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India's Deepening Agrarian Distress: Impact of the Changing Trade Scenario on Indian Farmers in Light of Capitalism and Neo-Liberalism

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ABSTRACT

A Agriculture has been a key contributor to India's growth story. However, on the other hand, reality also stands true that Indian agriculture is impaired by a prolonged silent distress, widely indicated by the farmer suicides that are extensively reported since past few decades.

The Indian economy's economic convergence with the global markets has put major obstacles at the Indian agricultural sector 's gateway. Several articles, reports and related works have been published that have highlighted the negative impacts of this economic integration and have pointed out that the said integration has directly or indirectly created circumstances for extensive farmer suicides. Different works on particular empirical aspects have focused on agrarian issues such as the World Trade Organization's (WTO) negative impact on Indian agricultural trading, increased costs of production, rise in farmers' indebtedness, agricultural crisis due to erratic climatic conditions, diminishing support of the state etc. These issues have directly/indirectly created circumstances for farmers to commit suicides.

In this work, there is an overlap between two substantial fields of study i.e. Indian agrarian studies on one hand and International trade Law and it's subsequent impact on India's domestic policy making, on the other hand.

The need of the hour is that a framework must be build up by reloading the aforementioned traditional agrarian question in globalization context that would effectively address the current agrarian crisis in India in trade context as well. Earlier the formation and impact of capitalism was traced in Indian agriculture under the traditional agrarian question. However, currently the formation and impact of globalization and neoliberalism in Indian agriculture have to be traced and assessed.

Furthermore, the government of India has initiated various programs to promote the adoption of technologies like AI and IoT in agriculture. These technologies are aimed at

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addressing the global food security challenge and improving sustainability in the agricultural sector. This work purposely omits discussion on 2020-2021 farmer protests in India since it requires a separate discussion in length & breadth.

Keywords: *Agrarian, farmer suicides, International Trade Law, global markets*

I. INTRODUCTION

The debates and discussions on the agrarian distress in India and particularly on farmer suicides have been ongoing since a long time. However, they have produced more heat than light.

As an International Trade Law researcher, I will primarily address the problem of farmer suicides from an international trade law perspective. However, before dwelling into trade law specifics I shall discuss specific historical features of the Indian agrarian development i.e., transition to capitalism in Indian agriculture from a rural semi-feudal economy to an urban industrialized economy in the post-independence era, followed by trade liberalization and globalization in context of Indian agriculture. The discussion on these concepts has been done to understand the condition of the agrarian society before and after globalization and to further build a foundation in order to support the primary argument of my work i.e. the traditional agrarian question should now be reloaded in the context of globalization so as to effectively address the current agrarian crisis in India, particularly with respect to farmer suicides.³

In addition, the research would focus on impact of the WTO on Indian agricultural trading [referring to WTO's Agreement on Agriculture (AOA)], the response of the agrarian society to the aforesaid structural changes in the Indian agriculture (India becoming a WTO member), steps taken by the Indian state in order to help the farmers absorb and recover from the aforesaid structural change [Indian domestic policies with respect to agriculture will be analyzed], reasons for the ongoing agrarian distress in trade context and the way forward.

One of my major claims in the work is that the free trade regime under the WTO framework was mistakenly viewed and regarded as bringing livelihood security to the Indian farmers and eliminating the agrarian distress. However, the sad reality is that large-scale farmer suicides started to hit the headlines in India from 1996 itself a year after the WTO was formed⁴. The

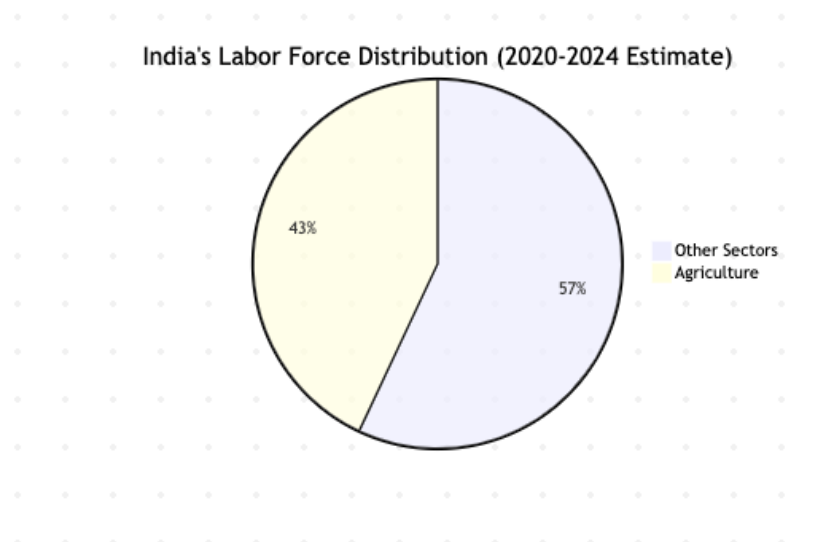
³ Gaurang R. Sahayz, 'Globalization, Liberalization and Agrarian Distress: A Study of Suicides among Farmers in India' Global Labour University Berlin<https://www.globallabouruniversity.org/fileadmin/GLU_conference_2010/papers/51._GlobalisationLiberalisation_and_Agrarian_Distress..pdf> accessed 25 March, 2020

⁴ '10,349 farmers committed suicide in 2018: NCRB' *Economic Times*, (New Delhi, 9 January, 2019)<<https://economictimes.indiatimes.com/news/politics-and-nation/10349-farmers-committed-suicide-in-2018-ncrb/articleshow/73173375.cms?from=mdr>> accessed 25 March, 2020; 'After 3-Year Delay, Government Releases Farmer Suicide Data' *The Wire* (New Delhi, 8 November, 2019)

impact of the WTO on Indian domestic policies is one such reason contributing to the agrarian distress. To further support the aforesaid claim I will dwell upon the trade law specifics and will evaluate the Minimum support price (MSP) and subsidy mechanism under the Indian agriculture, which have time and again been alleged as factors leading to wide range farmer suicides. In the concluding portion, I would list down my overall observations including from a trade law perspective and would list out suggestions to overcome the problem of deepening agrarian distress.

As Figure 1 illustrates, a significant portion of India's workforce remains employed in agriculture. This highlights the potential for technological interventions to improve productivity, enhance farmer incomes, and drive overall economic growth.

Figure 1: Distribution of India's Labour Force (2020-2024 Estimate)⁵



II. THE AGRARIAN QUESTION: TRANSITION TO CAPITALISM IN INDIAN AGRICULTURE IN THE POST-INDEPENDENCE ERA

Through this introductory section an attempt has been made to primarily discuss the types of changes that took place in post independent India's agrarian economy as soon as it was hit by capitalism. This section would particularly reflect on the transition of Indian rural and semi-feudal economy into an urban and industrial capitalist economy. I further examine the experiences and responses of various agrarian classes and interest groups to the aforesaid transition. Thereafter, I close this section attempting to answer the question, "*whether it was a successful agrarian transition?*". For the purpose of answering this question, the mode of

<<https://thewire.in/agriculture/farmer-suicides-data>> accessed 25 March, 2020

⁵ Share of labor force employed in agriculture in India. (2022). https://en.wikipedia.org/wiki/File:Share_of_labour_force_employed_in_agriculture_in_India.svg.

production debate, green revolution and peasant movements that took place across India during the pre-globalization period have also been analyzed and discussed.

In a Marxian political economy very often, we come across the terminology “*agrarian question*” which was initially discussed by Karl Marx himself in his work ⁶whereas in the Russian and European context Friedrich Engels, Karl Kautsky and Lenin were few writers who had discussed the agrarian question⁷. In 1899, Kautsky discussed the agrarian question in German context. His work is regarded as the first extensive work in this field both conceptually and empirically.⁸

The agrarian question primarily traces how an agrarian society transforms itself into an industrialized society. Amit Basole, by referring to the works of Marx, Engels, Kautsky and Lenin, lists out the following other components that an agrarian question essentially deals with:

- *“Fate of peasantry under capitalism*
- *Fate of non-capitalist / pre-capitalist relations of production under capitalism*
- *Formation of capitalism in agriculture*
- *Position of agriculture in coping up with the industrialized process*
- *Political role of the peasantry and other small capital holders in the struggle against capitalism”*⁹

In order to have an acute understanding on agrarian transition, Marxist literature is apparently an excellent source of reference and learning. Marx in his work has uncovered the incidents of the 16th century in England that lead to the emergence of capitalist farmers. In his work he majorly highlights episodes such as:

- Land consolidation by the landlords,
- Small-scale peasants being displaced from their properties,
- The Bubonic plague,
- Fall of the tenancy,
- The middle scale tenant farmers surfacing as the capitalist farmers leasing in land,
- Wage labor being hired,

⁶ Amit Basole, ‘The agrarian question in India; in Ravi Kumar 281 (Eds), *Contemporary Readings in Marxism: A Critical Introduction* (AAKAR, 2017)

⁷ Karl Kautsky, ‘The Agrarian question’ (1988) translated by Pete Burgess (Zwan publications London)

⁸ Basole (n3)

⁹ ibid 277

- Hike in prices of agricultural products etc.¹⁰

These episodes serve as a good source of guidance in order to understand the transition to capitalism in agriculture in the Indian context. I shall primarily be discussing on the following subjects in this work to discuss the Indian agrarian question:

- Mode of Production debate in Indian agriculture
- Green revolution
- New farmers' movement in India

The subjects outlined above are applicable to complete Indian economy up to some extent.

A. Mode of production debate

The mode of production debate helped in developing a sketch of the Indian agrarian structure and was widely published in the renowned journal Economic and Political Weekly (EPW). In the 1960's when the naxalite movement broke out, this debate occupied main stage and was in context of the aforesaid movement.¹¹ This debate was even suppressed by the state. Hence, this debate could be categorized as both a political and an academic one, it primarily shaped around the below mentioned questions:

- i. Whether the Indian agrarian structure was semi-feudal or was a capitalist one?
- ii. What all classes existed in the rural society?
- iii. Whether the Indian society can be characterized in light of its relationship with imperialism? If yes, then how?¹²

However, the central issue which the mode of production debate discussed was the extent and nature of the development of capitalism in Indian agriculture. This debate was in continuity with previous writings of authors like Kautsky and Dobbs etc. who also discussed the development of capitalism in their writings.¹³ Eminent scholars namely Utsa patnaik, Amit Bhaduri, Ashok Rudra and Paresh Chattopadhyay have made huge contributions to the said debate. The mode of production debate got initiated in academic context after a study titled "Big

¹⁰ Claudio J. Katz, 'Karl Marx on the Transition from Feudalism to Capitalism' 22 (3) 363–389 (JSTOR 1993) <www.jstor.org/stable/657738> accessed 28 March 2020.

¹¹ Hamza Alavi, 'India and the Colonial Mode of Production' 49 (32) EPW (9 August, 2014) <<https://www.epw.in/journal/2014/32/glimpses-past-web-exclusives/india-and-colonial-mode-production.html>> accessed 28 March 2020.

¹² Alice Thorner, 'Semi-Feudalism or Capitalism-Contemporary Debate on Classes and Modes of Production in India' 17 (49) EPW (4 December, 1982) <<https://www.epw.in/journal/1982/49/special-articles-special-articles-semi-feudalism-or-capitalism-contemporary-debate>> accessed 30 March 2020.

¹³ Basole (n 3) 297

farmers of Punjab” conducted by A. Majid, Ashok Rudra and B.D. Talib got published in 1969.

¹⁴This study lead down the characteristics of a farmer who is a capitalist, they were listed as follows:

- *“A capitalist farmer will tend to cultivate his land himself rather than give it out on lease he would tend to use hired labor in a much greater proportion than family labor,*
- *He would tend to use farm machinery,*
- *He would be market-oriented; i.e., he would tend to market an important share of his produce,*
- *He would be profit-minded; i.e., he would tend to so organize his production as to yield a high rate of return on his investments”.*

In their respective works Utsa Patnaik¹⁵ and Ashok Rudra ¹⁶also tried to define capitalism in Indian agricultural context. They raised queries on whether Indian agriculture in any way indicate inclination towards capitalism. Both of them had a different approach to the definition and there was even a difference in their opinions. Rudra attempted to define capitalism in India in a statistical manner on the basis of patterns of landholding, whereas on the contrary, Patnaik had attempted to define capitalism using a theoretical approach. She based her definition on the presence/absence of wage labour i.e. relations of production; as well as on how the utilisation of surplus is done and particularly in what manner. According to her understanding to be considered as capitalism, surplus was to be put back into technical improvements investments or what is referred as expanded production. Centered on these arguments, Patnaik concluded that a new generation of capitalistic farmers in India had already begun to emerge. She noticed that the surplus from agricultural production started to flow back into agriculture due to the state's focus on agrarian development. The transition of agriculture is therefore a capitalist one, she implied. She also claimed that Indian agriculture is marked by a restricted and skewed bourgeois production (capitalist development) that has not revolutionized the production process. Rudra however disagreed with Patnaik's findings.

In contrary to the above findings, the work of Amit Bhaduri was widely appreciated he had conducted a study in few villages in West Bengal. In his work he identified Indian agrarian structure as semi-feudal. The aforesaid characterization of the Indian agriculture was based on

¹⁴ Ashok Rudra, ‘Organisation of Agriculture for Rural Development: the Indian Case’ Cambridge Journal of Economics, 2 (4) 381–406 (JSTOR 1978) <www.jstor.org/stable/23596469> accessed 5 April, 2020.

¹⁵ M.V. Nadkarni, ‘The Mode of Production Debate: A Review Article’ Indian Economic Review, 26 (1)99–104 (JSTOR 1991), <www.jstor.org/stable/29793540> accessed 10 April 2020.

¹⁶ Ibid (n 11)

the following factors:

- i. *“Share cropping*
- ii. *Perpetual indebtedness of the small tenants*
- iii. *Concentration of 2 modes of exploitation- usury and land ownership in the hands of same economic class*
- iv. *Lack of accessibility to the market for small tenants”¹⁷*

Bhaduri's primary argument is that relations of production which is defined as *“the relationship between those who own the means of production (the capitalists or bourgeoisie) and those who do not (the workers or the proletariat)”*, is a factor that spurs dormancy in production. To build this argument he give an example that landlords whose motive is just to extort refuse to carry on any technical upgrades/advancements which might help the tenants earn better incomes. The reason behind this is the belief of the landlords that if there is a raise in the tenants income it would just reduce the tenants indebtedness. Reduction in the indebtedness would further lower down the landlords income received by way of interests. Daniel Thorner in his work has similarly referred to such examples as *“built in depressors”* i.e. it is the relations of production that curbs the the forces of production (*“term used in political economy that refers to the physical means and techniques of production to which laborers add value and transform capital into products for sale”*).¹⁸ Thus, Bhaduri argued that it was due to the above mentioned situations that the capitalist transition in Indian agriculture had not taken place. He emphasised on the fact that a capitalistic transition is thus only possible if there is an increase in wage labour and secondary if the peasants would revolt.

Ranjit Sau in his work made the following observations with respect to development of capitalism in Indian agriculture:

“The merchant's profit in a country such as India at its present stage of development acts as an obstacle to the growth of capitalism in industry. It further contends that the path of transition to full-fledged capitalism is blocked from both sides: above and below. Internally the structures is such that small capitalists find it difficult to move to higher levels; likewise, the landlords and capitalist farmers with investible resources are not sufficiently stimulated to transform themselves into industrial capitalists. On the other hand, large industrial capitalists are subject to competitive threat from world monopoly

¹⁷ Amit Bhaduri, 'An Analysis of Semi-Feudalism in East Indian Agriculture' *Frontier* 11-15 (Calcutta 29 September 1973).

¹⁸ Daniel Thorner, 'Capitalist Farming in India' *Economic and Political Weekly* A-212 (December 1969).

capital.”¹⁹

B. First wave of green revolution

The green revolution in India in the 1960's led to swift and expeditious innovations in the field of technology and mechanization. However, it was proved to be ill for the social set-up since it developed a divide in social relations. The benefit of the green revolution was only availed by the group of affluent and well to do farmers. It did not prove to be beneficial for small scale and marginal farmers. As a result of this there was huge disparity in incomes amongst the rich and small scale marginal farmers. Green revolution in a manner had tried to bring agriculture in the clutches of capitalism which had further caused a shift in the arrangement of the class structure as well. Hence, the mode of production debate had emerged also in context of the green revolution.²⁰

C. New farmer's movements

During the 1970's and 1980's India witnessed a large number of farmers'/peasants' movements, which were propelled against the state and were highly controversial. These movements had a similarity with the rich peasant (also referred to as Kulaks) in Russian context. Basole in his work has very finely discussed the primary argument of the aforesaid movement. He states the main argument observed was *“that whatever surpluses were produced in rural areas (i.e. largely in agriculture) should not be siphoned away via state policy to the urban areas to finance industry, but rather should be retained in the rural areas where they could finance development and industry. Polemically this was expressed as, ‘We don't want your schools and hospitals, just give us our due and we will build our own’.”*²¹

The peasant movements observed in India comprised of rallies, blocking of rails and roads, huge demonstrations followed by arrests. One of the feature of these movements was non-violence unlike the naxalites movements, organised based on the principle of armed struggle. The whole motive behind these movements was disruption of market and not disruption of production. The relations of exchange in production was the primary concern of the peasants. It was observed during these movements that the government officers were stopped

¹⁹ Ranjit Rau, 'On the Essence and Manifestation of Capitalism in Indian Agriculture' *Economic and Political Weekly* (March 1973); See also P. C. Joshi, 'Agrarian Social Structure and Social Change' *Sankhyā: The Indian Journal of Statistics*, (1960-2002), 31 (3/4) (1969) 479-490. JSTOR www.jstor.org/stable/25051699 accessed 15 April 2020.

²⁰ Ravinder Rena, 'Green revolution: Indian agricultural experience – a paradigm for Eritrea (2003) <https://www.researchgate.net/publication/23543043_Green_revolution_Indian_agricultural_experience_-_a_paradigm_for_Eritrea> accessed 15 April 2020.

²¹ Amit Basole and Basu, D., 'Relations of production and Modes of surplus extraction in India: Part I- Agriculture' 46 (14), 41-58 (*Economic and Political weekly*, 2011)

to have an access to the villages, produce stocks did not reach markets, there was sharp increase in prices, peasants defaulted in paying loan interests due to financial institutions such as banks etc..²²

The most prominent organisations who participated from various states in the movement were:

- i. In Haryana and UP, Bharat Kisan Union-UP was led by Chaudhary Mahendra Singh Tikait
- ii. In Maharashtra led by Sharad Joshi, the Shetkari Sanghatana
- iii. In Punjab, the Bharatiya Kisan Union
- iv. In Karnataka led by Nanjundaswamy- the Karanataka Rajya Raytha Sangh²³

These movements had questioned the agrarian transition based on the following factors:

- a) For Indian future they asserted a rural vision
- b) They questioned the terms of trade between industry and agriculture
- c) Farmers claimed that they were their own representatives and established the major location of oppression outside the village²⁴

These movements received mixed victory, however these movements were eventually washed out in 1990's. These movements also lead to many prominent questions being raised in relation to the conflicts that existed in the Indian society, namely,

- What kind of industrialization was required in India at that time
- Place of artisans (craft persons) & farmers in the Indian economy
- Relationship between large and small capital holders

The peasantry as a group was reluctant to act as attendants to the industrial interests. Their foremost demand was for lower prices of inputs and higher outputs. These movements were not referred as land to tiller movements wherein attacks were on landlords as an enemy of the peasant class. Instead in these movements the central government was attacked, for remunerative and fair prices. It was through these movements that between industry & agriculture, the terms of trade were set up hence these movements were primary actor in this regard. Omvedt in his work published in 1973 provides a very well and detailed overview of

²² Sucha Singh Gill, 'Peasant Movements and Rural Transformation' *Economic and Political Weekly*, (2005) 41-43 JSTOR <www.jstor.org/stable/4416009> accessed 7 May 2020.

²³ Basole (n 3) 302

²⁴ *ibid*

the aforesaid movement. However for the purpose of this work the following important facts are to be highlighted:

- The peasants/farmers who had participated in the aforesaid movements carried out agriculture in commercialized form,
- Inputs such as electricity, seeds, water, pesticides etc. were purchased by these farmers themselves,
- Output was sold by these farmers in the market,
- Means of production were owned by these farmers,
- These farmers themselves hired family labor and sometimes wage workers also²⁵

The ideology of the peasants who participated in these movements was that remunerative prices will be beneficial to those farmers/peasants who used to sell in the marketplace, and these farmers constituted majority of them. Hence, better prices would eventually create a situation that even laborers will be entitled to higher wages, therefore, peasantry would collectively benefit. Many peasant leaders through these movements conveyed that they had a wider rural vision. They were strongly against the setup wherein a rural economy is exploited as was done in the British colonial era. They strongly supported the contention that surpluses from production should not be sent outside villages instead the same should be utilized for growing the industries based in the villages and for overall development of the villages. They opposed the exploitation of the villages for creation of surpluses to be further supplied to industries based in urban areas, since it would have lead to destitution and unemployment. Hence, these movements disputed the “Marxist view of industrialization viz. large scale urban based collective production as being progressive”.

D. Assessing the transition

Lerche in his work cites Bernstein who writes:

*“In the classical version of the agrarian question, a dynamic, capitalist agrarian sector was expected to provide the capital needed for industrial growth, and the evolving agrarian bourgeoisie to provide a market for non-agricultural produce.”*²⁶

²⁵ Gail Omvedt, ‘Capitalist agriculture and rural classes in India’, (Bulletin of Concerned Asian Scholars, 1983) <<https://doi.org/10.1080/14672715.1983.10404881>>

²⁶ Jens Lerche, ‘The Agrarian Question in Neoliberal India: Agrarian Transition Bypassed?’, 391 (Journal of Agrarian Change, July 2013) <https://www.academia.edu/11259519/The_Agrarian_Question_in_Neoliberal_India_Agrarian_Transition_Bypassed> accessed 15 May 2020; See also Henry Bernstein, ‘Class Dynamics of Agrarian Change’, (Fernwood, 2010)

However, if we see the case of India in context of the discussions done till now it is quite apparent that it was not the case in India as Bernstein has propounded above.

From the early 1980's the only significant factor that contributed to the capital required for industrial development was the emergence of new sources of capital. During the 1980's, the international financial capital looked for emerging economies like India.²⁷ The arrival of financial resources on the Indian field led to weakening of the economy's reliance on the agricultural sector for generating surpluses²⁸. Jaya Mehta in her article, using data, depicts that the percentage of labor force in agricultural sector began to gradually decline from the 1970's onwards, and the percentage in manufacturing and service industries increased considerably.²⁹

Thus, the agrarian question of capital had lost its centrality or significance in the Indian agrarian context. It is broadly acknowledged that the poor agricultural development throttled the industrial development in India throughout the years of post-Independence³⁰. The origin of India's unimpressive record of eradicating widespread poverty, hunger and inequality lies in the state's failed approach to resolving the agrarian question.³¹

To summarize, the transition of Indian agriculture to capitalism had not occurred in a complete manner/ in a usual fashion until late 1980's. Hence, the agrarian transition was not a successful one. Nevertheless, post-independence India's agricultural economy had experienced major changes in socio-economic relations between different groups.³²

In the next section, we will witness the change in the political philosophy, transformation in terms of policy making wherein the new policies would focus more upon the integration of the Indian economy with the global systems across the world. This shift is in contrast with the earlier policies that focused more upon national state led developments hence the new policy in a way would bypass the Indian agrarian question of capital. It was necessary to trace the development of capitalism in agriculture under the larger rubric so as to study the ways, means and routes through which the traditional "agrarian question" of capital can now be reloaded in

²⁷ Amarnath Tripathi and A.R. Prasad, 'Agricultural Development in India since Independence: A Study on Progress, Performance, and Determinants', 1(1) 66 (Journal of Emerging Knowledge on Emerging Markets, November, 2009)

<<https://digitalcommons.kennesaw.edu/cgi/viewcontent.cgi?article=1007&context=jekem>> accessed 17 May, 2020

²⁸ Albert Christopher Dhas, 'Agricultural Crisis in India: The Root Cause and Consequences', 11 (MPRA, 2009) <https://mpra.ub.uni-muenchen.de/18930/1/MPRA_paper_18930.pdf> accessed 18 May, 2020

²⁹ Jaya Mehta, 'Changing Agrarian Structure in Indian Economy' <<https://www.revolutionarydemocracy.org/rdv10n1/agrarian.htm>> accessed 16 May 2020.

³⁰ Awanish Kumar, 'Agrarian Questions: Old and New' 7(1) (Review of Agrarian Studies, 2017) <<http://ras.org.in/311e62962cd34510a1aae9c1cc730308>> accessed 18 May 2020.

³¹ *ibid*

³² Tripathi (n 25) 67

globalization context and further to understand the current agrarian crisis more efficiently in trade context.

III. EXPERIENCES UNDER TRADE LIBERALIZATION: GLOBALISATION OF INDIAN AGRICULTURE

In the previous section, I concluded that the transition to capitalism in Indian agriculture was not a full-fledged one. In this section I would now move on to discuss the period of trade liberalization and how it further impacted India's agrarian economy.

The Indian government had tried to close the Indian economy to the global community before the deregulation reform process was initiated in India in 1991³³. In the earlier situation it was difficult for foreign goods to enter the Indian markets due to provisions such as import licensing, application of high tariff rates and additionally since the Indian currency was inconvertible³⁴. Indian policy makers believed that the need was to fall back on domestic markets for the purpose of growth and advancement instead of international trade. This belief was a product of socialism and the Indian experiences in the era of colonial exploitation³⁵. However, later on even India had to follow the trends of the global trading environment.

In the year 1991, while facing a financial BOP crisis India had to pledge gold to Union Bank of Switzerland and Bank of England. This was in consonance with the bailout agreement that India was a party to with the International Monetary Fund (other party).³⁶

IMF had also mandated India to pursue a number of structural reforms that were economic in nature. Some of the features of these reforms are listed below:

- Deregulation,
- Introducing the scope of international trade and investment in Indian arena,
- Launching reforms in taxation,
- Introduction to privatization,
- Measures to control inflation³⁷

³³ Abhijit Sen, 'Economic Liberalisation and Agriculture in India', 20 (11) 4 (JSTOR, 1992) < <https://www.jstor.org/stable/3517776> > accessed 24 May 2020

³⁴ Biswajit Dhar and Murali Kallummall, 'Trade Liberalisation and Agriculture: Challenges before India' 32 (7/8) 48 (JSTOR, 2004) < <https://www.jstor.org/stable/3518257> > accessed 24 May 2020

³⁵ *ibid*

³⁶ Shaji Vikraman, 'In fact: How govts pledged gold to pull economy back from the brink', (THE INDIAN EXPRESS, April 2017)

<<https://indianexpress.com/article/explained/in-fact-how-govts-pledged-gold-to-pull-economy-back-from-the-brink/>> accessed 24 May 2020

³⁷ *ibid*

If we see available data from 1995-2019, it is to be noted that almost 30 lakh farmers have committed suicide since 1995. Many researchers have noted that with the vigorous introduction of neo-liberal policies in India, incidents of suicides started coming into light. In different works, the broad underlying reasons for farmer suicides include the following:

- Reforms in government policies,
- Globalization,
- Penetration of monopoly capital in India's agrarian economy³⁸

All the above factors caused intolerable conditions for farmers leading them to commit suicides. The following specific actions of the Indian governments as a part of their neo-liberal reforms primarily ill-affected the Indian rural community especially Indian farmers:

- Significant reduction in the Government spending on rural growth, slashing out subsidies for example on fertilizers, and a general decrease in spending on rural parts of the country per capita.
- Abolition of internal barriers to trade in case of agricultural goods throughout all Indian states.
- Significant reduction in import tariffs/duties.
- Failure of Public distribution system (PDS), its soaring prices and lower dissemination. This caused major adverse impact on the food intake of rural families in most parts of India.
- Substantial decrease in investments for energy sector and public infrastructure thereby affecting rural regions, which also includes irrigation.
- Reduction in rural credit availability leading to more costly agricultural investments specifically for small-scale farmers. Liberalization had redefined priority sectors of financing for the banks.
- Removing barriers on exports of agricultural commodities
- Significant decrease of public investment in areas like research etc.
- Moving from quantitative limits to duties on agricultural product imports.³⁹

³⁸ Sanhati Collective, 'Farmer Suicides in India Part 3: State-Level Distributions' (SANHATI, 2012) <<http://sanhati.com/excerpted/5145/>> accessed 24 May 2020

³⁹ Shantanu De Roy, 'Economic Reforms and Agricultural Growth in India' 9 (EPW, March 2017) <<https://www.epw.in/journal/2017/9/special-articles/economic-reforms-and-agricultural-growth->

There was not any particular program especially designed for the agricultural sector under the Indian neo-liberal reforms of 1991. Instead, the basic assumption of policy makers was that the liberalization of Indian farming sector and international trade of agricultural products would offer price incentives that would lead to increased investment & production in Indian agriculture. Further, another assumption was that liberalization of trade would change terms of trade in context of inter-sectoral setup towards Indian agriculture.⁴⁰

However as has been discussed above, the shifts in government expenditure trends and subsequent financial policy measures had also inevitably caused adverse impact on cultivation and rural conditions. With the advent of globalization, the Indian agrarian economy assimilated with global markets or global supply chain networks that were controlled by big businesses or capital owners. Farmers from across the world were drawn into accumulation of capital from worldwide.⁴¹

The globalized framework of accumulation of capital had bypassed the conventional / traditional agrarian question. This is really a significant statement that describes the phenomenon of globalization and the misery of farmers.

A. The WTO and Indian agriculture

In context of Indian agriculture, the globalization process accelerated from the mid 1990s, with the birth of World Trade Organization (hereinafter referred to as the WTO), which was definitely an important defining moment in the world trading history.⁴²

In context of Indian agriculture one can easily witness India's remarkable success as a self-reliant country in food grains, however, significant slowdown of India's agricultural performance in terms of productivity from the mid 1990's is also a crucial nationwide problem. Several works have pointed to 2 significant changes that affected Indian agricultural sector in the 90's, i.e.

- (1) Implementation of the WTO's Agreement on Agriculture (AOA) as of 01/01/1995
- (2) Emergence of highly unstable price regime post the aforementioned implementation⁴³

india.html> accessed 25 May 2020

⁴⁰ Jayati Ghosh, 'Trade liberalization in agriculture: An examination of impact and policy strategies with special reference to India' 8 (HDR, 2005)

< http://hdr.undp.org/sites/default/files/hdr2005_ghosh_jayati_12.pdf> accessed 25 May 2

⁴¹ *ibid* 1

⁴² C H Hanumantha Rao, 'WTO and Viability of Indian Agriculture' 3453 (EPW, September 2001)

<<https://www.jstor.org/stable/4411087?seq=1>> accessed 25 May 2020 ; Biswajit (n 32) 49

⁴³ Ashok Gulati, Devesh Kapur, Marshall M Bouton, 'Reforming Indian Agriculture' 55(11) 35 (EPW March, 2020) < <https://www.epw.in/journal/2020/11/special-articles/reforming-indian-agriculture.html>> accessed 25 May 2020; R.V. Ramana Murthy, 'Political Economy of Agrarian Crisis and Subsistence

The WTO is an international body that oversees the laws and regulations governing trade between nations. The WTO's membership entails specific commitments and liabilities on member nations and furthermore also protects member nations against unfair trade policies, sanctions or practices⁴⁴.

1. The WTO's agreement on agriculture (hereinafter referred to as AOA)

The WTO's AOA is a document that highlights initial efforts of the global society in order to address the trade distortions caused by regulations plaguing the agricultural sphere of nations⁴⁵. During the 1980's export subsidies were intensively being driven to protectionist agricultural businesses in the industrialized nations and these businesses further practiced dumping of their surpluses produced. By way of this practice they were distorting the global markets.⁴⁶

Due to these prevailing conditions it was felt that there was a requirement to negotiate and establish multilateral trade rules that would ensure a fair and market-oriented system for agricultural trade. Following the conclusion of Uruguay Round in 1993 (December), the WTO had formulated the Agreement on Agriculture (hereinafter referred to as AOA) to eliminate trade distortion and to increase the trade in agricultural products worldwide.⁴⁷

The primary objective was to make effective use of the food surplus and to lessen hunger and dumping of food. Alongside, by eliminating tariffs, eradicating subsidies on exports and lowering domestic support the aim was also to enable the farmers to enter global agricultural marketplaces quite freely. The ratification of the agreement was done in Morocco and its subsequent implementation was done from 01/01/1995.⁴⁸

India at the Uruguay round had consented to bind its agricultural products during the final hour of the negotiations. However, it did not give its consent for domestic support and export subsidies commitments.⁴⁹

The AOA consists of 21 articles and 5 annexures. It contains provisions in 3 broad areas of agriculture and trade policy:

Under Neoliberalism in India ' 11 (1) (NEHU January, 2013)

<<https://www.semanticscholar.org/paper/Political-Economy-of-Agrarian-Crisis-and-Under-in-Murthy/e01c0f7bf3ee854b7074985421622e057c1e6954>> accessed 25 May 2020

⁴⁴ Dr. M.A Chaudhary and Gautam Chaudhary, 'WTO and Indian Agriculture' 1 (Global vision, 2019)

⁴⁵ *ibid* 2

⁴⁶ *ibid*

⁴⁷ Agreement on Agriculture, 'Introduction'

<https://www.wto.org/english/tratop_e/agric_e/ag_intro01_intro_e.htm> accessed 28 May 2020.

⁴⁸ *ibid*

⁴⁹ Manoj Shankar Gupta, 'WTO and Indian Economy' 16-17 (Serials, 2007); S. K. Sharma, 'WTO and its implications for India and China: Food security Vs Naked Commercial Interest' (*Centre for WTO Studies* 2016)

a) Market access, (b) Domestic support (c) Export subsidies⁵⁰

For the purpose of this work, I shall only be focusing upon the “domestic support” provision of the AOA. The key research questions for the purpose of this work is how free trade and subsidy reduction have impacted agricultural sector and in particular Indian farmers and whether this could be linked to the WTO restrictions or whether these WTO policies have dampened growth which could have been significantly high and has further led to farmer suicides.

2. Domestic support

By establishing 3 categories of Boxes, the domestic support framework implemented by the AOA has pointed out the differences between non-trade distortion and trade distortion subsidies. The features of the aforementioned boxes are listed below:

- *“Measures which are considered as not having a direct effect on the production, such as support for research, marketing assistance for the produce, etc. (GREEN BOX)”*
- *Measures that help the farmers during dire conditions. These supports are mostly direct payments to farmers to compensate for programs to limit their production (BLUE BOX)*
- *Measures that are considered as trade distorting measures and have a direct effect on production. These measures are mostly input subsidies and price support given to farmers by the respective national governments (AMBER BOX).”⁵¹*

I would now reproduce the AOA rules with respect to subsidies below:

“Subsidies under the Amber Box are calculated under the Aggregate Measurement of Support (or AMS) and are subject to reduction discipline of the AOA. However, not all forms of subsidies are disciplined; those which are 5 per cent of the total value of the agricultural production for developed nations and 10 per cent for the developing nations are exempted. Subsidies that are above this level are to be reduced from the base period 1986-88 level by 20 per cent for developed countries over a period of six years from 1995 to 2000 and by 13 per cent for developing countries over a period of 10 years from 1995 to 2004.”⁵²

Originally, it was not expected from India to slash its expenditure on agricultural subsidies as its spending was much lesser than the AOA prescribed limits. However, eventually, India's overall subsidies or Aggregate Support Measure had hit a new high that was a substantially in

⁵⁰ M.A Chaudhary (n 42) 10-15

⁵¹ National Institute of Agricultural Extension Management, ‘WTO and Its Implications on Indian Agriculture’ < <https://www.manage.gov.in/studymaterial/WTO.pdf> > accessed 11 June 2020; WTO Agriculture - Explanation of the Agreement – Domestic support available at: https://www.wto.org/english/tratop_e/agric_e/ag_intro03_domestic_e.htm accessed 11 June 2020

⁵² ibid (n 45) Article 6

negative figure in the years 1995-96.⁵³

IV. IMPACT OF THE WTO

A. Impact of the WTO's AOA on Indian domestic policy making Indian farmers and subsequent responses

There was an expectation that the initiation of negotiations at the WTO would lay a strong foundation for a settlement that would represent the ambitions of Indian agricultural community and that of other developing nations. However, this anticipation was weakened due to the failure of the Ministerial Conference held in Seattle in 1999.⁵⁴ The Indian agricultural sector in April 2001 had realized that they have been severely affected while complying with their obligations as a member nation of the WTO. This was in light of the fact that the Indian government had abolished import restrictions from far more than seven hundred products, significant portion of which included agricultural products.⁵⁵

1. The WTO's ministerial conferences

In November 2001, the 4th WTO Ministerial conference took place in Qatar, Doha. In this conference the agenda was to talk on the disagreements prevailing in the field of agriculture some of which included better market access for exportable agricultural products in developed countries, developed countries lowering their farm subsidies etc. However, this conference led to The WTO member countries being split into two groups:

1. Developed nations- EU, US, Canada and Japan
2. Developing nations- India, China, Brazil and South Africa⁵⁶

Later in the year 2003, one of the WTO report explicitly noted that in *“the scenario of developed nations the subsidies for agricultural purposes were not in any way meant for impoverished and unprotected farmers, instead they were meant for top corporates in the field of agricultural businesses. It was noted that the developed nations had smartly transferred prohibited subsidies under the head of permitted subsidies hence had been successful in reducing large slab in subsidy”*.⁵⁷

⁵³ *ibid* (n 42) 15-17

⁵⁴ R. Rena, ‘Impact of WTO policies on developing countries: issues and perspectives’ 77-88. (*TRANSNATIONAL CORPORATIONS REVIEW*, 2012); *ibid* (n 42) 42-44

⁵⁵ Dr. Md. Tarique, *Globalising Indian Agriculture: A shift in the positive direction* 5 (4) (Convergence Asia, 2007).

⁵⁶ Doha WTO Ministerial 2001: Briefing Notes-Agriculture, ‘Current Negotiations, Implementation, And Doha’ <https://www.wto.org/english/thewto_e/minist_e/min01_e/brief_e/brief04_e.htm > accessed 13 June 2020; Murasoli Maran, ‘Outcome of the Doha Ministerial Conference’ <https://commerce.gov.in/publications/newsletter_oct_nov_2001.htm > accessed 13 June 2020

⁵⁷ ‘World trade report’ (2003)

Up until 2008 there were various occasions (negotiations in Geneva and Hong Kong) wherein attempts were made to reach a compromise between the above said groups on issues pertaining to agreement on agriculture.⁵⁸

2. India's MSP scheme

In India, the minimum support price (MSP) scheme is one type of market interference whereby the Indian government in situations of sudden decline in farm prices insures the farm producers. The MSP framework is set up by the Indian government to shield the farmers from unwarranted price declines and is a form of Government's assurance price for their respective yields. The key aim of the MSP scheme is to protect farmers from anxious selling behavior in times of distress and also a method to procure for public distribution. Under the MSP framework, the Commission for Agricultural Costs and Prices (CACP) recommends the Indian government with respect to the support prices. Further, at the commencement of the sowing season, the Indian government intimates the public the MSP for specific crops.⁵⁹

3. Proposal by G33 countries

A 47 members country group referred to as G-33 led by India had tabled a reform suggestion in 2012. The said proposal specified that the WTO could perhaps draft its domestic support rules in a more flexible and versatile manner creating a certain escape clause for the countries to exempt themselves from the WTO regime. The aforementioned escape clause was to be applicable in instances where the governments purchase food/crops from low-income producers/farmers or from those who are almost poverty-stricken. However, this request put forward by the G-33 group failed to gain the WTO's support.⁶⁰

4. Bali conference

The Doha round related agricultural issues pertaining to AOA were again discussed in December 2013 at the time of the Bali conference. Interestingly, both the developed and the developing nations had differing viewpoints and outlook on the matter of food security and public stock holding programs. Peace clause was the sole point on which participating member

<https://www.wto.org/english/res_e/booksp_e/anrep_e/world_trade_report_2003_e.pdf> (WTO) accessed 13 June 2020.

⁵⁸ Hong Kong WTO Ministerial 2005: Briefing Notes-Agriculture 'Modalities' would boost entire round' (WTO) <https://www.wto.org/english/thewto_e/minist_e/min05_e/brief_e/brief03_e.htm> accessed 13 June 2020

⁵⁹ ⁵⁶ Mahalle, Suvarna, Rohila, Yadav and Thakur Minimum Support Price to Farmers in India 215-217 (RESEARCH GATE, 2018)

https://www.researchgate.net/publication/326588539_Minimum_Support_Price_to_Farmers_in_India accessed 13 June 2020

⁶⁰ Latha Jishnu, 'WTO's assault on India' (*Down to Earth*) <<https://www.downtoearth.org.in/news/agriculture/wto-s-assault-on-india-67667>> accessed 14 June, 2020

nation came to an agreement. To state it briefly, the peace clause offered the developing nations with temporary immunity against breaching of the subsidy caps for in relation to their respective food security programs.⁶¹

In 2017 the then Indian Minister of Commerce and Industry, Mr. Suresh Prabhu had represented India at the WTO's ministerial conference held at Buenos Aires. He had made a mention of the issue in relation to subsidy limits for the food security programs of developing nations and had further urged that a viable and long-term solution should be worked out with regard to the Peace clause. Unfortunately, his request and efforts failed as instead India was itself accused of breaching the subsidy limits listed under AOA.⁶²

5. Invoking peace clause in times of COVID-19

In my recent published blog I have made the following observation with respect to India invoking the peace clause in times of this pandemic. *I hereby reproduce my work in verbatim:*

“Irrespective of its limited scope the ‘peace clause’ has now proven to be beneficial for developing nations particularly India. The Food Corporation of India (FCI) currently has food stocks of fifty-eight million tonnes. This food stockholding will possibly enable India to confront all food shortages that might arise in the nearer future due to the COVID-19 pandemic. It has been established in the upcoming discussion in the foregoing pages that India has been time and again accused of trade distortion because of its public stockholding programs. However, on the contrary, all the nations who have raised such allegations against India have failed to realize how these food stockholdings at the end are likely to help developing nations like India to combat food shortages that arise, if any, during the current pandemic. In the notification of March 30, 2020 to the WTO Committee on Agriculture, India invoked the ‘peace clause’. In the said notification India has pointed out that it has exceeded the ‘de minimis’ criteria/limit of 10% for its traditional staple food crop, rice during the marketing year 2018-2019. India pointed out that its support to rice amounted to 11.46% and is in consonance with the Bali Ministerial Decision on Public Stockholding for Food Security Purposes (WT/MIN (13)/38) and the General Council Decision. Further, India also pointed out that its public stockholding programs are primarily to facilitate the purpose of food security, by meeting the needs of the poor and vulnerable Indian population and not otherwise for commercial trade purposes or for food security of others. India further notified the WTO Committee on

⁶¹ ibid

⁶² Arun S, ‘India calls for reduction of large farm subsidies of rich nations’ (THE HINDU, October 2017) <https://www.thehindu.com/news/national/india-calls-for-reduction-of-large-farm-subsidies-of-rich-nations/article19840703.ece>> accessed 14 June, 2020

Agriculture through notification G/AG/N/IND/19, the list of its schemes which cover the support measure in relation to its earlier submission dated 30th March, 2020 which included, Pradhan Mantri Fasal Bima Yojana (PMFBY), Pradhan Mantri Krishi Sinchayee Yojana (PMKSY)-Per Drop More Crop (PDMC), Rashtriya Krishi Vikas Yojana (RKVY) to name out a few, out of the total 11 schemes.”⁶³

6. India pinned down on its subsidies

In September 2018 at a meeting conducted by the World trade organization’s Committee on Agriculture, India was questioned over the subsidy policies it provides on sugar, pulses and skimmed milk. ⁶⁴Concerning India 's ongoing MSP scheme trade war between the U.S.A. and India has also escalated. The strife between the nations is with regard to the U.S.A’s claim wherein it accused and criticized India for offering domestic support for food grains outside the 10 per cent limit that is prescribed under AOA. Recently, in March 2019 the U.S.A. and Canada have questioned the MSP program that India offers for pulses at the WTO. It was again alleged that the subsidy was beyond than the permitted limit. India denied all allegations and stated that MSP calculations made by U.S.A & Canada were incorrect. ⁶⁵

A Geneva based trade official further made an observation when this issue came into light. He stated “*Contrary to India’s reported number of 1.5 per cent of total value of production, Canada and the US believed India’s MPS (market price support) for pulses was actually between 31-85 per cent, vastly exceeding its de minimis limits (cap) of 10 per cent of the total value of production*”.⁶⁶

India as well as other developing nations have been repeatedly raising demands that food-procurement subsidies must not fall within the scope of capping framework. Until now, however, nothing on this aspect has been addressed so far hence dismissing the tenets related

⁶³ Nishtha Kohli, ‘Peace clause’ at India’s rescue during COVID-19 pandemic?’ (AMICUSX, April 2020) <<https://www.amicusx.com/post/peace-clause-at-india-s-rescue-during-covid-19-pandemic>> accessed 15 June, 2020; See also Sachin Kumar Sharma, Adeet Dobhal, ‘India's food security discussed at WTO amidst Covid-19 pandemic’ (BusinessLine) <<https://www.thehindubusinessline.com/economy/agri-business/amidst-the-covid-19-pandemic-indias-food-security-at-wto/article31234049.ece>> accessed 15 June, 2020; Agriculture Information Management System, ‘Notification G/AG/N/IND/19’ <https://docs.wto.org/dol2fe/Pages/FE_Search/FE_S_S009-DP.aspx?language=E&CatalogueIdList=262725&CurrentCatalogueIdIndex=0&FullTextHash=&HasEnglishRecord=True&HasFrenchRecord=False&HasSpanishRecord=False#> accessed 15 June 2020.

⁶⁴ WTO to set up dispute settlement panel to review India's sugar subsidy, (The Economic Times, 16 August 2019) <<https://economictimes.indiatimes.com/news/economy/foreign-trade/wto-to-set-up-dispute-settlement-panel-to-review-indias-sugar-subsidy/articleshow/70705753.cms?from=mdr>> accessed 17 June 2020

⁶⁵ ibid; Amiti Sen, ‘India’s MSP programme for pulses under WTO lens’ (Business Line, 1 March 2019) <<https://www.thehindubusinessline.com/economy/agri-business/indias-msp-programme-for-pulses-under-wto-lens/article26411977.ece>> accessed 17 June, 2020

⁶⁶ ibid

to social justice. Nations have failed to realize the problem of hunger in India, the prevalent agricultural crisis suicides by farmers. While schemes such as MSP serve as a lifeline for vulnerable, poverty-stricken farmers and guarantee the food security of millions of poor citizens, even then these are being challenged and no definitive solution has been found. In such a scenario it is quite apparent that the developed nations have impeded the efforts of the developing nations to enhance and strengthen the AOA in favor of the poor impoverished farming communities across the world. The subsidies rendered by developed nations continue to exceed the ones given by developing nations.

7. Controversy with so-called distorting forms of subsidies- Case of U.S.A.

Washington has relocated 88 per cent of its agricultural subsidies into the green box (non-trade distorting subsidy). The WTO regime's greatest disadvantage is that the US has been subsidizing its multinational agriculture to dominate foreign markets while restricting India's subsidies that is rendered to large proportion of small and marginal farmers.⁶⁷

8. India's disassociation from the RCEP Regional Comprehensive Economic Partnership (RCEP) agreement- Farmer's suicides in India

In November 2019, India decided to withdraw from the Regional Comprehensive Economic Partnership, a mega-regional trade agreement. This decision stemmed from concerns that the agreement didn't adequately address India's key interests, particularly regarding the potential impact on its domestic industries and agriculture. It was feared that ceding economic space to foreign businesses through trade liberalization commitments under RCEP would significantly harm domestic players. India has three FTAs with the members of Association of Southeast Asian Nations, Korea and Japan, which were expected to increase India's exports. Exports did not increase as Indian enterprises lack competitiveness, but imports from the partner countries expanded, leading to the haemorrhaging of domestic manufacturing.⁶⁸

Several factors contributed to India's apprehension⁶⁹:

- **Lack of competitiveness:** There were concerns that Indian enterprises lacked the competitiveness to benefit from RCEP, while imports from partner countries would

⁶⁷ Sachin Kumar Jain, 'For India, the fight at WTO will be about food security' (Down to Earth, December, 2017) <<https://www.downtoearth.org.in/news/economy/why-india-needs-to-fight-for-food-security-at-wto-59310>> accessed 17 June, 2020.

⁶⁸Dhar, B. (2019). India's Withdrawal from the Regional Comprehensive Economic Partnership. <https://www.epw.in/journal/2019/45/notes/indias-withdrawal-regional-comprehensive-economic.html>

⁶⁹Erken, H., & Every, M. (2023). Why India Is Wise Not To Join RCEP. <https://www.bqprime.com/bq-blue-exclusive/why-india-is-wise-not-to-join-rcep>.; Gaur, P. (2020). India's withdrawal from RCEP: neutralising national trade concerns. *Journal of the Asia Pacific Economy*, 27(2), 270. <https://doi.org/10.1080/13547860.2020.1809772>

expand, hurting domestic manufacturing.

- **Impact on agriculture:** The dairy sector was particularly vulnerable, with fears of increased competition from countries like New Zealand and Australia.⁷⁰
- **Previous FTA experiences:** Research work undertaken on Free Trade Agreements signed by India depicts that they have unfortunately failed in creating a market space for agricultural commodities in India's partner countries such as South Korea, Japan etc.
- **Inability to utilize renegotiation clauses:** The Indian government has been unable to utilize the renegotiation clauses specified under "The Association of Southeast Asian Nations FTA" to protect farmers' interests.
- **China's influence:** Some analysts believed that India's non-participation would give China greater control over major trading blocs.
- **Focus on Atmanirbhar Bharat:** India has been focused on its Atmanirbhar Bharat (self-reliant India) initiative, which prioritizes domestic production and reducing reliance on imports.

V. FARMER SUICIDES IN INDIA

The issue of farmer suicides continues to be a pressing humanitarian crisis in India⁷¹. According to the report issued by the National Crime Record Bureau's, more than thirty lakhs farmers have committed suicide across India in the past 20 years. A large portion of this is due to WTO and FTA impacts. RCEP would be yet another reason for Indian farmers to take their lives. While various factors contribute to this complex problem, there are concerns that trade policies and market dynamics play a significant role.⁷²

Key points to consider:

- **Indebtedness:** Many small and marginal Indian farmers have to rely on costly loans, often provided by private lenders with interest rates between 30-60%, to finance their farming. Farmers are generally trapped in these debts, and their condition deteriorates in cases of yield/crop failures. They require money to meet their loan liabilities, finance

⁷⁰ AB. (2018). RCEP will be disastrous for Indian dairy farmers and agriculture: La Via Campesina South Asia during Bangkok negotiations. <https://viacampesina.org/en/rcep-will-be-disastrous-for-indian-dairy-farmers-and-agriculture-la-via-campesina-south-asia-during-bangkok-negotiations/>

⁷¹ Kumar, V. (2021). Monsoon, Market and Middlemen as Key Ingredients to Agrarian Distress in Contemporary India: Prioritizing for Policy and Practice Based Interventions. *Psychology and Education Journal*, 58(2), 6333. <https://doi.org/10.17762/pae.v58i2.3155>; Sainath, P. (2022). The Largest Wave Of Suicides In History. <https://znetwork.org/znetarticle/the-largest-wave-of-suicides-in-history-by-p-sainath/>

⁷² Alt, S. (2018). Farmer Suicides and the Function of Death in Neoliberal Biopolitics. *International Political Sociology*, 13(1), 37. <https://doi.org/10.1093/ips/oly024>

the upcoming farm season, and feed their families, often leading to an escalating debt cycle where they take fresh loans.

- **MSP challenges:** The underlying reasons of the MSP being problematic are twofold: the unbalanced approach of the Agreement on Agriculture that brings India's MSP mechanism under scrutiny and the fact that its benefits often do not reach Indian farmers. The MSP sometimes may not even cover production costs. More than 70 per cent of the Indian farmers do not get entitled to the benefit that the MSP scheme aims to confer. Even after increments being made to MSP the agrarian distress still persists, majorly due to the fact that MSP has only been benefitting large-scale traders.
- **Climate change:** Erratic monsoons and climate-related disasters further compound the vulnerabilities of farmers.
- **Socioeconomic factors:** Farmer suicides are often linked to socioeconomic and psychosocial circumstances, including poverty, lack of access to resources, and social isolation⁷³
- **Loan recovery processes:** In case MSP is not availed by these farmers, they run into complete losses, which aggravates their distress. The subsequent loan recovery processes further cause them mental stress and can lead to farmers committing suicides.

Moving forward, it's crucial to adopt comprehensive strategies that address the root causes of agrarian distress. These strategies should prioritize sustainable agricultural practices, access to credit and insurance, improved irrigation, and market reforms that ensure fair prices for farmers' produce⁷⁴

VI. CONCLUSION AND THE WAY FORWARD

The landscape of Indian agriculture and trade policy is complex and fraught with challenges. As your document highlights, India faces significant pressure within the WTO framework, particularly regarding agricultural subsidies, given that approximately 65% of the population is primarily agriculture based. The WTO's opposition to farm subsidies conferred in India raises the fundamental question of whether India can afford to disregard the needs of such a large segment of its population. The inherent imbalance in negotiating power between developed and developing nations within the WTO, coupled with the organization's perceived failure to

⁷³Merriott, D. (2016). Factors associated with the farmer suicide crisis in India [Review of Factors associated with the farmer suicide crisis in India]. *Journal of Epidemiology and Global Health*, 6(4), 217. Elsevier BV. <https://doi.org/10.1016/j.jegh.2016.03.003>.

⁷⁴ Chintala, G. (2022). Creating agricultural markets of future: Challenges and way ahead*. *Indian Journal of Agricultural Marketing*, 36, 1. <https://doi.org/10.5958/2456-8716.2022.00001.x>

adequately address the needs of developing economies, raises questions about its continued relevance for India, leading some to even call it a "Western Trade Organization". You point out that the delay in proper negotiating in the WTO forum helped developed countries further dominate the agricultural market and trade in their favor, thus making it difficult for India and other developing countries to pitch in their needs. The WTO is clearly failing in its duties, and has been reduced to a dispute resolution mechanism body, a function further diminished by the appellate body's inactivity since December 2019. You argue that the majority of nations are now participating in bilateral/regional trade agreements, leaving WTO obsolete, and that developing nations need to determine and set up their own trade laws and regulations that represent their legitimate interests. Otherwise, the WTO will keep prioritizing interests of developed nations and pushing for more trade policies such as subsidies to agriculture, e-commerce, and AI.

Building upon this, the decision to withdraw from RCEP in 2019 reflected anxieties about competitiveness, the vulnerability of the dairy sector ⁷⁵(2018), and the potential for increased imports to harm domestic manufacturing⁷⁶ (Erken & Every, 2023). This move aligned with the Atmanirbhar Bharat initiative, signaling a desire for greater self-reliance, with the Indian government supporting domestic companies and businesses instead of solely running after MNCs under the "Make in India" scheme.

Considering the period between 2019 and 2025, several potential developments could shape India's agricultural and trade trajectory:

- **Shift towards Bilateral/Regional Agreements:** As you noted, the trend towards bilateral and regional trade agreements may intensify. India could actively pursue such partnerships, seeking more favorable terms than those offered within the WTO or RCEP frameworks. You argue that the developing nations should come forward and try establishing a cohesive trade body/entity that works realizing interests of developing nations since all the developing nations today are facing similar trade issues, and India and Africa should have lead representatives in such an entity to avoid becoming trade colonies/vassal states of western powers.
- **Focus on Domestic Reforms:** Increased emphasis on strengthening domestic agricultural infrastructure, improving irrigation, and ensuring fair prices for farmers could

⁷⁵ AB. (2018). RCEP will be disastrous for Indian dairy farmers and agriculture: La Via Campesina South Asia during Bangkok negotiations. <https://viacampesina.org/en/rcep-will-be-disastrous-for-indian-dairy-farmers-and-agriculture-la-via-campesina-south-asia-during-bangkok-negotiations/>

⁷⁶ Erken, H., & Every, M. (2023). Why India Is Wise Not To Join RCEP. <https://www.bqprime.com/bq-blue-exclusive/why-india-is-wise-not-to-join-rcep>

become priorities. The effectiveness of MSP and other support mechanisms will likely remain a key point of discussion, especially considering that different policies over time have come up with different short-term approaches that do not fix the root causes of the crisis and thus do not minimize the risk of suicide. Additionally, because of improper implementation, solutions such as subsidies, loan waivers, crop insurance, and other welfare schemes often fail.

- **Digital Agriculture and Technology:** The adoption of digital technologies in agriculture, such as precision farming, e-commerce platforms for farmers, and improved access to market information, could gain momentum.

- **Climate Change Adaptation:** Efforts to adapt to the impacts of climate change, including developing drought-resistant crops and promoting sustainable farming practices, will be crucial.

- **Addressing Farmer Distress:** Given the documented instances of farmer suicides and the increasing dependence of the rural population on non-farm activities, addressing the root causes of agrarian distress and providing alternative livelihood options will remain critical.

The future success of Indian agriculture hinges on addressing the root causes of agrarian distress, promoting sustainable practices, ensuring coordination between international trade policies and Indian domestic policies, and ensuring that trade policies align with the needs and interests of its farmers and its overall economic development goals. As you suggest, trends such as establishment of regional trade blocks like North Atlantic Free Trade Association, the European Union and India's ASEAN membership and attempts to create a free trade zone in South Asia raise questions about further liberalization of trade by entering into such arrangements. Whether India can effectively navigate the global trade environment while prioritizing its domestic agricultural sector remains a critical question.
