicate rinderpest and Contagious Bovine Pleuro Pneumonia (CBPP) by strengthening the veterinary services across the country and obtain freedom from rinderpest & CBPP infection following the pathway prescribed by Office International des Epizooties (OIE); (iv) control foot and mouth disease in specified areas; (v) improve the effectiveness of financial assistance to State Governments for the veterinary sector; (vi) support Agricultural and Veterinary Universities and Veterinary Colleges to develop an information network to promote and propagate latest animal husbandry practices and technologies, and create awareness among farmers and breeders about the potentials of the livestock sector.

# The Agricultural Sector and International Trade Agreements

* Trade– In 2002-2003 India ran a trade deficit of US$ 5.8 billion, even though the agricultural trade balance presented a surplus. The livestock sub-sector recorded a positive trade balance. The latest available statistics (2002/03) indicate that India exports live animals valued at US$ 1.4 million, meat and edible meat offal estimated at US$ 320.4 million, dairy products, poultry and honey worth US$ 33.9 million, leather products for US$ 191.9 million. However, India imports animal fodder and feed valued at US$ 180.1 million, and raw wool and animal hair for about 102.3 US$ million.
* Trade agreements *–* India is a member of WTO since 1 January 1995. Over the years, it has also committed itself to a series of free and preferential trade agreements, including those with Thailand, the Association of South-East Asian Nations, Mercosur and Singapore. India was among the founders of the South Asian Association for Regional Cooperation (SAARC), whose major achievement in 1995 was the establishment of preferential trading arrangements between Bangladesh, Bhutan, India, Maldives, Pakistan and Sri Lanka, and it is also a member of the BIMST-EC (Bangladesh, India, Myanmar, Sri Lanka, Thailand - Economic Cooperation) formed in 1997.
* Tariffs– India’s tariffs are relatively high, with ceiling bindings of 100, 150 or 300 percent.However, the overall distribution of final bound tariffs shows that about 82 percent of tariff lines have bound rates which range between 75 percent and 150 percent, and only 4 percent of tariff lines have bound tariffs of 300 percent. In agriculture, about 692 tariffs are bound and two items (almonds in shell and shelled) are subject to specific duties in nature; for the other products, the rates of duties are *ad valorem*. The applied rates of tariffs on most agricultural products are not low (the tariff rates are 60 percent for dairy products, and range between 70 and 80 percent for cereals), and only for a few agricultural products have bound rates have become a binding constraint.
* Quantitative restrictions– As India had maintained quantitative restriction for balance of payments reasons, some members of the WTO questioned the justification to continue these restrictions with the improvement in the balance of payments in the mid-1990s. Initially, India proposed a time schedule of nine years for the complete elimination of quantitative restrictions, but a group of developed countries/regions (Australia, Canada, EU, New Zealand, Switzerland and United States) initiated dispute settlement proceedings against India. India negotiated a deal with five members with the exception of United States to phase out its quantitative restrictions over a period of six years beginning in 1997. The United States went ahead and filed a dispute against India and ultimately the country agreed to abolish all the remaining quantitative restrictions maintained because of balance of payments reasons by April 2001. Quantitative restrictions are now maintained on imports of only about 5 percent of tariff lines on grounds of health, safety and moral conduct.
* Domestic support – India has a product price support system in the form of minimum support prices announced by the Government for different commodities, based on the recommendations of the Commission for Agricultural Costs and Prices. Recent FAO calculations indicate that the aggregate measure of support to agriculture is negative, suggesting that domestic support is on average not trade distorting and that the agricultural sector is being taxed.
* Export subsidies – India does not have a system of direct export subsidies, and subsequently made no commitments on export subsidies at WTO. There are however a few benefits that are available to exporters of agricultural commodities through income tax exemptions.
* Exchange rate *–* The Reserve Bank of India careful monitors and manages the exchange rate without a fixed target or a pre-announced target or band, with the ability to intervene if and when necessary.

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1. The Zamindary system was established under the British ruling. Zamindars, or tax collectors, where contracted to collect land revenue for a given large territory and paid fixed sum to the Governments. They were used to extract so much as they could from landholders and pocketed the difference. [↑](#footnote-ref-1)