



Indian Institute of Management Calcutta

Working Paper Series

**WPS No. 788
October 2016**

**International posturing amidst domestic neglect? Examining contradictions in
India's Domestic and International agricultural policies**

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International posturing amidst domestic neglect? Examining contradictions in India's domestic and international agricultural policies

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Abstract

The agricultural negotiations at the WTO Doha round signalled the rise of a new India in the global economic governance. India has not only been an active participant by submitting detailed proposals, and building coalitions with other developing country members, it has also not hesitated from taking tough stands that changed the course of overall negotiations. However, this aggressive posturing in international negotiations seems to be at odds with the domestic agricultural policy. Indian agriculture has seen declining public investments and capital formation, limited export orientation, and a primary focus on ensuring food security and price stability for its consumers. The declining influence of agriculture in the domestic political economy is evident from the extensive literature on agrarian distress, and recent sociological and political economic commentaries. This paper analyzes the contradictions between India's internationally espoused negotiating positions and the domestic agricultural policy goals. It raises several key questions. Why India is unduly interested in the global agricultural trade negotiations and why has it adopted such an aggressive posture? Why has it maintained a protectionist stance despite significant latitude for a more export-oriented agricultural trade policy? What are the drivers for India's coalition strategy that has often allied India with divergent and often diametrically opposite interests? Why has it chosen to go alone despite an overarching coalition based negotiation strategy? This paper argues that India's negotiating strategy could be understood as an attempt to preserve the status quo in the domestic agriculture and food economy. It is driven by the domestic political need to provide a substantial quantum

of food-based consumption subsidies and manage an assured price and supply protection to its vulnerable consumers. This in itself is at the very core of the domestic political economy where the political legitimacy of the Indian state is achieved by the “governmentality” premised on the idea of providing entitlements and capabilities to the citizens. As a result, India’s interests are divergent from many of its developing country coalition partners in the G-20 as well as the G-33 groups. Despite these divergent interests, India has built up coalitions with both these groups to gain greater clout in negotiations to defend its strategic interests. Our discussion has significant implications for both the domestic policy orientation of the Indian state, as well as India’s role in global trade negotiations once it finds an acceptable solution to its problem of maintaining public stockholding for food security purposes.

International posturing amidst domestic neglect? Examining contradictions in India's domestic and international agricultural policies

1. Introduction

Global trade in agriculture and food products comprises less than 10 percent of overall global trade. However, agriculture has remained the Achilles heel of international trade negotiations with significant influence on the World Trade Organization (WTO) negotiations, packages and outcomes of the Ministerial Conferences (Tangermann 2014; Anderson & Martin 2006; Diaz-Bonilla 2014). India, by virtue of its over 600 million agriculture-dependent population, has played a major role in shaping the agriculture negotiations at the WTO. India has not only been an active participant by submitting detailed proposals and building coalitions with other developing country members, but it has also not hesitated from taking tough stands. For instance, it decisively rejected the Pascal Lamy led proposals that sought to end the stalemate around Doha Development Round of negotiations at Geneva in 2008 (Schwab 2011; Blustein 2008). India also blocked the trade facilitation agreement at the Bali round in 2013 (Wilkinson et al. 2014; Roy & Doerr 2013; Schnepf 2014; Babu 2014). However, this aggressive posturing in international negotiations seems to be in contradiction with the domestic agricultural policy focus. On the domestic front, the agriculture policy seems to be driven more by consumer interests and price stability concerns rather than a focus on enhancing agricultural production or improving India's agriculture competitiveness in international markets.

In recent times, Indian agriculture has seen a consistent decline in public investments and capital formation, declining importance to overall GDP and international trade, and agriculture now exerts limited influence on the domestic political economy (Mendelsohn 1993; Gupta 2005; Chatterjee 2008; Parry 2004). The neglect of agriculture in the domestic policy space is manifest in the deep-rooted crisis facing India's farmers, as evident from the extensive literature on agrarian distress (Mishra 2007; Reddy & Mishra 2009; Deshpande & Arora 2010). Even the National Commission on Farmers has officially recognized this, indicating that "[t]he acute agricultural distress now witnessed in the country, occasionally taking the form of suicides by farmers, is the symptom of a deep seated malady arising from inadequate public investment and insufficient public action in recent years" (National Commission on Farmers 2004, p.1). Post liberalization, agricultural growth, and distress have become mutually intertwined labelled as the paradox of "growth-inducing distress" and "distress-inducing

growth” (Vakulabharanam 2005). Agriculture seems to be saddled with surplus labour, leading to low agricultural productivity and global trade competitiveness which coupled with the lack of alternative employment opportunities has resulted in a protracted crisis, termed as the “agrarian dystopia” (Harriss-White 2008). The solution to this crisis lies in either export-led rapid growth (in the wake of domestic food self-sufficiency) or a rapid migration of agricultural workers to other sectors. In the midst of this domestic policy neglect that has led to the ongoing agrarian crisis, it is thus surprising to find India playing an aggressive role, and a lead protagonist for agriculture in the international arena. Further, the largely protectionist nature of India’s negotiating position seems to be contrary to the needs of domestic agriculture which would require large-scale investment and export-led growth for its revival. Thus, the domestic needs and priorities of Indian agriculture do not seem to be reflected in India’s international negotiating position.

This paper examines the divergence of India’s internationally espoused negotiating positions and posture, with its domestic agricultural policy goals. Previous literature seems to locate India’s negotiation strategy in the international relations context in-line with India’s objective of emerging as a significant player in global economic governance, or a bid to use the legitimacy of its position in agriculture as a bargaining chip for non-agricultural market access (NAMA) negotiations at the WTO (Hopewell 2015; Hurrell & Narlikar 2006; Narlikar 2006; da Conceição-Heldt 2013; Efstathopoulos 2012; Efstathopoulos & Kelly 2014; Flemes 2009). Scholars have also attempted to locate India’s negotiations in the context of its domestic political compulsions of maintaining a large agriculture-dependent population (Polaski 2005; Hoda & Gulati 2013; Matthews 2014; Clapp 2015). Some scholars have also traced India’s positions to its legacy of championing developing nations’ interests in a quest for establishing a fair and just global economic order (Hurrell & Narlikar 2006).

This paper attempts to draw upon a finer assessment of India’s negotiating positions on agriculture and identify potential drivers for the same. It highlights that India’s negotiating stance is not proactive driven by an imperative of reviving agriculture and enhancing global trade competitiveness. Rather, it has been reactive driven by the protectionist pressures stemming from the domestic political arena. This paper further analyses the domestic compulsions of maintaining a public stockholding program for food security purposes to highlight how India’s primary concern around agriculture is around consumer interests, rather than on farm protection measures. Such an analysis reflects India’s divergence of interests from

other developing nations, as exemplified by India's isolation at the agricultural negotiations in recent times at Geneva in 2008 and Bali in 2013. The analysis presented herein, thus, raises several questions concerning India's continued role in global agriculture trade negotiations, its potential for assuming leadership of the G-20 and G-33 coalition groups, and its legitimacy to play its traditional role as the voice of the developing world.

The rest of the paper is organized as follows. In the second section, we review the state of agriculture in India and analyse the domestic policy priorities. In the third section, we attempt to discern India's international negotiating position by reviewing India's negotiating proposals and postures at key moments in the WTO agriculture negotiations. In the fourth section, we analyse the international policy in the context of domestic policy compulsions and attempt to explore seeming contradictions between the two arenas. In the fifth section, we offer an analysis of the reasons behind these apparent contradictions by highlighting how India's negotiating strategy merely attempts to maintain a status quo with regard to the domestic agriculture sector in a bid to ensure domestic food security for its consumers. Such a position differs from its coalition partners in the G-20 and the G-33. We further highlight how this may explain India's unilateral back down at the Bali ministerial and meek stance at the recent Nairobi Ministerial meeting (Kanth 2016). The sixth section concludes and discusses implications for India's domestic policy as well as its future role in global agricultural trade negotiations.

2. Domestic Drivers of Indian Agriculture Policy

The agriculture sector in India provides employment to over 50 percent of the total workforce (ILO 2016). However, its contribution to the economy has been consistently on the decline with it constituting only around 17 percent of the total Gross Value Added during the period 2011-12 to 2014-15 (Ministry of Finance 2016). The sector remains saddled with low productivity arising out of small farm sizes, high output, and price volatility, and sharply rising cost structure. The competitive market dynamics and adverse incentives in food-grain production have led to shifting in cropping pattern towards high-risk and capital-intensive cash crops, amidst an environment of volatile international pricing environment (Siddiqui 2015; Harriss-White 2008). However, in the absence of adequate government and institutional support, farmers are grossly underprepared to handle the new environment, as a consequence of which the farm production is increasingly becoming unsustainable (Reddy & Mishra 2009).

The agriculture sector also remains saddled with the problem of surplus labour arising out of the traditional subsistence mode of production, and a recent analysis suggests that agriculture has reached its limit as an absorber of labour and any further growth can only be distress inducing (Harriss-White 2008; Vakulabharanam 2005). However, the inability of the industrial sector to absorb labour has meant continued pressure on farming, and a spate of distress migrations (Deshpande & Prabhu 2005; Deshpande & Arora 2010). Further, India has largely gained self-sufficiency in foodgrain production, as a result of which further growth can only be sustained from either export demand or high value specialized products (Ministry of Finance 2016). The dual problem of an increasingly unsustainable farm production and an inability to shift workforce away from agriculture has led to a deep agrarian crisis. The alarming proportions of the crisis are reflected in the unabated spate of farmer suicides, recently estimated to be occurring at a staggering rate of one farmer suicide every 30 minutes (Basu et al. 2016).

In this context, all efforts seem to be towards rural non-farm diversification and a sectoral shift in workforce away from the agricultural sector (IDFC Rural Development Network 2014). Even the Government of India describes the current state as a problem of “lack of exit” (Ministry of Finance 2016, p.68) indicating that resources from the sector need to be “forced or enticed away from inefficient and unsustainable uses” (ibid, p. 37). Officially, the Government continues to follow policies aimed at improving farm productivity, extending research and extension services, promoting micro-irrigation, among others. However, its most significant policies for rural areas in recent times has been towards extending employment guarantee and in strengthening public distribution network for providing food subsidies. It seems that the policy focus has largely given up on reviving agriculture in favour of shifting farmers out of agriculture. In popular as well as policy discourse, agriculture features merely as a problem to be solved rather than an opportunity that can be tapped. Gone are the days of “Jai Jawan Jai Kisan” (Salute to the soldier and the farmer) as was the famous slogan raised in India in the 1960s at the time of the green revolution, and the idea of the farm is now invoked only in times of crisis. In this section, we would explore what the current state of agriculture has meant for the domestic policy focus.

2.1 Declining influence of agriculture in the domestic political economy

Given the numeric advantage of the agricultural workforce, one would expect it to play an important influence in the domestic political economy. Indeed, the extant political, economic

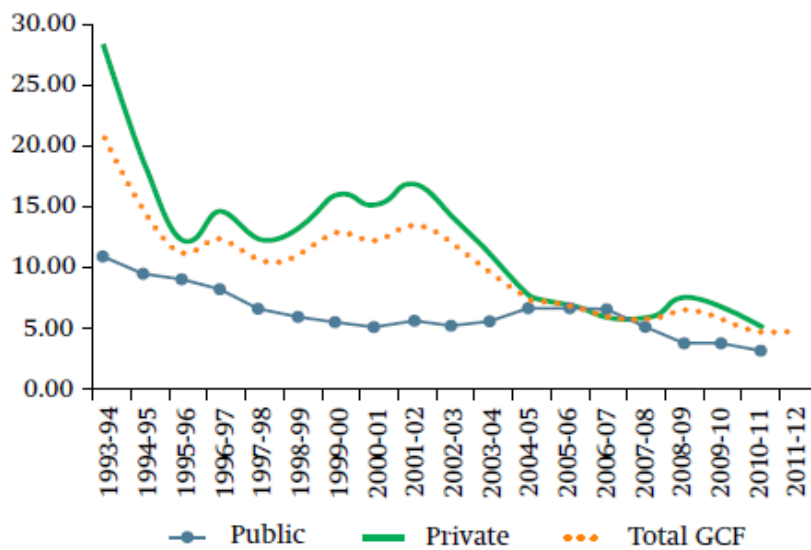
literature from the 1980s in India has elaborately highlighted the strong and growing influence of rural agrarian elite, belonging to the “middle castes,” whose interests were firmly entrenched in land and rural agrarian economy (Bardhan 1999; Rudolph & Rudolph 1987). Pranab Bardhan (1999) developed a three-class dominant coalition model of India’s political economy that firmly placed “rural agrarian elite” at the centre-stage of policy focus as the numerically most important member of the dominant coalition. That the same “middle castes” comprising mostly of the Government designated “other backward castes” (OBCs) grew in political power over much of the 1990s and later decades, should have meant an increase in prospects of the agricultural economy in the policy domain.

However, there is near consensus in the political economy literature that agricultural sector no longer commands the importance and influence it did in the 70s and 80s. Often, the decline in policy focus around agriculture is attributed to the advent of liberalization reforms (Bhattacharya 2014), (Singh & Singh 2009). However, that would only be a partial explanation to the decline as it does not address why the state lost its interest in cultivating a rural agricultural constituency, which would have yielded rich political dividends. Atul Kohli (2007; 2009) explains this by highlighting a definitive shift from left-leaning, anti-capitalist rhetoric and policies of the state that looked at agriculture as one of the critical sectors, towards a “rightward shift” and “pro-business” growth orientation that firmly focused on the corporate and industrial sectors. Bardhan (2009) argues that the liberalization reforms carried out by India in the 1990s have subordinated the position of agrarian elites and placed industrial bourgeoisie firmly in the position to set the policy agenda of the government (Bardhan 2009). Other political economists like Partha Chatterjee (2008) and Kalyan Sanyal (2007) also highlighted how a “passive revolution” of capital in India had marginalized the position of the landed agrarian economy. Ashutosh Varshney (1993) attributes the decline of agriculture in policy focus to the unsustainability of fiscal subsidies for a large rural population, and the cross-cutting nature of rural identities (caste, ethnic and religious) with farming interests. He highlights the role of identity politics in dividing the rural farm movements that enabled the state to ignore agrarian interests while embarking on reforms that saw the industrial sector, particularly the services sector, as the primary engine of growth post the 1990s (ibid.). A substantial part of the explanation may also lie with the fact that India achieved food self-sufficiency during the 1980s to the extent that India had to export its production surpluses (Siddiqui 2015) making the imperative of further productivity enhancement bleak. This is also evident from the falling share of agricultural imports in total merchandize imports which

indicates that India is no longer critically dependent on other nations for its food security.]It also explains why liberalization reforms in agriculture largely failed to take place, even though they succeeded in other sectors (Singh & Srinivasan 2002; Ahluwalia 2002; World Bank Group 2014). At the same time, rural India witnessed a transformation of authority and power with a de-linking of land and authority (Mendelsohn 1993; Harriss 2013). It was merely a precursor to the fact that rural elite saw their futures outside of agriculture, leading to an overall cultural decline of the idea of farming and the discursive construction of the village (Nandy 2001; Parry 2004; Gupta 2005; Mines & Yazgi 2010).

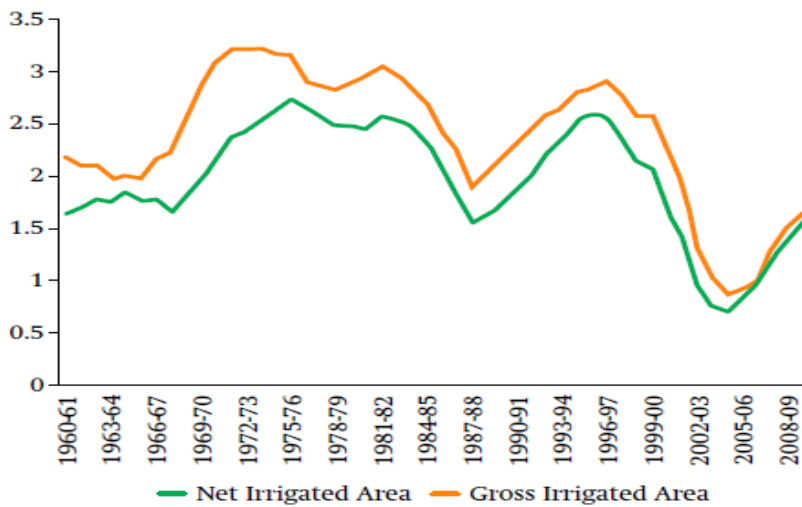
One of the manifestations of the declining and narrow focus on agriculture has been the shrinking share of agriculture in public and private investments since the 1990s. Figure 1 highlights the fall of the share of agriculture in gross capital formation from around 30 percent in the early 1990s to less than 10 percent by 2014. This is lower than its contribution to the total GDP. The share of public investments dipped substantially in the total investment composition, indicating that farmers are increasingly looking at privatized solutions, mostly in tube-wells and irrigation infrastructure (Babu et al. 2013; Gulati & Bathla 2001; Fan et al. 2008). While 55 percent of Indian farmland remains rain-fed, and thus vulnerable to vagaries of monsoon, in the post-reform period, decadal trend growth rates in the share of irrigated areas have declined although some recent improvements have been seen (see Figure 2). The policy emphasis has been largely on influencing price factors while non-price factors like research and extension, irrigation, and credit have been ignored (Mahendra Dev 2012). At the same time, production subsidies related to fertilizer, power, water, credit and new investments in public infrastructure were steadily withdrawn on the pretext of liberalization agenda (Reddy & Mishra 2008; Reddy & Mishra 2009). All these have greatly contributed to the rising agrarian distress.

Figure 1: Share of agriculture in Gross Capital Formation



Source: World Bank Group (2014)

Figure 2: Decadal trend growth rates in share of irrigated area



Source: World Bank Group (2014)

As a consequence of the limited policy orientation in addressing the structural limitations of the agriculture sector, gains from productivity growth or area expansion have been marginal between the period 1990-2010 (BIRTHAL et al. 2013). Further, no large-scale shifts have taken place to turn India’s agricultural basket towards high-value export-oriented crops. There has only been a marginal shift from cereals and pulses (from 42 percent in the 1980s to 37 percent in the 2000s) towards horticultural crops (from about 20 percent to 28 percent in the corresponding period) (World Bank Group 2014). The above discussion also reveals that India

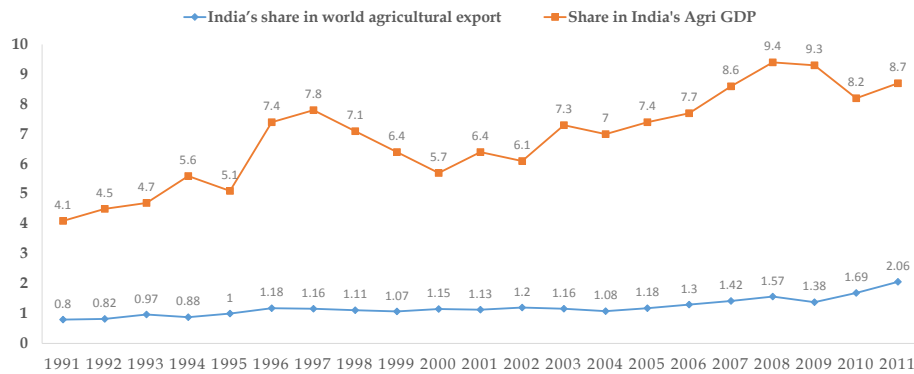
adopted a rather defensive strategy for agriculture that firmly relied on transitioning the surplus labour from agriculture to the industrial sector where extensive reforms were made to channel productive export-oriented growth of the industrial sector. At the same time, the limited emphasis was paid to enhancing the competitive potential of the agricultural sector. This limited policy focus seems to be at substantial variance with India's proactive role in international trade negotiations on agriculture.

2.2 Export potential and comparative advantage

While there have been numerous studies that indicate India's relative comparative advantage in agriculture products (Gulati & Sharma 1994; Rani et al. 2014; Mahajan & Nanda 2011; Chand 2010), agriculture is increasingly seen as small and insignificant in India's commerce and trade prospects. The share of agriculture and food exports, in India's total merchandize exports, has steadily fallen from over 10 percent in 1995 to less than 4 percent in recent years (Brink et al. 2013). This situation is noticeably different from many developing countries that have become major exporters and strives for global competitiveness in agricultural products, and negotiated for greater market access at the WTO. For instance, Brazil which is India's coalition partner for the G-20 alliance has a 35-40 percent contribution of agriculture in total merchandize exports (ibid.).

The comparative advantage of Indian agriculture is evident from its ability to improve its market share in global agricultural trade from around 1 percent in 1994-95 to around 2 percent currently (see Figure 3). Commodity wise analysis indicates that India's share in global trade has declined for plantation products while it has enhanced its share in spices, fruits, and vegetables besides marine and meat products (Sharma 2013). Many of these products face high sanitary and phytosanitary barriers (Arora 2013), as well as, trade-distorting subsidies in the developed world. In this context, the increased market share in the absence of any major domestic impetus on the production of these crops indicates a strong potential for India to increase its exports and realize its comparative advantage in global agricultural trade.

Figure 3: Share of India's agriculture exports in world agricultural trade and India's agriculture GDP (percentage)



Source: Sharma (2013)

Despite such an advantage, India's agriculture production is primarily geared towards the domestic use rather than exports with a primacy of cereals and pulses in both total cropped area, as well as, in total agriculture output value. Cereals and pulses comprise nearly 67 percent of the total cropped area and 30 percent of the total output value. While they command less than 15 percent of the total agriculture exports of India, their relative importance in agricultural policy in the form of various schemes, foremost being minimum support prices (MSP), stems from their contribution to India's food security (see Figure 4 and Figure 5). On the other hand, India's key exports include plantation products like tea, coffee or spices and cashew nuts all of which command a far lower share in cropped area and total output value. India's imports are limited primarily to vegetable oils and fats, vegetables and fruits, crude rubber, cork and wood and pulp and waste paper (Dev & Zhong 2015). In recent times, apart from the traditionally export-oriented crops like marine products and spices, India has also seen a rising share in total world exports of traditionally domestic-oriented crops like rice and sugar (Sharma 2013). However, this shift does not seem to be a growing export orientation of rice and sugar, but could be attributed merely to the release of surplus stock from the public stockholding during bumper production. Interestingly, it is these exports from the public stockholding that are often held to be inconsistent with WTO Agreement on Agriculture (AoA) in scholarly literature and form an important part of ongoing WTO agriculture negotiations.

Figure 4: Share of major products in Agriculture Output by Value (percent) - 2000-2010

Major Agriculture Products	Share in Cropped Area	Share in Output Value	CAGR in Output Value
Rice	23.6	12.4	-0.2
Wheat	15.1	8.3	1.2
All pulses	12.5	3.4	3.0
All oilseeds	14	7.9	5.4
Cotton	4.9	3.3	10.7
Plantation crops	1.8	1.0	5.0
Spices & condiments	1.3	2.6	3.8
Fruits & Vegetables	6.5	18.1	6.3
Sugarcane	2.5	5.8	-
Total crops	100	65.5	3.3
Livestock		29.0	
Forest		1.5	
Fish		4.0	
Total agriculture and allied products		100.0	

Source: Birthal et al. (2013), World Bank Group (2014)

Figure 5: Share of major products in India's agriculture exports (percentage) - 2000-2012

Major Agriculture Exports	Contribution to India's Total Exports	Contribution to Agri exports
1.Tea	0.5	4.33
2.Coffee	0.4	3.14
3. Rice	1.5	13.14
4.unmanufactured tobacco	0.3	2.84
5.Spices	0.7	6.05
6.Cashewnuts	0.5	4.71
7.Oil meal	0.9	8.44
8.Fruits&Vegetables	0.6	5.60
9.Marine Product	1.7	15.53
10.Raw cotton	0.6	5.03
11.Sugar and Molasses	0.5	4.56
12.Meat and Meat preparations	0.6	5.53
Total agriculture and allied products	11.2	100.00

Source: Sharma (2013)

Given the largely domestic-oriented structure of India's agricultural land use allocation, and primary focus on ensuring food security through cereals and pulses production, India remains a marginal player in the global agricultural trade. While the comparative advantage might allow India to focus on increasing exports aggressively, it would require changes in crop mix and a special policy focus on developing the requisite supply chain infrastructure, research and extension investments, and design of volatility protection mechanisms for the export-oriented

crops. However, as seen in the previous section, evidence do not suggest such a policy focus on the domestic front. Consequently, India's interests in global agricultural trade remain predominantly domestic-oriented and defensive, unlike many of other developing countries.

2.3 The conundrum of farm protection and food security subsidies

Given the domestic orientation of India's agriculture policy, it is, perhaps, unsurprising that India offers no substantial export subsidies (Hoda & Terway 2015). However, its public stockholding program claimed to be for domestic food security purposes, has been subject to intense scrutiny at the international level for alleged inconsistent with India's WTO commitments (da Conceição-Heldt 2013; Aggarwal 2005; Narlikar 2006; Narlikar 2013). Although often clubbed in the WTO discourse as farm protection measures owing to the peculiar nature of India's public stockholding and procurement program, it is important to distinguish between agriculture oriented farm protection measures and the consumer-oriented food subsidies. To understand this, let us look at the major components of international trade policy framework viz. tariffs and entry barriers, input subsidies other than public stockholding, and basic orientation of the public stockholding program.

Let us first look at the "tariff and import protection" measures. The average tariff protection for agricultural products in 2014-15 was 36.4 percent with only 17.2% of the products bearing a tariff above 30 percent (WTO 2015c). However, there is a wide gap between bound and applied tariff rates, giving India considerable latitude in tariff reduction. The key trade distortionary policies relate to India's attempts to insulate the grain markets for which it has renegotiated bound rates and set them at fairly high levels of 80 percent (broken) and 100 percent for rice and wheat respectively while relying largely on state trading enterprises for international trade (Narayanan 2015). Further, the approach to price policies has been countercyclical (lowering tariffs and imposing export restrictions in times of high world prices) (Brink et al. 2013). It seems to indicate that the approach to tariffs and import barriers has been largely on ensuring the stability of domestic food prices for the consumers, rather than realizing the best prices for its producers.

Now, let us move to the "non-product specific" input subsidies. Excluding the public stockholding for food security purposes, India's green box support is marginal (Brink et al. 2013; Hoda & Gulati 2013). Whereas India gives subsidies for agricultural inputs such as fertilizer, electricity, and irrigation, these input subsidies have largely remained in the vicinity of 10 percent of the total value of agricultural output although they had peaked at 15 percent in

2008-09 (Hoda & Gulati 2013). As such this does not indicate any systematic attempt to incentivize production. The WTO AoA allows countries to provide input subsidies to the extent of the *de minimis* level of 10 percent of total value of production. Article 6.2 of the WTO AoA also exempts any non-product specific subsidies provided to ‘low-income’ or ‘resource-poor’ farmers from any reduction commitments. Given that nearly 99 percent of farm holdings in India are less than 10 hectares and nearly 94 percent less than 4 hectares (World Bank Group 2014, p.101), India’s breach of its commitments is critically dependent on the criteria used for interpreting ‘low-income’ or ‘resource-poor’ farmers. India has officially classified 80 percent of the fertilizer, irrigation, and electricity subsidies to the category of non-product specific special and differential (S&D) treatment of low-income and resource-poor farmers (Gopinath 2008). As such, there seems to be substantial evidence that non-product specific input subsidies to the farmers are largely in-line and do not seem to indicate any major strategy of India to boost the competitiveness of Indian agriculture in global markets, as is the case with the EU, Japan, and the US.

Finally, the “product-specific” subsidies are largely captured by India’s unique public stockholding program, ostensibly for food security purposes. Ensuring food security for a rapidly increasing low income and price vulnerable population has been the principal goal of agricultural policies since independence. This focus stems from the long history of famines and grain shortages faced by India, especially in early decades post-independence (Priyadarshi 2004). As a result, India wants to maintain strategic reserves of 5-10 million tons apart from high levels of buffer stock. It has three pillars of food management - procurement, buffer stock and public distribution system (PDS) (Dev & Zhong 2015). The WTO AoA specifically allows accumulation and holding of stocks for food security purposes and providing domestic food aid (Annexe 2, Clause 3 and 4). It is the nature of procurement operations controlled through a program of administered prices (minimum support prices) that has emerged as the principal bone of contention in the WTO negotiations (Roy & Doerr 2013; Diaz-Bonilla 2014; Schnepf 2014). The current WTO rules require the difference between the administered prices and the external reference prices (indexed to 1986-87 rates) to be taken as the domestic support provided by the Government to its producers. The high volatility in exchange rates has implied that the administered prices can generate large gaps under the rules of the Agreement thereby impacting India’s quantum of domestic support offered to its producers (Diaz-Bonilla 2014; Brink 2014). A technical error in India notifying its baseline prices in domestic currency, which was later modified to the dollar, can potentially threaten dispute resolution proceedings against

India (ibid.). Further, the food subsidy bill has sharply increased by over 25 times in around two decades threatening to burgeon India's domestic support notifications, and breaching its *de minimis* commitments, under the current rules of WTO (see Figure 6) (Sharma 2012). The implementation of the National Food Security Act 2013 in Parliament further aggravates India's problem of crossing the *de minimis* threshold and sticking to the WTO rules.

Figure 6: Food Subsidies in India (Rs crores): 1990-91 to 2012-13

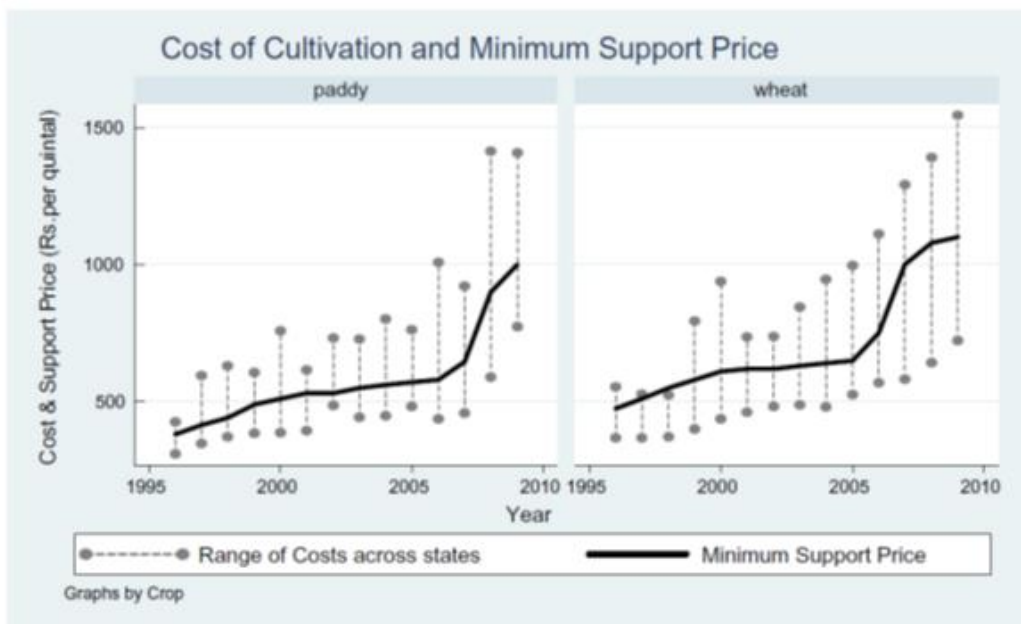
Year	Food	Percentage change over previous year	Percentage of GDP from Agriculture	Percentage of Total subsidies
1991-92	2850	-	1.8	23.3
1992-93	2800	-1.8	1.5	23.3
1993-94	5537	97.8	2.6	47.7
1994-95	5100	-7.9	2.1	43
1995-96	5377	5.4	2	42.5
1996-97	6066	12.8	1.9	39.1
1997-98	7900	30.2	2.4	42.6
1998-99	9100	15.2	2.4	38.6
1999-00	9434	3.7	2.3	38.5
2000-01	12060	27.8	2.9	44.9
2001-02	17499	45.1	4	56.1
2002-03	24176	38.2	5.7	55.5
2003-04	25181	4.2	5.2	56.8
2004-05	25798	2.5	5.3	56.1
2005-06	23077	-10.5	4.3	48.6
2006-07	24014	4.1	4	42
2007-08	31328	30.5	4.4	44.2
2008-09	43751	39.7	5.4	33.7
2009-10	58443	33.6	6.3	41.3
2010-11	63844	9.2	5.8	36.8
2011-12(RE)	72823	14.1	-	33.7
2012-13(BE)	75000	3	-	39.5

Source: V.P. Sharma (2012)

Based on this analysis, there is a substantial reason to believe that India may be falling afoul of its WTO commitments around the provision of input subsidies to its farmers. However, it is useful to understand the basic orientation of India's food security and administered price scheme to analyse India's policy priorities.

It is important to note that the subsidy schemes may have the least trade distorting effect as it is seen to target the domestic consumers than the agricultural producers. *Firstly*, the administered price mechanism is covered for a very small portion of crops – cereals, pulses, oilseeds, sugar and cotton – which are more critical from a domestic consumption point of view than high export realization for the producers. *Secondly*, the available evidence indicates that the Minimum Support Prices (MSP) are not designed to incentivise higher production as they barely meet the costs of cultivation in many states. The study by Narayanan (2015) (Figure 7) shows that the average MSP in recent times has been at the lower end of the range of costs across states for both wheat and paddy, in many states lower than even the cost of production. *Thirdly*, the procurement policy is far from protectionist and rather disprotects farmers in comparison to external reference prices (ERP). Narayanan (2015) highlights (Figure 8) how the domestic price support to both rice and wheat has been lower than the average value of production compared to ERP moving reference price or inflation-adjusted reference price. *Finally*, numerous studies have validated that India's MSP are non-trade distortionary, and their contribution to domestic support calculations might merely be a result of certain biases in WTO rules (Galtier 2015; Brink 2014; Banga & Sekhar 2015). For instance, Galtier (2015) highlights how domestic support for developing countries is significantly over-estimated because of three biases – (i) using a fixed past unit value of imports or exports as the external reference price instead of the current prices, (ii) using procurement price instead of the prevalent prices in the domestic market to estimate the farm price support, and (iii) using total national production instead of the marketed share of production to estimate the subsidy received by the farmers.

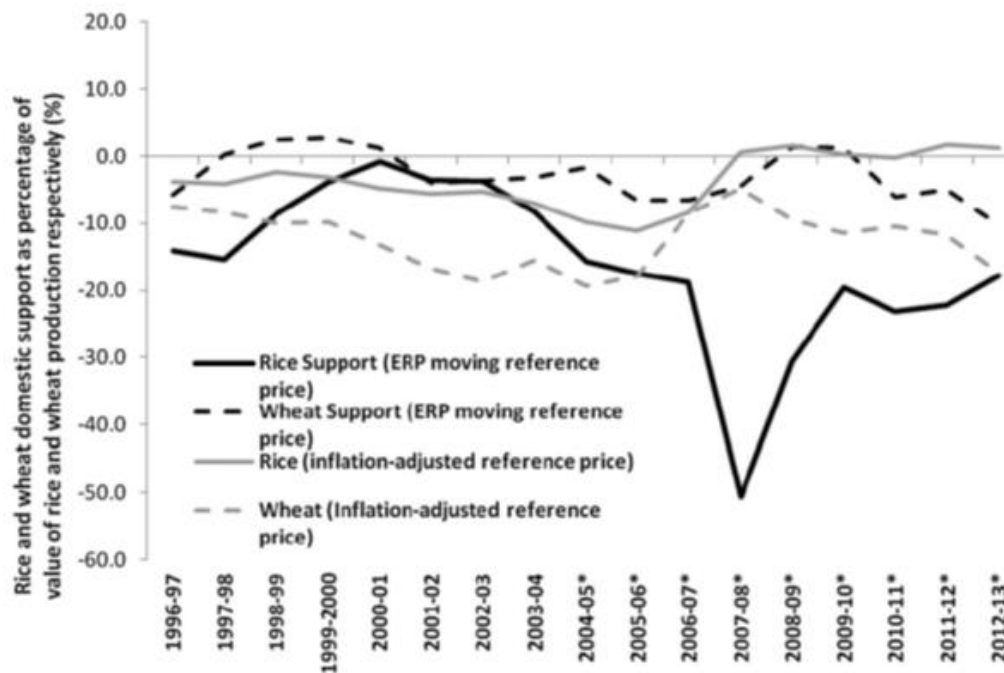
Figure 7: Comparing administered prices with costs of cultivation



Note: Range of Costs across States (Indian Rupees per Quintal). Minimum Support Price (Indian Rupees per Quintal).

Source: Narayanan (2015)

Figure 8: Price Support to Rice and Wheat (based on moving reference price and inflation-adjusted reference price)



Note: See Table 1 for details on computation.

Source: Narayanan (2015)

From the above analysis of policy approaches, it is evident that maintaining food self-sufficiency, ensuring domestic price stability, and protecting consumer interest seem to be the priority of India's domestic policy interventions. Development of agriculture as an export-oriented growth engine, or ensuring its competitiveness in international arena appear to be low on the priority focus. Therefore, despite a comparative advantage and prospect for enhancing global export in many product categories, the agriculture sector remains largely domestically oriented with limited export focus. India's overall focus on international trade regulation tools in the form of tariffs, trade barriers or domestic subsidies also seem to be largely "conservative and protectionist," instead of expansionary. However, even the protectionist interests seem to arise more from the perspective of "consumer interests" through regulation of consumer price index, especially for the needy, rather than the "producer standpoint" of ensuring best prices and enhancing export competitiveness. Given that its core objectives of food self-sufficiency has already been achieved and consistently maintained, India's domestic priority thus lies in preserving the "status quo" in the agricultural sector. With this understanding of domestic policy priorities, we can now analyse India's negotiating behaviour and policy posture at the WTO negotiations.

3. Analysing India's posture at the WTO agriculture negotiations

India has not only been an active participant but played an instrumental role in the agriculture negotiations at the WTO. It made substantial submissions and proposals as early as the pre-Seattle round highlighting the issues of food security, agriculture self-reliance, and a "market plus" approach to global agricultural trade through its analysis and information exchange (AIE) papers and pre-Seattle submissions in 1998 (WTO 1998a; WTO 1998b). It reiterated these issues and highlighted the challenges of developing countries in managing price volatility advocating for a continued government support program in its pre-Seattle submissions in 1999 (WTO 1999a; WTO 1999b). In 2001, it submitted a detailed and comprehensive proposal covering all aspects of the agriculture negotiations viz. market access, domestic support, export competition, and food security. This proposal remains one of the longest and most elaborate proposals made by any member (WTO 2001). Together with joint submissions with other developing countries, India made a total of 33 submissions on agriculture between 1997 and 2006. It was next only to the submissions made by India to the General Council and exceeded

the number of India's submissions on Services and TRIPs that are conventionally regarded as the most important trade concerns of India (Chakraborty 2010). This interest in agriculture allowed India to actively participate in all the major ministerial phases of the Doha round and firmly entrenched India's position in the "Green Room" hitherto reserved only for select developed nation groups (da Conceição-Heldt 2013; Efstathopoulos & Kelly 2014; Hopewell 2015). Given the centrality of India to the negotiation process, it is useful to analyse its tone or aggressiveness, negotiating approach, and the revealed policy stance to draw further insights.

3.1. Aggressive posturing

India has not shied away from taking aggressive postures or feared global isolation in a bid to pursue its negotiating agenda. Its tone and approach was set during the early days of the pre-Doha negotiations. Driven by a protectionist sentiment and a perceived failure to implement the agreements from the Uruguay round, India even sought to block the launch of the Doha round in 2001 (Efstathopoulos & Kelly 2014). It sought to build a coalition of developing country members to argue that any new round of negotiations be held only after adequate implementation of the AoA especially by the developed nations and against re-introduction of Singapore issues (investment, competition, trade facilitation, and transparency in government procurement). In many ways, India sought to preserve and extend the policy space for developing nations in the agenda of any new round of trade negotiations. However, its "hard-line approach" left limited scope for trade-offs and led to India's isolation despite initial support and backing from a coalition of Like Minded Group (LMG) members (Efstathopoulos & Kelly 2014). This approach was particularly against the interests of gaining new concessions for the services sector where India's comparative advantage had grown since economic liberalization (ibid.).

Subsequently, India played a pivotal role in articulating the developing world's interests, forming the G-20 coalitions¹, and blocking the US-EU joint proposal on agriculture at the Cancun Ministerial (Hopewell 2015). Together with the G-20, India also submitted a detailed counter-proposal to the US-EU draft articulating developing world positions across all areas of agriculture negotiations and emphasizing the S&D Treatment provisions for developing

¹ The group comprised 23 developing countries at Cancun: Argentina, Bolivia, Brazil, Chile, China, Colombia, Costa Rica, Cuba, Ecuador, El Salvador, Egypt, Guatemala, India, Indonesia, Mexico, Nigeria, Paraguay, Peru, Philippines, Pakistan, Thailand, South Africa and Venezuela. Post Cancun, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala and Peru left the Group but Zimbabwe and Tanzania joined as new Members. Guatemala has since joined the Group again. The Group has dubbed itself as G-20.

nations (WTO 2003). That India was prepared to go alone and stand firm on its negotiating position became evident from its role in the collapse of Doha Round of negotiations in July 2008, when members had come close to reaching an agreement on the prolonged Doha Development Agenda negotiations (Narlikar 2011; Wolfe 2009; Hawkes & Plahe 2013). It is exemplified by the statement of India's Minister for Commerce, at the WTO that "I made it very clear in these talks that I am willing to negotiate commerce. I am not willing to negotiate livelihood security" (Pritchard 2009, p.304). Thus, India rejected the deal expressing unhappiness on the proposal for tight terms and conditions around "special safeguards mechanism" (SSM), that was meant to protect a developing nation against a sudden surge in imports, with the Indian commerce minister expressing

We are not at all happy about the SSM proposal. All manner of objections are being raised to our right to safeguard livelihood concerns of hundreds of millions. Are we expected to standby, see a surge in imports and do nothing?.... The position of developed countries is utterly self-righteous: they have enjoyed their SSG [special agricultural safeguard] (and want to continue it) but our SSM must be subject to all sorts of shackles and restraints. This self-righteousness will not do. *If it means no deal, so be it.* (Narlikar 2011, *emphasis added*).

While a portion of the blame for stalling Doha round in 2008 also got attributed to the US and its inflexible positions on SSM (Wolfe 2009; Hopewell 2015), India was firmly isolated at Bali. India blocked the Trade Facilitation Agreement at the Bali round in 2014, the first multilateral trade deal in two decades, on the pretext of its inability to find a solution to the problem of public stockholding for food security purpose (Wilkinson et al. 2014; Diaz-Bonilla 2014; Tangermann 2014; Schnepf 2014). India's veto met with considerable criticism across the spectrum with even the G-33² partners reluctant to support India's position that found support only from South Africa, Bolivia, Cuba and Venezuela (Babu 2014). The gravity of India's posture at the Bali and post-Bali ministerial is summarized by the US Trade Subcommittee Chairman Devin Nunes who stated that: "It's one thing for a country to be a tough negotiator. It is entirely another to agree to a deal with your trading partners, and then just simply walk

² The G-33 comprises of 48 members: Antigua and Barbuda, Barbados, Belize, Benin, Bolivia, Botswana, China, Congo, Côte d'Ivoire, Cuba, Dominica, Dominican Republic, Ecuador, El Salvador, Grenada, Guatemala, Guyana, Haiti, Honduras, India, Indonesia, Jamaica, Kenya, Korea, Republic of, Madagascar, Mauritius, Mongolia, Mozambique, Nicaragua, Nigeria, Pakistan, Panama, Peru, Philippines, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Senegal, Sri Lanka, Suriname, Chinese Taipei, Tanzania, Trinidad and Tobago, Turkey, Uganda, Venezuela, Bolivarian Republic of, Zambia, Zimbabwe

away months later, insisting instead on one-sided changes. That's what India has done here by going back on its word, running the risk of eliminating any sense of good will toward it." (Babu 2014).

Thus, India's negotiation position and stance during Doha in 2001, with G-20 alliance partners in Cancun in 2003, Geneva in 2008, and Bali in 2014, indicate India's tough stand in agricultural trade negotiations where India was prepared to not only play a leading role in shaping the contents of the negotiations but also in blocking outcomes, despite possibility of isolation to defend its agricultural interests. Moreover, its position on blocking larger trade negotiations unless the issues of agriculture do not get resolved, indicates that agriculture is the international priority focus of India, for which, it is even prepared to risk losing space in liberalization of trade in services, that has become the mainstay of India's economic growth post the 1990s.

3.2. Coalition approach

Despite India's aggressive posture that threatened to isolate it at crucial moments in the negotiation, India's overall approach has been to forge coalitions with like-minded countries. Given its economically dominant position and a willingness to provide "club goods" to coalition members such as maintaining coalition unity and technical support (Narlikar 2011, p.1616), India has often emerged as the leader of diverse groups of developing country coalitions. It has also not hesitated from raising issues not directly linked to its domestic policy stance, but broader developing country positions, as part of such alliances. It attempted to forge developing country coalitions of LMG, SAARC, and G-77 even before the start of the Doha negotiations (Efstathopoulos & Kelly 2014). It submitted detailed representations with a diverse group of developing countries on the reasons behind the failure of WTO AoA to increased market access for developing countries (WTO 2000).

Post the Cancun Ministerial, India became an important constituent of the G-20. It comprised of developing nations comprising of agricultural exporting countries, Cairns Group, and other developing nations who had certain reservations on opening up their markets (Aggarwal 2005). The group's primary interest lay in reversing agriculture trade protectionism in the developed world and called for greater trade liberalization (da Conceição-Heldt 2013; Aggarwal 2005). The G-20 group comprises primarily of exporters like Brazil, Argentina, among others, who have offensive interests in agricultural negotiations, unlike India that has a mostly "defensive" interest in protecting its domestic agricultural market and ensuring the food security of its large

rural subsistence communities (Hopewell 2015). As part of G-20, India argued against trade protectionism but reconciled its interest by having the G-20 incorporate the demand for strengthening S&D treatment under Article 6 of the AoA and specifically fine-tuning the green box measures to suit developing country needs (da Conceição-Heldt 2013; Aggarwal 2005). The schism in the G-20 became evident at the July 2008 Ministerial where Brazil and other G-20 members differed from India's approach on SSM but were later persuaded to toe India's rejectionist line to preserve coalition unity (Narlikar 2011).

India has found its natural coalition in the G-33 group of countries that have defensive positions in the negotiations and seek to maximise the domestic policy space for agricultural products. The G-33 group comprises of 48 developing country members who have largely advocated for a broad-based right to be able to designate special products based on livelihood security for vulnerable farmers and rural development needs (Matthews 2014; Farsund et al. 2015; Polaski 2005). With the G-33, India was able to put elaborate proposals on the SSM (WTO 2006a; WTO 2015a; WTO 2010) while also eliciting the coalition support for its challenge of retaining public stockholding for food security. Despite the seeming isolation of India at the Bali Ministerial when it chose to block the Trade Facilitation Agreement pending a permanent solution to its concern on public stockholding for food security, it has been able to bring back the G-33 to support its proposals (WTO 2014; WTO 2015e; WTO 2015b). On multiple occasions, India has also joined forces with the Asian Developing Members, African Group, G-90 and the LDCs.

From the above discussion, it is clear that India has adopted an active coalition-building approach to agriculture negotiations. It has been able to bring together different developing nations with varied interests, to a common platform to argue for common developing nations interests. In doing so, it has taken up positions beyond its immediate domestic agricultural interests, and broadly advocated for both agricultural trade liberalization in the developed world as well as livelihood protection of small and vulnerable producers in many developing nations. In other words, India has attempted to take up the role of a leader of the developing nations group.

3.3. Protectionist stance

Although India has often submitted detailed proposals covering all aspects of agriculture negotiations (WTO 2001) and joined forces with the G-20 to press for enhanced market access and reduced domestic support in the developed world, its core focus has been in the area of

strengthening the provisions for S&D treatment for developing members. Its defensive strategy has been well commented upon by scholars (da Conceição-Heldt 2013; Aggarwal 2005; Narlikar 2006; Narlikar 2013). The evidence of its protectionist stance became evident from the nature of its initial submissions and multiple statements made as part of the negotiations process that focused on highlighting the agenda of ensuring food security (WTO 1998a; WTO 1998b; WTO 1999a). In many ways, this was a unique issue raised at the time when most other developing nations were arguing for greater trade access to developed nations. India also championed the concept of “development box” in the ministerial negotiations at Seattle in 1999 (Wolfe 2009) and repeatedly argued for some kind of “livelihood box” of subsidies (Priyadarshi 2004). Around this time, India was an active leader of G-20 group of nations focused on mainly trade liberalization for agricultural products. Subsequently, India became the leader of the G-33 group which had an essentially defensive interest in protecting their vulnerable producers from volatility in international trade. But, even here, India has adopted a protectionist stance to ensure its food security interests at Bali in 2013, in isolation from other G-33 members, many of who do not even have major public stockholding programs. As such, even while India has taken up offensive positions in pushing for greater trade liberalization along with its coalition partners, its stance has consistently pushed for supporting protectionist policies, specifically, around food security concerns.

From the above discussion, it is quite evident that India has strived to be an active player in shaping the agenda for agriculture negotiations. It has played an aggressive role in pushing its position on agriculture and has not hesitated from taking positions that threatened to derail the entire global trade negotiations regime. Its aggressive role has however been couched with the legitimacy arising from its position as a champion of developing nations’ interests. It has consistently tried to position itself as an important member, and a leader, of a broad-based coalition of developing countries. In doing so, it has not hesitated from aligning with nations with diverse interests, often not aligning with India’s domestic policy priorities, for instance in the G-20 alliance. However, India has not hesitated to go alone in pursuing its objective of retaining flexibility for its farm protection policies, as evident from its stand on SSM at the July 2008 ministerial, and for autonomy to manage its food security concerns, as evident from the Bali round discussions. As such, India has strived to maintain a tight balance between championing group interests and pushing its individual interests. It has led India to push its policy positions both through the coalition process, as well as on a standalone basis as an important global player independent of its coalition members.

4. Identifying contradictions between domestic policy priorities and international negotiating positions

From the standalone analysis of India's domestic agricultural policy orientation in section 2 and a review of its international negotiation positions in section 3, one can identify several contradictions and deviations from the perceived national interest. *Firstly*, India has maintained an unusual amount of interest in agriculture when it comes to international negotiations, despite its limited importance to India's international trade prospects and limited and steadily declining influence of agriculture in India's domestic political economy. India has taken an aggressive posture in the trade negotiations threatening even to block the overall global trade liberalization process, despite having significant offensive interests in the services sector (da Conceição-Heldt 2013) which is of far greater significance to India's international trade. *Secondly*, despite India's comparative advantage in agricultural products and the need to enhance exports in order to improve livelihood and productivities of its large number of farm-dependent population, India has largely maintained a domestic orientation of crop mix and domestic production, with limited investments in improving its international trade competitiveness. *Thirdly*, in spite of the limited export orientation and lack of focus on enhancing its exports, India remains an integral part and a key leader of the G-20 which comprises of countries that have primarily offensive export interests in the negotiations process. As part of the alliance, India has also submitted detailed proposals meant for liberalizing agricultural trade, even though, its policy orientation has been rather defensive and protectionist. *Fourthly*, India's primary approach to negotiations has been protectionist despite a significant latitude for a more offensive strategy under its current WTO commitments. As a result, India has found a natural partner in the G-33 group which has protectionist interests in attempting to safeguard their farmers from import surges, and ensuring their livelihood security. At the same time, India's approach to tariff and import controls has been countercyclical wherein it has tended to impose export restrictions in times of high world prices, thereby dissuading its domestic producers from taking advantage of the situation. At the time of high domestic prices, it has tended to lower tariffs and trade barriers, again to the detriment of producer interests (Brink et al. 2013). *Fifthly*, in spite of adopting a protectionist stance concerning safeguarding producer interests in the international trade negotiations process, India has chosen to disprotect its producers through the MSP regime by offering lower production prices than external reference prices or inflation-adjusted prices as seen in **Error! Reference source not found.**Figure 8. *Sixthly*, India has assumed leadership of the G-33 coalition which is focused on protection of their domestic producers. However,

domestic policy prioritizes the consumer interest rather than the producer interest, with the primary goal of ensuring domestic price stability. It has an elaborate food subsidy program which most of its G-33 coalition partners can ill-afford to implement. *Seventhly*, despite divergent interests from both G-20 and G-33 groups, India has chosen to go with a largely coalition-building approach to negotiations. **Yet**, India has often chosen to go alone in opposition to its coalition partners in order to pursue its individual interests, as seen at Geneva in 2008 and Bali in 2013. That India would choose to distance itself from its coalition, despite limited pressures of agriculture from the domestic political economy standpoint, is indeed quite unexpected. *Eighthly*, India's domestic policy seems to be aimed at maintaining the "status quo" in agriculture as highlighted in the second section. **Yet**, India has been at the forefront for arguing for substantial changes in the international agricultural trade regime in favour of developing nations, while it is the developed nations like EU, US, and Japan that have attempted to retain status quo in global agricultural trade order in a bid to protect their domestic interests.

Thus, it is evident that India's international negotiating posture seems to be at variance with its domestic policy focus. A partial explanation for India's negotiating strategy is found in the extensive literature that locates it in India's bid to emerge as a significant player in global economic governance (Hopewell 2015; Hurrell & Narlikar 2006; Narlikar 2006; da Conceição-Heldt 2013; Efstathopoulos 2012; Efstathopoulos & Kelly 2014; Flemes 2009). Most of such scholarship traces India's rising influence in the global economic arena to its activist position in the Doha agricultural trade negotiations and its strategic alliances with the G-20 and the G-33. It explains how the India-Brazil alliance at the Cancun Ministerial managed to displace the established powers like Japan and Canada from the close group of negotiating parties. It also explains how India remains firmly entrenched within the "Green Room" comprising of various schema comprising the "five interested parties" (FIPs) (comprising US, EU, Australia, Brazil and India), the G6 (including Australia), or the latter close group of negotiators that comprised China, Indonesia, and South Africa (Efstathopoulos & Kelly 2014). Another potential explanation from this vantage point could be the use of agricultural agreement as a bargaining chip for addressing NAMA issues. However, this explanation fails to account for the fact that despite "Green Room" access, India's role in international system has been merely established as one of a "veto-player" rather than an "agenda setter" with very few instances where India has successfully managed to influence outcomes in its favour (Narlikar 2011; Narlikar 2013). The limited success of this strategy can be gleaned from the fact that India could not find a

solution for its primary concern around public stockholding for food security till its Bali showdown, despite its various submissions since 1998 (WTO 1998b) and potential amendments being incorporated into the draft agreement since 2006 (WTO 2006b). Further, even the Bali-round agreement on a “Peace Clause” was merely a temporary measure till a permanent solution is found and significantly hampers India’s public procurement operations for sugarcane and cotton (Brink 2014). While it may not be fair to judge the success of a strategy merely on account of outcomes, an aggressive approach, like the one at Bali, has not only threatened to hamper India’s stature in international arena but often isolated it as an “irresponsible power” (Efstathopoulos & Kelly 2014; Narlikar 2011). This may also have repercussions on India’s coalition strategy and its ability to continue assuming the leadership role for different developing country coalitions, like the G-20 and G-33, in future.

The other major argument from the international relations standpoint emphasizes India’s position as a non-aligned power that has attempted to build coalitions and carve itself as a leader of the developing world. It is epitomized in India’s Minister for Commerce update to the Parliament on WTO negotiations that: “India spoke not only for herself, but in the tradition established since the time of Pandit Jawaharlal Nehru and Shrimati Indira Gandhi, we also lent a powerful voice to the concerns of least developed countries. Through close coordination with the LDC Group and the Africa Group, we were instrumental in fashioning an LDC package” (Hurrell & Narlikar 2006). However, such explanations fail to point out why India backtracked away from the G-33 in Bali in November 2013 (Wilkinson et al. 2014) and failed to prevent a split on multiple occasions in the developing nation coalitions on agriculture talks. India’s position on agriculture was rather defensive, contrary to the needs and stand took by many of the other developing nations (Wolfe 2013). India was left almost standing alone at Bali (Wilkinson et al. 2014; Diaz-Bonilla 2014) and often took positions against the further market opening, which was considered against the developing group’s interest (Schwab 2011).

Other explanations have attempted to locate India’s negotiating strategy beyond the mere pursuit of national interests, into the fairness discourse of establishing an equitable and just global trade architecture (Efstathopoulos & Kelly 2014). It is borne out of the realization that the Uruguay Round negotiated on AoA was a bad deal to start with for the developing countries (Wolfe 2009). Most of India’s submissions, both standalone and together with its coalition partners, seem to justify its role in championing developing nations’ interests. However, as India’s international stature grew over the last 20 years, it has not hesitated to distance itself

from its partners on critical junctures. Like most other nations, India has only accepted its position in the “Green Room” to the exclusion of its coalition partners, while doing little to advocate changes in the core negotiation process. In fact, recent scholarship suggests that India has merely claimed its position in the global power hierarchy while not hesitating to enter into bilateral deals with major trading partners as exemplified by the US-India deal to resolve the Bali impasse (Wilkinson 2015).

5. Analysis of India’s policy drivers

Despite the seeming contradictions between the domestic agricultural policy focus and the international negotiation strategies, India’s approach to agriculture negotiations can firmly be located within the domestic political economy context. However, it needs to be looked differently from how international trade scholars have attempted to explain based on India’s large farm-dependent and politically active population (Priyadarshi 2004; da Conceição-Heldt 2013).

The tentative answers are again provided by some of India focused political economists. Chatterjee (2008) describes that the industrial capitalist class in India is now the dominant class and seems to be in a position to set the terms to which other political formations can only respond. However, there is an increased realization that capital is unlikely to be able to absorb the “losers” from agriculture. The process of transition from agriculture to the industry remains incomplete. There is a realization that this would be the stable state with India having an equilibrium between the progressive and modern “corporate capital” or the “formal sector” driven by the logic of capital accumulation on the one hand and a large section of population engaged in a need-driven economy comprising the “informal sector” (Sanyal 2007; Chatterjee 2008). The large informal sector, comprising of both farm and non-farm dependent households, operates at low-income levels that are ill-equipped to sustain income or consumption shocks. Thus, the political legitimacy of the Indian state is achieved by the “governmentality” premised on the idea of providing entitlements and capabilities to the citizens (Sanyal 2007). It becomes the arena of everyday politics in India (Chatterjee 2008; Chatterjee 1993).

Hence, despite the limited influence of agriculture in the Indian policy space, the government is faced with the reality of an ever-burgeoning need to provide subsidies and entitlements to the mostly poor and vulnerable consumers. It manifests in an ever-increasing subsidy bill,

reflected in the growing food subsidies as highlighted earlier in Figure 6. It also explains how India's public stockholding program for food security is geared more towards consumer interests rather than attempting to protect or support the farmers or the agricultural sector. The imperative to provide a substantial quantum of food-based consumption subsidies and manage an assured price and supply protection to its vulnerable consumers, thus, emerges as the vital policy concern for the Indian agricultural sector. This imperative accounts for India's aggressive posture in agricultural trade negotiations focused on protecting its food security. It also accounts for why India gave up on its farmer-oriented cotton subsidies from the public stockholding program at the Bali, even while viciously protecting its grain procurement program.

Thus, India's negotiating strategy could be understood as an attempt to preserve the status quo in the domestic agriculture and food economy even while India looks to benefit from trade liberalization in the services and manufacturing sectors. Overall, the main driver of India's international negotiations strategy seems to be the need to provide a substantial quantum of food-based consumption subsidies and manage an assured price and supply protection to its vulnerable consumers. With this insight, India's interests seem to be divergent from many of its developing country coalition partners in the G-20, who are looking at agriculture negotiations from the perspective of enhanced and equitable market access and thus argue for across the board reduction in subsidies and tariff barriers. India's interests are also divergent from the G-33 nations who can ill-afford the elaborate food subsidies provided by India and are merely looking at protecting and advancing the interests of their vulnerable farm population, through adequate safeguard mechanisms. Given that India lacks power and influence in the global trade architecture, it has needed to forge coalitions with other developing countries to pursue these strategic national interests. However, the divergence of fundamental interests with coalition partners, who can often ill-afford such elaborate food security subsidies, made India go alone and viciously defend its individual national interests. This explanation lends some credence to the argument that India seems to be the "elephant hiding behind the mice" (Schwab 2011). Moreover, the primary driver of India's negotiation strategy of ensuring "status quo" seems more in line with developed nations like the US, EU and Japan rather than developing countries. However, in the developed nations, the emphasis of "status quo" rationale is towards ensuring sustainability of farm production, while for India it concerns ensuring food security for its poor and vulnerable consumers.

Our discussion has significant implications for India's negotiating behaviour once it finds an acceptable solution to its problem of maintaining public stockholding for food security purposes. It partly explains why after the US-India trade agreement wherein it bought a permanent peace clause and assurance on being able to pursue its food security objectives (Wilkinson 2015), India has backed down from its aggressive negotiating positions on agriculture with limited other gains. This raises questions about the sustainability of India's aggressive role in agricultural negotiations and its nature of coalitions going forward. We may have already seen the start of a new Indian negotiating approach at the recently concluded Nairobi Ministerial. At Nairobi, India agreed to endorse the agreement on export competition in agriculture de-linking it from other aspects of the agriculture negotiations which have now been relegated to the status of continued negotiations under best endeavour basis. These include vital aspects like SSM safeguards, permanent solution for livelihood protection programs of developing countries, distortionary cotton subsidies or preferential treatment for the LDCs (WTO 2015d). It seems to be a reversal of the long-standing negotiation strategy of linking all the key aspects of Doha Development Agenda and marks significant compromise on India's and its coalition partners' negotiating positions, without any commensurate gains (Kanth 2016). Further, the statement of India's Minister for Commerce & Industry at the Nairobi Ministerial highlights India's new-found casual approach to agriculture negotiations, wherein she merely expressed her surprise and displeasure at crucial changes that were missed or "slipped through" in the adopted declaration, despite India having been a privileged participant to the "Green Room" drafting and negotiating process (WTO 2016). The fact that India did not even attend the meeting convened to discuss the SSM aspects at Nairobi, further, reflects India's waning interest (Kanth 2016).

6. Conclusions

In this paper, we contextualized India's negotiating strategy and internationally espoused positions on WTO agreement on agriculture through an analysis of the domestic drivers for India's agricultural policy. We highlighted how there are apparent dichotomies between the domestic agricultural policy focus and the international negotiation strategies – (i) an unusually active interest and undue focus in international arena in the wake of domestic neglect, (ii) a protectionist stance despite significant latitude for a more liberal agricultural trade policy given by India's current high tariff cushion and an overall comparative advantage in several

agricultural products, and (iii) a coalition strategy with countries having divergent and often diametrically opposite interests in agricultural trade. These apparent contradictions helped us arrive at a more nuanced understanding of India's agricultural trade focus. While locating the explanation to the domestic political economy context, we highlighted how India's negotiating strategy could be understood as merely an attempt to preserve the status quo in the domestic agriculture and food economy. It is driven by the need to provide a substantial quantum of food-based consumption subsidies and manage an assured price and supply protection to its vulnerable consumers. It helped us emphasize how the public stockholding program for food security, which has been the bone of contention for India at the WTO, is geared towards consumer concerns rather than farmer protection or agricultural subsidy considerations. It explains why India has adopted a largely defensive interest in agriculture even while aggressively defending its food security program.

While the above analysis has implications for the role of India in the global trade negotiations going forward, it also helps distil the substantial policy gaps that remain unaddressed on the domestic policy front. Given that agriculture continues to be the mainstay of a large proportion of Indian population, there is an urgent need to push for revival of domestic agricultural economy for inclusive growth. It calls for substantial policy focus and sustained interventions in addressing the growing problem of agrarian distress. Through greater investments in improving infrastructure support to its farmers in terms of supply chain infrastructure creation, research and extension services, volatility protection policies, and other mechanisms; there is significant potential to improve India's export competitiveness and further enhancing and exploiting its existing comparative advantage. Many of these requisite policy interventions can very well be structured within the existing WTO AoA framework. This would also require reorientation in the negotiating strategy from defensive focus to proactive effort for exploring market access opportunities. This is more consistent with the internal goals as well as the negotiating orientation of most developing countries. Increased export competitiveness of agriculture will also enable improvement in livelihoods of millions of farm households, not only reducing the agrarian distress but also easing the pressure from industrial and other non-agricultural sectors to absorb surplus labour that wants to quit agriculture. Such an approach would also make India's position consistent with other developing nations, and enable India to play a sustained leadership role on the international stage.

7. References

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