Impact of WTO on Agriculture and Garment Industry in India – Briefing Papers

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Summary

It was seen that small and marginal farmers were affected very differently by changing national and international trade policies. The rising cost of production i.e. increase in the price of inputs such as fertilisers, seeds and pesticides did not have such an adverse impact on the big landowners but were seen as catastrophic by the small and medium landowners and landless agricultural labourers and were seen as directly harming their access to food. Most of the suicides in Punjab and Andhra Pradesh were by peasants engaged in commercial cropping. Commercial cropping requires huge investment and that leads to debts, as it requires heavy inputs (i.e. cotton farming consumes half of the entire pesticide consumption in India). Since the commercial crops are totally dependent on market fluctuations, any fall in prices leads to further loss and indebtedness.

Another issue that came up was with regards to household electricity for agriculture. Small landholders have to pay this – but not the big landowners – especially in Haryana. There have also been widespread numerous agitations against the privatization of electricity that the government of Haryana is trying to carry out.

From the interviews that were carried out it was clear that the small and medium landowners were losing out but at the very least – they had some land ownership which could tide them over for some time. The labourers who worked on their fields had no such safety net to fall back on in hard times and it was seen that their situation was the most pathetic of all. Increased sharecropping was seen in many villages where interviews were conducted. Further, the process of mechanization has taken jobs away. The government in Punjab has removed all import duties on machines like combine harvesters – and work that was earlier carried out by labourers are now being carried out by machines which has led to the increased marginalization of the poor.

There is also an increased burden on labour now being hired to work under 'contract' – this has led to many accidents without any kind of compensation being given to the workers. This is direct contravention of the belief held by some that privatization gives a better safety net to workers.

Background

Trade in agriculture is not something that has been traditionally under the purview of international trade agreements. The General Agreement on Tariffs and Trade – known popularly as GATT (the precursor to the WTO) scarcely made any mention of it. However, by the middle of the 1980's, distortions in production, consumption and trade in agriculture led to international trade conflicts among major agricultural producing and trading nations hence necessitating an immediate reform of agriculture (Hoda, 15). These distortions were essentially caused by the excessive price support programs that were extended by rich industrialized countries to their farmers. This was done to reduce the discrepancies between the wages of farmers and workers in the industrial sector and halt the migration of the former to the latter (Hoda 14).

Hence, the reform of agriculture was a major component of the Uruguay Round of multilateral trade negotiations which was launched in September 1986 under the GATT. The Agreement on

Agriculture (AoA) constitutes a crucial part of the overall WTO agreements, having 21 Articles, containing within them a diverse range of objectives. It is part of the 'Final Act' which embodies the results of the Uruguay Round of Multilateral Trade Negotiations, signed by ministers in Marrakesh on 15th April 1994.

The AoA's self-proclaimed principal long-term objective however is to ensure free trade of agricultural commodities in the world market which it hopes will increase the overall efficiency by optimal reallocation of economic resources (Sompal 3). The Agreement states that their long-term objective 'is to establish a fair and market-oriented agricultural trading system and that a reform process should be initiated through the negotiation of commitments on support and protection and through the establishment of strengthened and more operationally effective GATT rules and disciplines (WTO legal text).' However what can be seen is that the manner in which trade is currently practised may be free but it is hardly fair with most of the benefits accruing to 'northern' or developed countries.

Currently, the world market is distorted due to various incentives that are given to encourage agricultural production. It is argued that if these incentives are removed, countries will begin to produce items which match their resource capabilities best and hence lead to the best use of those resources. Broadly, there are five areas under the AoA, whereby member countries are required to adhere to commitments. These are essentially with regards to Market Access, Domestic Support Measures or the Aggregate Measure of Support (AMS), Export Competition or subsidies, Sanitary and Phytosanitary (SPS) measures and Trade related intellectual property rights (TRIPS).

How does the Agreement on Agriculture (AoA) relate to India?

Introduction and Framework for Analysis

The contribution of agriculture and allied activities to India's gross domestic product (GDP), at 1993-94 prices has been declining for some time (Alternative Economic Survey Chaubey, 46). According to some this means that there is no longer any need to consider agriculture as a significant sector. However, these claims cannot and should not be taken seriously as close to 70% of India's population lives in rural areas (Census of India 2001) and according to the government census (2001) over half of our population is engaged in agriculture (See Table 1).

It is hence crucial to analyze what effect the measures under the Agreement on Agriculture are going to have on their livelihood. This section will demonstrate that the Agreement on Agriculture under WTO has had a very adverse impact on small and marginal farmers who constitute the majority of farming households in India.

This section is broadly split into three parts. The first identifies the key players in the world agricultural market and examines India's position in relation to them. It also analyses the main 'pillars' of the AoA and attempts to examine the extent to which these are inherently biased against developing countries such as India.

Table 1 - Employment in the Agricultural Sector (in Millions*)*

Year	Total Population	Rural Population	Persons employed in Agriculture
1901	250	225 (90%)	188 (75 %)
1951	361	299 (83%)	235 (65 %)
2001	1027	722 (70%)	541 (53%)

Source: Census of India, Government of India 2001

The second demonstrates through case studies the extent to which increased liberalization and connectivity with the world markets has led to the deterioration in the condition of small landholders and agricultural labourers. The paper will also address the issue of food security in this regard.

Lastly, we will attempt to put forth what needs to change in order for agricultural trade to work as an effective instrument for poverty reduction and economic justice.

Key players in the world agricultural market

The United States, EU and the Cairns group (which includes countries like Australia, Argentina, Bolivia, Brazil, New Zealand, Malaysia etc.) are the three major groups and developing countries such as India can be seen as the fourth group. The first three groups can be seen as constituting one unit as their respective agendas are very similar to each other. Some of the points of this agenda would include giving access to their farmers to developing world markets and maintenance of their current level of subsidies to its farmers. One significant point of departure between the United States and the European Union is with regards to the issue of genetically modified food – while the United States demands access to markets for their genetically modified food stuff, the EU opposes the entry of genetically modified foods (Valente, http://www.twnside.org.sg/title/cairn-cn.htm.2001).

The fourth groups is that of developing countries – a point to be noted here, is that the term 'developing countries' does not in any way imply a homogenous group. There are significant differences between them and they have all followed distinct political, economic and social trajectories. However there are certain common issues facing all developing countries relating to the WTO. Some of these concerns are – food security and livelihood, market access and lowering of tariffs, reining in of subsidies particularly those given for export promotion.

India's position in world agricultural trade

The Indian governments policy towards agriculture has been a highly regulatory one and is governed by the Essential Commodities Act, 1955 whose objective is to ensure access by consumers to essential mass consumption items at reasonable prices. Combined with this is also the objective to provide a fair price to the farmers. With this purpose in mind, the Food Corporation of India (FCI) and its designated state-level agencies procure wheat and paddy at a minimum support price (MSP). This operates in practice only in the harvest season as a cushion against sharp price drops. However, in recent times, particularly in the context of the World Trade Organisation, there is much debate on the efficacy of maintaining such a highly regulatory policy towards agriculture. It can be said that the MSP has largely benefited a large cross section of farmers from small, medium to big landholders. It is argued that food security in India will not be affected if free trade of agricultural commodities is allowed.

India's share in the total world trade in agricultural products was just 0.66 per cent in 1992. During the same year, the corresponding figures for the USA and European Union (EU) were 10.5 per cent and 46.7 per cent respectively. India's signing of the treaty hence is aimed at getting a wider share of the world cake of agricultural trade (Samar K. Datta et al 138).

Table 2 - India's share in World Production and area for Major Crops, 1995-97

	India's rank	
Crop	Production	Area
Wheat	2	2
Rice	2	1
Pulses	1	1
Groundnut	1	1
Sugarcane	2	2
Tea	1	2
Jute	1	1
Cotton	3	1

Source: FAO Yearbook, 1996

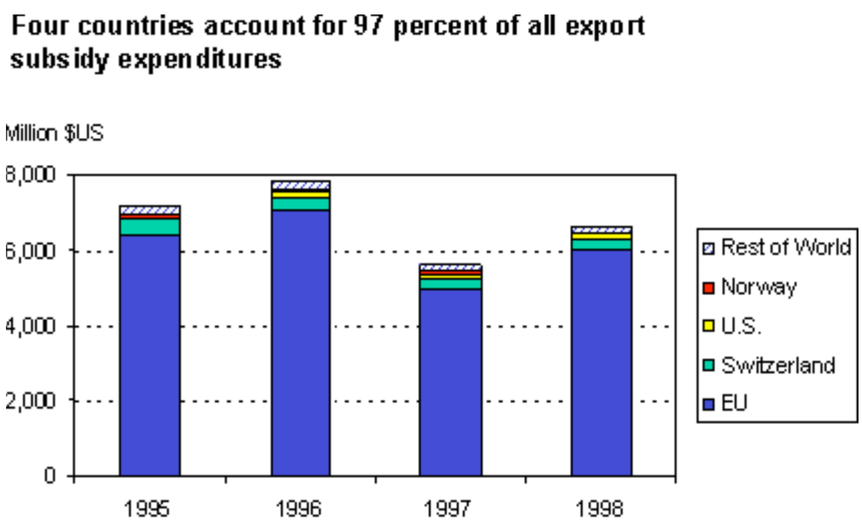
According to the 1998-99 economic survey, Agriculture and Allied goods accounted for 18.1 percent of our exports (19). However, there has been a marked change in the composition of our exports in the post-reforms period vis-à-vis the pre-reforms period. India appears to be moving towards less value added items, in other words, we appear to be exporting more primary goods than processed goods. This is reminiscent of the days of the colonial rule when cheap raw agricultural goods used to be taken out of India and used to produce manufactured goods in British factories and then resold in India at high prices.

The most prevalent argument in favour of trade liberalization in agricultural products is that it will equate the domestic prices with the international prices which have always been historically higher, thus accruing great benefits to the economy. Simply put, it will allow the country to import commodities at a price lower than that which is prevailing in the domestic market and simultaneously export commodities to other countries where the domestic prices are higher. However, while this may sound good in theory, the underlying neo-classical premise behind this argument is that there is complete information in the market and that the elimination of tariffs and subsidies will lead to free trade among nations. This ignores the fact that markets are not characterized by complete information, i.e. – the buyers and sellers will never know exactly what the prices of different products are in the market, hence preventing a smooth and distortion-free trade. Furthermore, with the continuation of massive subsidy programmes abroad one will not find the price of these products to be distortion free either.

Market Access

Market access was regarded to be the 'hallmark' of the free trade agenda. The AoA primarily envisaged the removal of all non-tariff barriers such as quantitative restrictions (QR's), quotas, import restrictions through permits, import licensing and monopolistic state trading etc. These would be replaced by tariffs that would gradually be reduced. The AoA believes that greater market access will allow for greater economic growth in countries such as India. Countries like India were told that countries in the developed world would have to give up their protectionism and open up their markets for cheaper food imports as a result of which countries like India would gain tremendously. However, while India has opened up its markets and make its farming community vulnerable to imports of highly subsidized products, no reciprocal measures have been taken by developed world countries (Sharma Farmers World network Briefing).

Graph 1: Export Subsidies given Globally



Source : United States Department of Agriculture

Case of edible oils

An example that is often cited is that of surging imports of edible oils during 1998-99 and 1999-2000 amounting to more than 40 percent of the domestic consumption. This development is connected to the fact that there was a major increase in soyabean cultivation to a record of 150 million tonnes since about 70-80 per cent of the crop produced was genetically modified – the producers (mostly highly subsidized American farmers) had a very difficult time finding markets for it in Europe. Instead these were now being pushed to developing countries such as India. Imports were reportedly coming in at Rs 20,000 a tonne which is below the domestic average cost of production of Rs 22,000 a tonne. The plea to raise import tariffs to protect domestic industry fell on deaf ears and has led to the slow death of the soyabean farmers and soyabean processors (Thomas). This is a clear and stark example of domestic policy with regards to livelihoods security. Given below is a table that demonstrates the dramatic rise in imports of edible oils in comparison to other agricultural commodities.

Table 3: Imports of six major agricultural commodities in India (1998-2001)

Name of Commodity	Volumes of Imports ('000 tonnes)		
	1998-99	1999-00	2000-01
Rice	6.65	27.60	8.27
Wheat	1803.70	690.40	4.22
Sugar	900.47	1114.94	27.92
Pulses	563.60	203.99	219.39
Cotton	57.40	236.14	194.79
Edible Oil	2621.85	4196.00	3358.23

(Source: Ministry of Agriculture, Govt. of India - *http://agricoop.nic.in/taskrepo1.htm*)

Despite AoA stipulations that developed countries needed to reduce their tariffs by 36 per cent by 2000 – developed world tariffs continue to be very high. They are particularly high in goods that India has a competitive advantage in and where she would gain tremendously if allowed free market access into these countries. E.g.'s of these typically high tariffs are (Das, 59)

US: Sugar (244.4), Peanuts (173.8), Milk (82.6)
EU: Beef (213.0), Wheat (167.7)
Japan: Wheat Products (388.1), Wheat (352.7), Barley Products (361)
Canada: Butter (360), Cheese (289), Eggs (236.3)

Hence, we can see that the agricultural tariffs for the developed countries remain six times higher than tariff rates for developing countries such as India, where the tariff rates remain comparatively lower. Reddy states that 'this ends up as access of the rich countries to the markets of the poor countries and *not* vice versa.' (214).

Domestic Support

Under this provision developing countries are being asked to slash the already meagre support they offer to their farmers. The point to be noted here is that the highest support to agriculture (distortions) comes from the OECD countries. In 1999, in absolute terms, the total support to agriculture in OECD countries amounted to US $361 billion. Roughly 40 per cent of this support is subject to reduction commitments. But the major share, 60 per cent is exempt under the AoA, from reduction commitments ("United States Department of Agriculture").

Each farmer in the developed countries gets on average a subsidy of $29,000 a year. The US domestic support for its farmers was US$25.5 billion in 1996 while for the EU it was $85 billion. In both, the US and the EU farmers constitute less than 3 per cent of the population. In contrast India's domestic support to its farmers, who constitute the majority of the country's working population, worked out to a negative $23.7 billion in 1995-96, which implies that developing countries do not give product specific support. We do not pay our farmers for producing specific items. (Menon)

Table 4: Share of Agricultural Subsidies

Countries	Base Year (1986-88)		1999	
	%GDP	%AGDP	%GDP	%AGDP
United States	1.34	25.0	1.32	24.0
European Union	1.79	44.0	1.95	49.0
Japan	3.04	67.0	2.82	65.0
India	1.70	6.2	1.70	6.1

*(*Source: Ministry of Agriculture, Govt. of India - http://agricoop.nic.in/statistics/stock3.htm*)*

This is a major inherent flaw present in the WTO's Agreement on Agriculture – the fact that it refuses to recognize the glaring differences that exist between developed world farmers and developing world farmers. Article 13 of the AoA further illustrates the discrimination against the interests of farming communities in countries like India (Reddy, 218). Under this the production and input subsidies extended to developing country farmers like in India are subject to duties in complete disregard of the fact that the majority of farmers in the developing world have a very subsistence based farming setup, which is not geared to agri-business at all. It is akin to comparing a beverage MNC with the local lemon drink seller.

Export subsidies –

Under the AoA, developed countries have to cut their export subsidies by 36 per cent in value terms by 2000. But they are flouting this through clever book-keeping. The developed countries like US and EU, have been subsidizing some products by proxy. Far from reducing subsidies as required under the AoA, both the US and the EU are in fact increasing them (as depicted by Graph 1). In 1998 the US made a 5 per cent ($ 4 billion) increase in export credit guarantee allocations. While developing countries like India have been fixing nominal import tariffs (India on an average has a tariff rate of 35 per cent), developed countries have been fixing prohibitive import duties. Among the developed countries, the major contributors to distorted world agricultural prices are the EU, the United States, and Japan plus Korea.

Export subsidies have been singled out as the most trade-distorting practice. India has very strong agricultural export potential which is completely undermined by the ability of its commodity producers to compete on the international market because of the heavy subsidies given to developed country farmers.

Sanitary, Phyto-Sanitary Measures and Technical Barriers to Trade

Sanitary and Phytosanitary measures (SPS) and Technical Barriers to Trade (TBT) come under Article 14 of the Agreement on Agriculture. The essential idea behind the SPS agreement is to protect human, animal and plant life or health from pests and diseases arising out of imports of food and agricultural products. Technical Barriers to trade (TBT) agreements deals with product specifications including labelling and handling safety. The Codex Alimentarious Commission (CAC) provides these guidelines for the health and safety provisions under the WTO (Yeodhar 6). However, this so called 'international' standards body which WTO members reference for their main decisions is heavily influenced by US agribusiness. (http://www.speakeasy.org/~peterc/wtow/wto-law.htm#trips).

Mohammed Saqib writes that technical standards and regulations (including sanitary and phyto-sanitary measures (SPS) are not in themselves a trade barrier. However their use and/or adoption to raise new obstacles to imports and to give protection to domestic producers could pose as barriers to trade. (Saqib 1). There are ample provisions within the Agreements on TBT and SPS for developed world countries to use this as a non-tariff barrier to trade and a platform to deal with non-trade issues. There are numerous cases where Indian imports and indeed many other developing country imports, have been banned on grounds of poor quality or non-conformance to environmental standards.

An example that can be given is with regards to India's tea industry – where tea was rejected on the grounds that it did not meet standards on pesticides residues e.g. The Teejkanne Darjeeling Gold brand of tea was rejected by Germany because it contained 0.24 mg of tetrafidon per kg. Similarly with regards to peanuts, a new sampling plan (3 test Dutch code methodology) would result in a higher rejection rate – while experts believe that as much as 75% of this rejected lot would actually fall in the established tolerance limits (http://unctad.org/trade_env/test1/ meetings/standards/veena-sps.ppt).

Another example is with regards to milk products produced in India. The EU in their standard for milk and milk products, insists that checks should originate from the level of primary production and has laid down the conditions of maintaining animals, including the types of feed the animals should be given etc. By doing this they wish to monitor each and every single animal. In a country like India where the animal population is large, dairy holdings may have just one or two draught animals and milk from a number of such holdings is pooled together before it is processed. Saqib writes that under these conditions the quality is determined at the 'entry point' of the processing unit and the milk appropriately treated to ensure destruction of any pathogens. The end product therefore is entirely safe and its quality has not been hampered by not monitoring it at the 'point of origin'. (Saqib 4).

The point here is not that there should not be an enforcement of regulatory standards. Clearly there is a pressing need for India to improve the quality of its exports so that they become more competitive in the world market. However it is also important that the standards put up by international regulatory bodies such as Codex, be made fair and transparent and that these complex SPS and TBT standards not act as a non-tariff protectionist barrier to liberalized agricultural trade.

TRIPS – Trade Related Intellectual Property Rights

The TRIPS agreement set up a system by which international patents are set up to reward companies who have developed new products. The TRIPS agreement covers eight types of intellectual property: - patents, copy rights, industrial designs, integrated circuits, geographical indication, protection of undisclosed information and control of anti-competition practices in contractual licenses. Out of these the issue of 'patents' is most relevant to India. M.S Sidhu writes that to qualify for a patent, the invention must fulfill three fundamental criteria, 'it must be new, must involve an inventive step, and be useful in industry or agriculture (138).'

The key issues of

- i) Monopoly on Knowledge and charging for its use
- ii) Conception of the term "new"
- iii) Patent laws

From the core of the debate around TRIPs, and it is essential to understand the ramifactions they pose for developing and underdeveloped countries.

Monopoly on Knowledge and Charging for its Use

Using TRIPS ensures that knowledge is allowed to stay in the hands of that particular company/ individual and they have full monopoly on the dissemination of information related to that product. This ensures that the research body gets its "fair" share for undertaking research and development (R&D) of that product. Transnational companies and pharmaceutical giants that invest huge amounts annually in R&D wings have been in favour of incorporating intellectual property issues into the GATT framework.

This entire concept though of “charging for knowledge” is dangerous, as it automatically excludes those who cannot afford to pay for it. Developing countries being relatively poorer, will find that this poses a significant constraint in their development path.

The most contested part of the TRIP’s agreement for India has been with regards to the issue of patenting seeds. While the TRIPS agreement did not require us to patent seeds, it did state that India needs to establish a system for the protection of ‘plant varieties’ and other forms of propagation material as obligated under the WTO’s plant breeder rights.

That we have to pay for seeds that are scientifically enhanced though is not contested. With the introduction of Genetically Modified cotton seeds in India, seeds have to be bought to fight the onslaught of the cotton boll worm – an American pest not common to India, which has emerged as a recent feature. Contrast this to the case in the 1960s, when India introduced high yielding varieties of rice, seeds for which were never paid for. Knowledge then was free and helped tackle widespread hunger and ensure food security at that point of time. Cotton farmers that face difficulties, and poor farmers who bear the brunt of bad seasons and worms, will not find the solutions as easy as those who can afford the seed.

What is “new”?

Increasing incidences of biopiracy – where indigenous knowledge from developing countries is being passed off as “new” discoveries in labs in the US and other countries, is especially alarming. It involves stealing concepts, ideas and indigenous knowledge of various plants and herbs, developing saleable products on which patents are put and then not only expecting developing countries to pay for it but also for the underlying techniques and ideas that originated from developing countries in the first place!! Cases of neem and basmati – the former case on which was won but the latter lost, and can now be found being sold as Texmati, come to mind.

The Basmati patent was granted to a US based company known as Ricetec – it laid claim to 20 patents but the Indian government decided to challenge only three of these patents. This is in part due to the fact that India does not itself have comprehensive documentation on Basmati varieties. On August 14th – the United States Patents and Trademarks office gave a ruling that Rice Tec’s grain (which they essentially patented from India) is equal or superior to good quality Basmati and will allow Ricetec to label each and everyone of its packages of rice as ‘superior to Basmati.’ The repercussions of this on India’s export trade in rice will be disastrous. (http://www.tamil.net/list/2001-08/msg01008.html).

Vandana Shiva writes that India should make a submission to the WTO to initiate proceedings to change US patent laws to give India adequate protection against biopiracy (Vandana Shiva, http://www.sodepaz.org/Cooperacion/agricultura/shiva.htm) instead of pressurising India to adopt complex American-style patent laws.

Case Studies – State-wise Analysis of the Impact of WTO

The second part of this paper will attempt a state-wise analysis of the impact of the World Trade Organisation and of liberalisation policy in general. The first part of this section will give a point wise broad overview of the types of issues we uncovered while conducting the interviews. The second part of this section will look at the agricultural situation in Punjab, Haryana, Rajasthan and Andhra Pradesh and try and discern whether there have been any significant changes in the last ten years. In particular we will concentrate on the changing condition of the large, medium and small landowners. For the purposes of this section, we have relied mainly on primary interviews that were conducted with small and marginal landholders and the workers who work on their fields along with information from some secondary sources. In the last section, we will examine the extent to which the Agreement on Agriculture as it presently stands has the potential of harming India's food security.

Agriculture in Punjab

India's agricultural revolution that took place in the late 1960's and early 70's led to a massive increase in food grain production particularly wheat and rice. This revolution was precipitated by the crisis in India's food economy which put us at the mercy of imports of American cereals. The states that were most positively affected by the green revolution were Punjab, Haryana and Eastern Uttar Pradesh. However in recent times, the Green Revolution has reached a saturation point, and profitability of farming in this area has significantly declined. The stagnation of the Green Revolution combined with increasing privatization and exposure to the volatility of the global markets has led to an increasing deterioration in the conditions of farmers in this area, frustration and anger has led to widespread discontent and also some suicide deaths among farmers.

Punjab is of vital importance with regards to agriculture. The state accounts for only 2.5 per cent of the population of India, but contributes 20 per cent of wheat, 9 per cent of rice and cotton and 10 per cent of milk produced in the country (Chand et al 105). However, Punjab's share in agriculture in net state domestic product (NSDP) has declined over a period of time. The share of agriculture in NSDP came down to 25.75 per cent in 1998-99 compared to 46.69 per cent in 1960-61 (Ghuman 125). The shift away from agriculture is usually construed as a positive sign but not so in the case of Punjab as there is still a very high share of labour force in the agricultural sector and the table below (Table 5) clearly demonstrates that there has been a transformation of a significant proportion of the rural population into landless agricultural workers (Ghuman 134). One reason that is cited for this is that certain main crops have become less and less remunerative pushing farmers into debt and finally into selling off their lands.

Cases of Suicide in Punjab

Kheti Virasat, Punjab (a voluntary organisation) visited three villages of Tehsil 'Rampuraphool' of district Bhatinda. The villages were Mandi Khurd, Raman Vass and Harkishanpura. – it was found that each family in the Mandikhurd village was under an average debt of 3 lacs rupees. The debt burden for some families was even higher and ranged from 6-10 lakhs (http://www.punjabilok.com/agriculture/farmers_suicide.htm). Villagers are chiefly dependent on local moneylenders, because they alone helped to procure seeds, fertilizers and pesticides.

Conditions have essentially deteriorated since 1992, with the devastation caused by the American bollworm in 1992 (American bollworm is a pest that attacks and finally destroys indian cotton plants.) The per acre money spent by the farmer on pesticides prior to 1992 was 500 Rs/ per acre – the amount went up to rupees 3000 and today it stands at rupees 10000 per acre. Hence against an investment of Rs. 10000, the farmers got only Rs 2000-3000 incurring heavy losses and starting up a cycle of suicides. As of now estimates show that in Mandikhurd three farmers have committed suicide. Likewise, four farmers have committed suicide in village Harkishanpura ((http://www.punjabilok.com/agriculture/farmers_suicide.htm).

A theory often advanced for the poor performance of Punjab's agriculture in recent times is that in Punjab the cropping system is dominated by and large by wheat, rice and cotton. Hence Punjab's agriculture has emerged as mono-crop agriculture instead of diversified agriculture. While wheat and paddy together account for more than three-fourths of the total cropped area, the area under pulses is a mere 0.9 per cent in 1998-99, and the yield of cotton, both American and desi, has gone down over a period of time. Ghuman writes that 'the stagnating and/or declining shares of Punjab's wheat and paddy in India's production of these two cereals and in the central pool are clear indications, that the rest of India as a market for Punjab, would continue to fall in future (78).'

How are Punjab's already present problems compounded by the world agricultural trade policies under the WTO?

There is a wide-ranging amount of literature that has been produced regarding the future course of action that Punjab should take if it wishes to extricate itself from the crisis it has found itself in. The government in late 2001 commissioned a report on the changes that had to take place in Punjab's agriculture. It was headed by Dr Johl (who is the chairperson of the Chief Minister of Punjab's advisory committee) and consists of academics from the Punjab Agricultural University and policy makers as well. The 'Johl Committee report' submitted its recommendations to the Punjab government on October 28th 2002. It is crucial to examine this report as it directly deals with how Punjab's agriculture needs to change in the context of the WTO agreements on agriculture.

Some of broad themes of this report are a change from 'quantity' production to 'quality' production, enabling farm products to compete in the world markets. For this there has to be a big leap forward to promote agro-processing, corporate or contract farming, change in certain revenue laws, etc. Punjab must involve the Centre for exporting farm produce and invite private sector and it goes on to unfold details on this proposal. Some of the other main recommendations of the committee report were to take away at least 1 million hectares in Punjab from under rice-wheat rotation. It was said that farmers should be compensate for that, the total cost should be approximately Rs. 1280 crore. Also the Government should encourage private sector to export food grains unhindered purchasing at minimum support price (MSP). They should also reimburse the difference between the MSP and the agreed export price. In addition, the introduction of Bt gene into recommended varieties of cotton should be a priority research area at the Punjab Agricultural University (PAU). They state further that small-scale processing industry has no scope in the present day globalised environment and that the need of the hour is international-sized plants, which require large contiguous raw material – these kind of plants should be concertedly encouraged. Another thing which needs to be encouraged according to the recommendations of this Commission is – contract farming (http://www.tribuneindia.com/2002/20021113/mailbag.htm).

If one looks at the broad recommendations of the Johl Committee report one is struck by the extent to which it is geared towards pushing Punjab's agriculture head-long into privatization of agriculture. It makes no mention of the all important worker and how encouragement of contract farming and introduction of BT engineered cotton is going to benefit him. In short it appears to blindly adhere to the grossly oversold belief that trade and greater global interconnectedness of markets is going to provide massive and immediate relief to the mass of farmers living within Punjab. What is worrying though is how pervasive these recommendations appear to be in Punjab. All of the large and medium farmers interviewed in Punjab had heard of this committee report and most were aware of its specific clauses and recommendations – most adopted a very 'wait and see' attitude when asked how they felt about it.

Harchand Singh Gill – Ex-sarpanch of Nurpur Bet (Ludhiana district)

Harchand Singh Gill is a landlord in his native village of Nurpur Bet, Ludhiana. His land is spread over 65 acres – the majority of his agricultural produce consists of wheat and paddy. He believes that the condition of agriculture has undergone no radical change over the past ten years. He says that even though the input costs (expenditure on fertilizers, seeds, etc) may have gone up over the years, he has still managed to make a handsome profit for himself by producing for private companies. When asked about the numerous risks involved in such he said that the kind of profit he made by undertaking these risks were much more beneficial than what the government was giving him. He said that he sells his wheat to the 'Garg Seed Foundation' which is a private company. If the government fixes 620 Rs/ per quintal of wheat this private company will give him 755 Rs. Hence the profit margin is very big that way. Plus he says that the people in the private sector are at least not corrupt.

He said that the liberalization of agricultural trade was a positive development for India provided that India also had access to sell their goods abroad. Moreover, the foreign goods that are being sold in India – e.g. machinery, seeds, fertilizers etc. should be top notch quality. He reiterated again that a lot of times crops have failed simply because the farmers have been sold poor quality fertilizers, seeds, etc. There needs to be some regulating body in place to monitor the quality of goods that are being sold. He says that the seed company 'Monsato' may be very costly but it sells quality stuff which he doesn't mind paying extra to buy.

He believes that the so-called bio-diversity risks that Monsato poses has been hyped by the media – he claims to have had no problem with any of the material he has purchased from the company. He said that he has provided his workers with masks and gloves to be worn when using chemical sprays but he admitted that he didn't regulate whether they were wearing it on a regular basis.

When asked what the Indian government's policy should be in the future he said that the Indian government needs to try and help its domestic farmers but at the same time adapt itself to being a responsible member of the global community. He said that imports of quality goods from abroad will by and large improve quality standards in India. He reiterated though that Indian farmers should have better access to foreign markets to sell their produce and that developed countries should stop giving the huge subsidies that it is to their already very rich farmers.

Impact on Medium Farmers

Alok Singh, Harvinder Singh – Workers on small farm (4 hectares) – Kheda Bet (Ludhiana District)

Alok Singh lives with his wife and three children in the village of Kheda Bet. He has no land of his own, and hence has to depend for his survival on the work that he receives tilling other farmers' land. When asked what type of remuneration he receives for his efforts – he replied that he received approximately between 800 – 1000 rs/ a month as his wages. His wife, Harvinder who also tills the land and manages the household only gets 100 Rs/ a month. They live with their three children (ranging from 6-10 years old) in their one room brick structure. When asked what the kind of hours of work he had – he replied that he had no regular work hours and that he was literally at the beck and call of his landlord. He said that he received no benefits and if he took a holiday it was cut out of his daily wages.

Jagjit Singh – farmer of medium-sized farm – Mangwar, Sangrur

6 Kms from Sangrur lies the village of Mangwar. Jagjit Singh, a native of the village spoke that the hikes in electricity fare and the deteriorating quality of the seeds and land. He said that ten years ago the paddy and wheat production was reasonably good and he could have some savings after he sold his produce to the middle men ('aarti's). This is no longer the case as the cost of inputs is

almost the same as the price he receives from the 'aarti's' (middle men). He says that if the minimum support price for wheat per quintal is 620 Rs – he invests close to 610 Rs/ just harvesting the crop for production, hence his profit margin is almost nil. Crop diversification is something that he had contemplated but rejected the idea as there was absolutely no market for anything other than wheat and rice. However he did acknowledge that the continual growth of paddy and wheat had done irreparable damage to his soil. The tube wells that were essentially supplying water to the fields now need to be dug much deeper than before because the water has become very saline. Now the tube wells have to be dug at 300 feet whereas earlier they could get away with digging them till 200ft. This extra drilling is environmentally very harmful as it is leading to a depletion of the water table. In addition, this extra drilling costs a lot of additional money, which is hard to get access to if you don't have any 'approach' in the bank.

When asked if he has ever produced anything to give to private companies he responded in the affirmative. He said that he and a lot of farmers grow sugarcane to sell to the mills – but even though the going rate for sugarcane is 100 Rs/ a quintal they only get paid 70 Rs with a note saying that they will get the rest of the money in a year. He says that they manage to earn a little extra money by selling milk and 'ghee' (butter) from the cows that they own but apart from that they eke out an extremely subsistence-based agricultural system.

Impact on Agricultural Workers

Gurnam Kaur – worker on field from Sujuma Pind, Sangrur District

Gurnam Kaur and her husband – Shyam Singh have been working on land that wasn't theirs all their life. They are part of the so-called Scheduled Castes community (people known as 'untouchables). They are incapable of doing anymore work as they are both quite advanced in age – Gurnam Kaur is now approximately 80 while her husband is close to 85. They themselves own three bighas of land (which is barely 1 acre) and they have three sons who are also now agricultural labourers. This land was given to them by the government but after that the government also pretty much washed their hands of them.

They say that the only way that they can make money these days is by picking up 'gobar' (cow dung) from outside and taking it to the fields. They said that they used to receive a small pension of 200 Rs a month under Parkash Singh Badal's government but when Captain Amarinder Singh came to power he took away the pension in certain areas. They now claim that the pension is given to people who don't really need or deserve it in the first place.

When asked if they thought that the condition of agricultural workers had changed in the last ten years – Gurnam Kaur replied that their condition had always been pathetic and non-human like – their fates were inextricably interlinked with that of the landlord they worked under. If he did well then so did they – but in recent times because the landholders position is faltering – their own job 'security' has been severely affected. She gave the example of her son who essentially moves from village to village to find work – she says that earlier there was more job security for him. When asked what she thought the government could do to improve their situation – she said that they could bring the pension that they had taken away from them back and make sure that landholders didn't fire their workers so arbitrarily.

Agriculture in Haryana

Haryana is one of the better Indian states in terms of agricultural performance. It along with Punjab received many of the benefits of the green revolution. The average yields of major commodities, such as rice, wheat, maize, oilseeds, sugarcane, and cotton exceed those of other large States as well as the All-India average. The State is a major producer of foodgrains in the country, accounting for about 12 percent of national wheat production and about 3 percent of national rice production in the financial year 1998. Food grains are planted in about 69 per cent of gross cropped area. (http://lnweb18.worldbank.org/SAR/sa.nsf/Attachments/h1/$File/h1.pdf – 1998)

Although the state is one of the highest in terms of agricultural productivity – there have been several indicators to show that productivity is declining. Some major chemical degradation problems are being identified in Haryana – these include soil salinity, sodicity, water logging etc.

The area under saline-sodic salts is estimated to be 256,00 ha, 5.6% of the state area. Out of this 125000 ha (2.8%) are degraded due to slight salinity and sodicity, and 93000 ha (2.1 %) due to strong salinity and sodicity (http://lnweb18.worldbank.org/SAR/sa.nsf/Attachments/h1/$File/h1.pdf). In fact access to water was a major complaint of all farmers who were interviewed.

Also, Haryana is the second largest producer of cotton (after Punjab). Cotton production has rapidly decreased in recent times though owing to the ineffectiveness of pesticides against 'the American bollworm' menace. The seed company – Monsanto claims to have found the solution to the American bollworm menace –this comes in the form of BT (*Bacillus thuringiensis*) cotton. Their argument is that Bt cotton is designed to reduce or eliminate the need to spray for bollworms and will increase crop yields as well. However as the case studies show this has not been the case for India at all.

Impact on Big Landowners

Baldev Singh – large farm owner from Nyoli kalan, district Hisar

Baldev Singh owns 17 acres of land and grows mainly wheat and cotton on his fields. He says that even though he has more land than a lot of his neighbors life isn't easy for him at all. He says that the government charges a great deal for seeds, water and electricity. In fact there is a tax on water as well and if you don't pay it within a specific time period then you get taxed ten percent extra. He does not own a tractor – but rents one which costs him 200 rs an acre to plough. He says on an average he makes a profit of just 50 Rs per acre. He believes the government to be very corrupt – he also says that he can't get any kind of loan in the bank without his 'connections.' When asked if he believed that the policies that the government was pursuing were good – he remarked that the only good thing the Chautala government had done in recent times was to excuse the interest payments of farmers who were affected by the water shortages that happened last year. He says that the government needs to start supplying water to its farmers – as all their effort goes to waste when there is no water to irrigate their crops. He also believes that they should get more subsidies from the government for purchasing fertilizers, seeds etc. He also believes that farmers should get a better price for their crop.

Impact on small landowners

Rameshwar – small landowner from Nyoli Kalan (district – Hisar)

Rameshwar owns four hectares of land and grows wheat on it – he used to grow cotton on it as well but is unable to anymore. He says that last year he decided to try the new BT cotton seed which he had heard about from someone in the village. He spent approximately 750 rs/ purchasing the BT cotton seeds – which is more than 10 times what he usually pays for cotton seeds. He says that the land has become completely unusable since he sowed the seed – he has had to incur heavy losses by leaving it fallow for a long period of time. The yield of the soil that he sowed under BT cotton was also very poor – producing only approximately 6 quintals per acre.

When asked if other farmers in Nyoli Kalan had heard of BT cotton he replied in the affirmative saying that most of them were still going to take their chances and invest in it as they regarded it as their only chance of surviving the American bollworm menace.

Impact on Agricultural Workers

Joginder Singh and Parmeshwari Singh from Nyoli Kalan Village, Hisar District

This couple are sharecroppers and till 8 acres of land for their landlord. They receive fifty percent of the produce/profits derived from the land. Initially this couple were reluctant that the interview was taken using their names – they said that they did not own the land hence the landlord's name should be given instead of theirs. Their landlord lives in Hisar district and has a government job – the income that he gets from this land is hence essentially supplementary and he comes only to take the produce to the 'mandi' (market).

When asked about the extent to which their landlord aided in the production of the final crop – they said that he paid for the electricity, seed and the feed of the animals – all other expenses including those related to labour such as tractors, etc are on their expense. They grow wheat and cotton on their land and sell to the government at the minimum support price. Parmeshwari said that they were contemplating sowing BT cotton but they had to wait for the final approval of their landowner. She said that they themselves had heard the story of Rameshwar and how his crop failed completely and led to soil erosion on his land and was hence reluctant to sow the crop. But she said the final decision lies in the hands of their landlord – she said that he can afford to take risks and cut his losses if they don't work out. It is more difficult for them to manage when crops fail as they have no savings to fall back on. In addition, they have no job security – if their landlord fires them they will just have to pack their bags and move to another area where their labour is needed.

However, this is more difficult now that they are both older – Joginder Singh is 65 and Parmeshwari Singh is 60. Parmeshwari has had two uterus operations already – the first one provided free of cost by the government and the second was paid for by the landlord. However, he took the money out of the next round of payments that he owed them. They have one son – and five daughters. They were keen that the son at least get a job – but there are few jobs for even students who complete their schooling. When asked what they thought the government could do to improve their situation – they said that the government could do more to reward hard work. Parmeshwari said that she and her husband had been working 20 hour days most of their lives – but at the end of the day she feels that they have nothing to show for it. The government doesn't even offer them a pension anymore. She said that even when they did get a pension they had to travel very far just to collect it and spend a quarter of it just in commuting. She said that her husband, children and herself have gotten used to eating only one meal a day. When asked what she thought of all the foreign goods that were entering the Indian market she said that she really think much of it because it had no direct bearing on their lives at all. She said that most of the developments that they keep track of have to do mainly with their landlord since when he does well – they also manage some meagre savings but when he does badly – they run into debt and barely survive.

Agriculutre in Rajasthan

Rajasthan is the largest state in India. It has 10.4 per cent of the area in India and 5.2 per cent of its population (Human Development Report - Rajasthan, 6). More than 60 per cent of the state is either desert or semi-desert and faces chronic drought conditions - it has seen 39 droughts in the past 46 years (Mudgal, Hindustan Times). The rainfall in the state is not only meager but also varies significantly from year to year – the average rainfall of the state being only 536 mm. The state continues to be in the lowest quartile in terms of major indicators like literacy, per-capita income etc. A large portion of the population suffers from deprivation in matters of health, water supply etc (Human Development Report – Rajasthan, 9).

Table 10 - Loss due to Famine/Scarcity Conditions in Rajasthan

Agricultural Year	Districts Affected	Affected Villages	Population affected (lakhs)
1981-82	26	23246	200.12
1982-83	26	22606	171.62
1983-84			
1984-85	21	10276	92.02
1985-86	26	26859	219.80
1986-87	27	31936	252.70
1987-88	27	36252	317.37
1988-89	17	4497	43.45
1989-90	25	14024	120.67

1990-91			
1991-92	30	30041	289.00
1992-93	12	4376	34.66
1993-94	25	22586	246.81
1994-95			
1995-96	29	25478	273.82
1996-97	21	5905	55.29
1997-98	20	20069	215.07

Source – Relief Department – Government of Rajasthan 1999

If we examine the table above we can see the number of districts and villages affected. In 1997-98 a total of 20,069 villages were affected. Since that time, Rajasthan has seen five consecutive droughts (this year being its fifth). It has been estimated that this year in the total of 32 districts in Rajasthan, 41000 villages have been affected. Mudgal estimates the number of those directly affected as 4 crore people and 4 crore cattle (Hindustan Times).

There was a trend of declining poverty in the 1980's, at a rate of about 3 per cent per annum. This trend has since then been reversed and since the initiation of the reform period one actually sees an increase in the rate of poverty from 38.96 per cent in 1991 to 46.17 per cent in 1997 in rural Rajasthan (Astha, 5). According to the Below Poverty Line (BPL) census conducted by the Government of Rajasthan, the number of families below the poverty line increased by 8 Per cent during 1992-97, (an alarming rate of 1.6 per cent per year).

A report taken out by 'Astha' on the impact of structural adjustment programs and the new economic policy on the poor in Rajasthan cite rising food prices and declining government expenditure and subsidies in rural areas as the main reasons for this increasing rural poverty. The cut in productive and social expenditure and credit availability to small marginal farmers is something that characterizes the post-reform period and is in keeping with the policies of international bodies such as the World Bank and International Monetary Fund and the structural adjustment policies that they are pushing India to adopt.

The government under the New Economic Policy has actually slashed subsidies for agricultural inputs, which has increased production costs for small and marginal farmers leading to fall in the sale of agricultural produce by small and marginal farmers. Mudgal writes that even as Rajasthan goes through its fifth consecutive drought the Union Agricultural Ministry has suddenly slashed the allocation of 10 kg foodgrain to half (Hindustan Times).

This cut in rural expenditure and subsidies has been perhaps even more damaging in the case of Rajasthan because it is primarily a subsistence-based economy and the land holdings are predominantly small – usually not more than two hectares. Hence, its economy is not geared towards producing huge amounts of marketable surplus. This goes against one of the major premises of the New economic Policy and the SAP's - that agricultural producers will get a higher price for the produce that they sell in the marketplace. Not only can't farmers produce enough for the market – they have had to in recent times resort to purchasing food from outside i.e. from shops or nearby villages. Hence the shift that these SAP's are propagating, i.e. one from a subsistence based economy to a market oriented one is bound to have disastrous consequences for the agrarian structure of Rajasthan.

In addition, the figures show that the average size of operational holdings is actually decreasing in size rather than increasing. The land holdings are quite large in the desert region but their productivity is constrained by the lack of water availability. In fact, it is the districts in the desert and tribal areas that are more prone to famines. The table below demonstrates that the average size of operational holdings is actually going down every five years.

Table 1 Average Size of Operational Holdings (every five years)

Year	All Social Groups	Scheduled Castes	Scheduled Tribes
1970-71	5.46	*	*
1976-77	4.65	*	*
1980-81	4.44	3.52	2.42
1985-86	4.34	3.41	2.40
1990-91	4.11	3.29	2.24
1995-96	3.96	3.22	2.17

Source: Revenue Census (Agricultural Department of Rajasthan – Jaipur)

* no available data

The field survey conducted by CEC was conducted primarily in Udaipur district where the size of operational holdings was only upto two hectares.

Pye Village – Udaipur District

Prabhudas

Prabhudas, 45 is a small farmer from Pye village, Udaipur. He owns two hectares of land in the village and grows maize, jowar, rice, bajra, and sesame seed in the rainy season and wheat, lentils (such as 'moong' and 'chana'), and spinach in the dry season. He has one daughter and one son who he is trying to put through school. He says that it is extremely difficult to support his family on the little income he gets from his land. The surplus produce he received from his land in previous years – he used to give to private shops that would give him an income in return.

In recent times it has become more and more difficult to produce a marketable surplus especially because of the sharp increase in his production costs because essential inputs such as fertilizers have become so much more expensive. He has instead had to rely on purchasing food from other villages or from shops where prices have been extremely high.

The lack of water has made it impossible to even feed the livestock hence whereas in previous years they had enough milk and 'ghee' (butter) to sell in the market and keep for themselves –

now, they have to spend ten rupees to purchase one kilo of milk. His wife, Meera, 37 says that they are not even allowed to go into the jungles anymore to collect wood because they are slowly being taken over by the government and the villages who try to enter are labeled as ‘trespassers’ and treated very harshly. She says that the only thing that she and other people in the village need for their survival are the jungles, their land and water – if they don’t have them then they don’t have anything.

Suguna Kaluji

Sugana, 30 is the wife of a small farmer in Pye. Although she helps till the land she has no legal claim to it as the land is in her husband and his brother’s names. Her husband and his two brothers have split the two hectares of land three ways, each tilling their share of it. Sugana was initially from Bagpura, which is a small village twenty-five kms north of Pye – she moved to Pye thirteen years ago after her marriage. Since then, her day has essentially consisted of getting up at 4:00 in the morning and preparing food for the afternoon and doing various household chores. She has to walk three kilometers to arrive at the nearest potable drinking water source. From 11:00 to mid afternoon her time is spent working on the fields after which she returns to her household chores once again.

She says that the drought has led to severe problems and the lack of water has made it impossible to grow anything on their fields. Coupled with the drought has been the increase in the price of inputs such as fertilizers, electricity etc. Her husband has been forced to seek out compulsary ‘drought relief’ work. This scheme run by the central government promises 10 days of ‘drought relief’ work for one member of every family affected by the drought. This work is on a rotation basis and is supposed to be provided to affected families every month. However, Sugana says that her husband manages to get this work with great difficulty once in three months and very rarely gets the full wages and rations promised by the government for completion of the work.

Her home which is situated on a small hilltop is in desperate need of repair. She says that the drought has been going on continuously now for a number of years yet the government has done nothing to improve their situation – instead they are exacerbating the already impoverished conditions by increasing the prices of essential inputs. She said that seven-eight years ago to fertilizer a hectare of wheat-growing land used to cost approximately 300 Rs – now it costs close to 400. She said that if the price rise combined with drought conditions continue over the next three or four years, then her family would be forced to leave and depend on non-farming forms of labour for their survival.

Sisarma Village – Udaipur District

KESAR BHAI

Kesar Bhai, 50 is an adivasi worker who lives in Sisarma village – which is approximately 10 kms from Udaipur. She has four sons and a daughter – she sends two of her sons to school but the daughter stays at home and helps in the household. Her husband and her have no land in their name. Her husband's father did have some agricultural land in his name twenty years ago but the 'brahmins' (highest caste) and the 'baniyas' (merchants/money lenders) took it away from them. When they attempted to lodge a complaint they found that they fell on deaf ears as most of the government officials were in collusion with the big merchants and rich brahmins. She says that most of what constitutes present-day Sisarma was owned by adivasis who are now made to work on the same land as land-less labor.

She says that her husband and her have mainly been working at construction sites as laborers but the scarcity of water has led to employment difficulties in this sector as well. She said that on the rare occasions that they do get work on these sites they barely earn some 30-40 Rs a day. They no longer find employment on the agricultural fields as the small farmers themselves are leaving their lands in search of construction work. The government did run schemes to build up their skill sets such as sewing, embroidery etc but there is scarcely any demand for such skills – hence there was no way to earn an income from them.

Her younger son was ill a few months ago but when she went to the dispensary to try and get some medicines for him she found that they were no longer free. Further whenever she or her husband is injured at work they are not entitled to receive any compensation from either their employer or the government. She said that the prices for food had also gone up in recent times – she said that her family usually bought their foods from the government shops where they got a slight discount – e.g. they had to pay 2 Rs a kilo for wheat as opposed to market price. However, even with these reductions sometimes they had to survive on only one meal a day.

Agriculture in Andhra Pradesh

The share of Andhra Pradesh's rural labour force employed in agriculture (main workers only) was as high as 81 per cent in 1991. Nearly 59 per cent of the agricultural workers are labourers (Statistical Abstract, 1991). Thus the crucial dependence of its rural labour force on agriculture is quite evident and is unlikely to diminish drastically in the near future. This makes it important to analyse the agricultural scenario in the state particularly in the light of the numerous suicide deaths that have occurred in the past decade.

Andhra Pradesh is no stranger to cotton-related suicide deaths – it has seen deaths by cotton farmers since 1988. These deaths are related to government policies introduced to increase the production of cotton. The government introduced the cultivation of 'American varieties' of cotton, (fibre that is longer than the prevailing varieties). This type of cotton combined with chemical fertilizers, and huge dams for agriculture were expected to radically transform the Indian agricultural scene.

However, the introduction of this as a commercial crop meant that entire 'desi' (local) crops of Prakasham and Guntur districts in Andhra Pradesh were wiped out along with the subsistence farming that the cotton growers of Prakasham district depended on for their survival. This has continued to have great repercussions for the agrarian economy in Andhra Pradesh and the New Economic Policy of 1991 has further served to exacerbate relations. The push to grow cotton for export has led to the non-availability of yarn for local weavers – J. John writes that between 1991-1994 the price of yarn had more than doubled from Rs. 226.50 to rs. 415 per bundle for 20's and from Rs.174 to Rs 491 per bundle for 40s count. The prices continue to increase (Labour File, 6).

Andhra Pradesh has seen the maximum suicide deaths due to increased indebtedness. Going by the Centre's official figures, out of the 495 farmers who ended their lives during the last two years, 385 were from Andhra Pradesh. "This means three of every four farmers who committed suicide in India are from Andhra Pradesh," said Leader of Opposition in the State Assembly Y.S. Rajasekhara Reddy. (S. Nagesh Kumar, Hindu, 2003). P.Sainath writes 'between 1997 and the end of 2000, in just the single district of Anantapur in Andhra Pradesh, 1,826 people, mainly farmers, committed suicide. Most of the deaths were debt-related. Rising input costs, falling grain and oilseed prices, closures by banks -- all policy-driven measures -- crushed them. Many took their lives when they felt they could no longer feed their families honourably. A lot of those who did used the same means. They swallowed the pesticide monocrotophos – this is one input that is provided free of cost to farmers in that state' (http://www.zmag.org/southasia/sainath.htm).

The reason for this is that the Andhra Pradesh government led by Chandrababu Naidu uencouraged farmers to shift from food crops to commercial crops such as tobacco, cotton, chillies and castor seed. Small farmers who did so found themselves ill-equipped to cope with the market, which was governed by the WTO regime. They were presumably told that they would receive a much higher remuneration for their efforts by growing cash crops rather than food crops, however the fall in the prices of agricultural commodities led to severe losses for them. The huge investments made on commercial crops went down the drain, while the debt burden went up. (S. Nagesh Kumar, Hindu, 2003).

In addition, to compound matters seed companies have been flooding the market with spurious seeds of cotton, maize and chillies. S. Nagesh writes that as many as 110 seed companies have been allowed to operate within Andhra Pradesh and sell seeds. They have signed an agreement with the Andhra Pradesh government whereby required to replace paddy seeds that were found to be of poor quality and pay a meagre compensation for commercial crops. No other action will be taken against them (Hindu Jan 2003).

Drought conditions have also exacerbated the situation of the already impoverished farmers. In response to these drought conditions one would think that the government would take steps to increase the area under irrigation. However, the trend observed over the past few years the actual irrigated area under canals and big tanks in the state has shrunk. Between 1991-92 and 2000-01, the area under these two sources declined to 23.76 lakh hectares from 27.66 lakh hectares, as farmers sank more borewells and went in for well irrigation, according to the government's Economic Survey for 2001-02. This development has been linked to the pressure being exerted on the Chandrababu Naidu government not to invest in any other irrigation projects. This is largely attributed to the fact that irrigation projects and other social welfare projects have no place in a market-oriented economic growth model.

Food Security

There are many definitions used to define food security. The FAO Committee on food security defines it as –

"When all people at all times have both economic and physical access to the food they need." (34).

There are three main points that come out of this definition of food security – broadly these are – food grain availability, food grain distribution and food grain purchase. The important point to be noted here is that food availability is different from food access. A country could have ample food supplies and still have people starving to death

Food security is still a problem in India – especially for the small and marginal peasant families in the country and it is absolutely critical to remember that they constitute the majority of the farming households. It is also a problem for the unorganised agricultural workers who do not have any land and work mainly as sharecroppers on the land of others. As stated above despite the overflowing grain stocks in the godowns maintained by the Food Corporation of India, people continue to starve in India. Hence food grain availability does not necessarily mean that it will be distributed amongst the sections who need it the most, nor does it mean that these marginalised sections will have the purchasing power to buy it. Sharma attributes the problem of food security in India as having arisen mainly because of the shift to commercial crops and contraction of area under food crops. This is particularly true for some of the districts in Andhra Pradesh. In addition, these high-risk cash crops often require a great deal more pesticides – which is often very expensive and drives farmers who procure them into debt particularly if the crop fails or there is no market for the yield.

The Agreement on Agriculture is still in its nascent phases and India is just beginning to feel its impact. However, the basic premise that it lies on is fundamentally problematic. It attempts to treat agrarian structures across all countries as uniform. But in reality, nothing could be further from the truth. As Reddy writes, to equate the land abundant and capital cheap farming sytem of North America with land scarce and capital expensive systems like India is unjust.' This blanket lumping of all countries together is bound to hurt the interests of the disadvantaged and marginalised.

The demands levelled by the WTO particularly with regards to our lifting of restrictions on imports and removal of subsidies is already causing havoc and widespread disruption in our rural economy. While developed world farmers are getting paid a hefty subsidy for producing their agricultural goods – developing world countries like India are being asked to cut their already paltry subsidies and open their markets to cheap highly subsidized imports.

In addition the structural adjustment programmes (SAP's) have essentially geared farmers to produce for an export market. The blind belief propagated by agencies such as the International Monetary Fund and the World Bank that this will lead to greater economic growth in developing countries is nullified by the fact that the global prices of agricultural products from developing countries has fallen steadily. As a result, farmers get virtually nothing for their products. This farmers of Andhra Pradesh sadly testify to this. As Rosset states, the true source of world hunger is not scarcity but policy, not inevitability, but politics. The real culprits are economies that fail to offer everyone opportunities and societies that place economic efficiency over compassion.' (Peter Rosset, Director of Institute for Food and Development Policy as cited in 'It is a myth that world hunger is due to scarcity of food', http://www.psrast.org/nowohu.htm).

This section on agriculture has attempted to show through state-specific studies of Punjab, Haryana, Rajasthan and Andhra Pradesh the extent to which India's blind adherence to the liberalization-privatization-globalization (LPG) programme chalked out by agencies such as the World Bank and International Monetary Fund have harmed India's domestic agriculture. It has attempted to demonstrate that the people who are benefitting from this programme are the already rich and the extent to which the poor in India are being further marginalised and being rendered invisible.

Impact of WTO on Garment Industry in India

Summary

The garment exporting industry in India is concentrated mainly in three areas – these are Tirupur, Delhi and Mumbai. The export industry itself has been described by some as extremely complex and hierarchical. At the apex are the export merchants or the manufacturers, then comes the subcontractors and finally the garment workers. The study conducted by CEC concentrated on the latter two categories as they constitute the weaker groups in this industry and hence are more likely to be affected adversely by negative trade agreements.

The Multi-Fibre Arrangement is going to be completely phased out in December 2004 under the Agreement on Textiles and Clothing. This removal of quotas which currently restricted access to important markets like the US and EU. Hence access to these markets was restricted to the companies which possessed these quotas. By and large the prospect of the US market opening up in 2005 generated a great deal of enthusiasm amongst all those who were interviewed whether they be small medium or large exporters.

In Mumbai, the small exporters were slightly more cautious and adopted a 'wait and see' stance. A large portion of the medium exporters were already thinking ahead and preparing for the phase-out by introducing better more technologically advanced machinery. The big exporters were also trying different value addition techniques and were introducing new machinery. In Tirupur, although the level of awareness with regards to the phase-out was high it had yet to translate itself into any concrete action with most exporters preferring to adopt yet again a 'wait and see' policy.

Introduction

The textiles and garments industry is one of the oldest and biggest in India, currently employing 38 million people in both the formal and informal sectors (Trade Policy Review, 2002). Cotton predominates apparel exports from the country accounting for 81% in quantity terms and 70% in value terms (Handbook of Export Statistics, AEPC 34). Its backward linkages allow for growth in the agricultural sector, mills, handloom and weaving industries. Some of these backward linkages include the farmer who actually produces the cotton, the merchant who sells the farmer the seed in the first place, the middle men who clean and process this cotton etc. Cotton remains one industry in which we have complete control over the supply value chain (Verma 4), producing and manufacturing our own cotton and cotton textiles.

The garments industry as a whole constitutes a little over 20% of our exports, and is the largest net foreign exchange earner, as its import structure is low (Bhatia, 4). It contributes almost 4% to our national GDP and 20% of manufacturing value added, being the most important Indian Industry after agriculture (Verma, 252). Its share in exports varies.

Table 1 - Percentage share of commodity groups in exports

Type	1999-00	2000-01	2001-02
Ready made garments	12.9	12.5	11.3
Cotton, yarn, fabrics, made ups	8.4	7.9	7.4

Source: Economic Survey 2001-2002

Currently, international trade in textiles and garments is regulated by the Multi-Fibre Arrangement (MFA), whereby countries can only export according to the quotas they are allocated by their respective bilateral agreements. Domestic governments are in charge of disbursing quotas to export oriented firms. India has always been a major puller for investors, both national and foreign who have been attracted by India's cheap and flexible labour. India's cheap and abundant labour gives us a massive competitive advantage in this sector. The table below seeks to elucidate the extent of India's cheap wage levels as compared to other countries such as Hong Kong, China etc (See Table 2). However, as the industry is one of India's biggest employers as well, it is imperative that recent developments in international trade policy be thoroughly analysed as they have serious implications for the employment of the thousands of labourers who work in this sector.

Table 2 - Comparison of Labour Costs (in US $)

S.No	Country	Average Cost Per Worker Per Hour
1	Hong Kong	3.05
2	India	0.72
3	Japan	13.96
4	South Korea	3.22
5	Singapore	2.83

Source www.apec.com (3rd February 2002)

The Uruguay round of negotiations and the subsequent formation of the WTO replaced the MFA with the Agreement on Textiles and Clothing (ATC) (Verma 253), whereby all quantitative restrictions (quotas etc) were to be done away with by 2005. As per the goals of the WTO, the aim is to create a fair and equitable rule based multilateral trade system which would be transparent and non discriminatory (Chadha, 23). One sector where trade had been under biased and quantitative restrictions was that of the garment trade, and steps were to be taken to rectify this. The implications of the phase out have been mixed with many authors calling it a time for Indian garment manufacturers to diversify and claim more markets (Chatterji et al, 95).

In this section we have highlighted the various international policy agreements and seen how they relate to the Indian context. In the next section we will examine in greater depth the intricacies of the domestic garment industry in India and analyse the position and role of the various stakeholders that constitute the sector particularly the 'sub-contractors' and the labourers who work in these factories. Further, we will attempt to glean out to what extent these groups are aware of the changing trade scenario with regards to the garment industry and how these changes are likely to impact on them.

History of Trade in the Garment Sector

Developed world countries have protected the textiles and clothing sector since the 1960s through quantitative restrictions imposed on exports of the third world. The Short Term Agreement and Long Term Agreements in the 1960s curtailed the growth of exports in textiles and clothing in cotton. However it wasn't till 1973 when trade in garments and textiles was brought formally under the GATT umbrella (Mishra, 107).

Formally, it was called the Arrangement Regarding International Trade in Textiles. Its coverage was expanded to include fibres other than cotton, such as wool and synthetic fibres. The arrangement was popularly called the Multi Fibre Agreement (Mishra, 107). It was a complex agreement in that countries negotiated bilaterally with others with regards to quota provisions and standards.

Table 3 -Key stages in Agreements relating to Trade in Textiles and Clothing

Year	Contract	Key Features
1960s to 1973	Short and Long term agreements in trade	Unilateral quotas put
1974-77	MFA I	Provisions regarding synthetic fibres introduced.
1978-81	MFA II	Global ceilings put on sensitive items
1982-86	MFA III	Restrictions put on exports of items not under bilateral agreements
1986-91	MFA IV	Silk, linen, ramie and jute come under agreement

Source: Mishra, Harindar Kishore, Impact of the WTO on the Indian Economy, in WTO and the Indian Economy ed by G. K. Chadha, 2001 Deep and Deep Publications Private Limited, Pg 107

The primary aim of the MFA was to protect domestic industries in importing countries from the onslaught of cheaper developing country exports. The quota policy was accompanied by high tariffs. There is a considerable amount of literature that demonstrates how the MFA resulted in curtailing the growth of exports in an area where developing countries had a comparative advantage and hence stunted their growth. Further, in the case of India the MFA has been discriminatory against Indian cottons – as they have been taxed 20 percent higher than other fibres. In addition the quotas on cottons have not been removed at all – hence they are extremely sought after to the extent that they are even traded in the black market (http://www.cleanclothes.org/legal/01-10_mfa.htm#imp).

It also seems pertinent to point out that current attempts to phase out the MFA and bring about harmony in international trade have been accompanied by global companies controlling value chains and the essential components of brand and design, which increase the value added of the product and have higher profits values than simply manufacturing. Further discussion on this aspect will follow in the section on India's role in the value chain.

Phase out of the MFA

With the advent of the WTO, the MFA was to be phased out over a ten year period with the aim of liberalising the textile and garment sector. The agreement starts with the situation as existing on January 1, 1995 and essentially provides for the progressive integration of this sector into the normal WTO disciplines finally by January 1, 2005. The US and the EU remain our biggest buyers of clothing and textiles.

Table 4 - Quota Phase out Schedule

Stages	Time period	Quota phaseout
Stage I	1 Jan 1995 to 31 Dec 1997	16%
Stage II	1 Jan 1998 to 31 Dec 2001	17%
Stage III	1 Jan 2002 to 31 Dec 2004	18%
Stage IV	1 Jan 2005 .	49%

Source: Mishra, Harindar Kishore, Impact of the WTO on the Indian Economy, in WTO and the Indian Economy ed by G. K. Chadha, 2001 Deep and Deep Publications Private Limited, Pg 108

A critique of the quota phase out policy follows looking at the specific quota integrated in Stages I and II (Verma, 255). The product integration calls for the fixed percentage of all (MFA restrained plus non restrained categories) of the 1990-level imports of textiles and clothing to be integrated at designated dates. A bit of explanation regarding these terms is to follow.

Those products and categories which fall under quotas are known as restrained categories, and in these there is more scope for exports from developing countries. Unrestrained categories are those where the exporting country can supply as much as it wants to the importing country.

In 1990, 36.85% of all textile and clothing imports into the USA were non-restrained and it was 33.64% for the EU. Hence not a single product surrendered for integration on January 1, 1995 was restricted by quota. AT Stage II, (beginning on January 1, 1998) also, only a few products that were surrendered were ever subject to quota (Verma, 256).

Table 5 - Number of Specific Quota Integrated in Stages I and II

		Eliminated in Stages I	And II
Member	Notified Number	Number	Percentage
USA	650	8	1
EU	199	14	7
Canada	205	28	14
Norway	54	46	85

Source – Verma, Samar, Impact of the WTO Agreement on Indian Textile and Clothing Industry, in WTO and the Indian Economy ed by G. K. Chadha, 2001 Deep and Deep Publications Private Limited, Pg 255

Hence it can be seen that most of the member countries are far behind their phasing-out commitments and garments such as cotton, which are of prime interest to countries like India are being phased out almost wholly at the end of the schedule.

In this section we have highlighted the various international policy agreements and seen how they relate to the Indian context. In the next section we will examine in greater depth both India's role in the value chain and the intricacies of the garment export industry in India. We will analyse the position and role of the various stakeholders that constitute the sector particularly the 'sub-contractors' and the labourers who work in these factories. Further, we will attempt to glean out to what extent these groups are aware of the changing trade scenario with regards to the garment industry and how these changes are likely to impact on them.

India's position in the value chain

International trade in goods and services should no longer be seen merely as a multitude of arms length market based transactions. It needs to be recognised that a sizeable segment of global trade is conducted through multinational enterprises or through systems of governance that link firms together in a variety of sourcing and contracting arrangements. The role of 'lead firms' is particularly important in this regard – they play a major role in specifying what is to be produced, how and by whom.

India's export industry is an important player in the global value chain for garments. To illustrate, in one of the biggest mergers ever in retailing in 2002, Neckermann, Versand AG and Quelle AG in Germany came under joint management to become Europe's largest department store and mail order business groups. This entity sources garments from Tirupur and Delhi among other places (CEC Study 336).

Krishnamoorthy writes that 'the nature of the relationship between the lead firms and the garment exporters in India is a hierarchical buyer-seller relationship where the buyer is the lead firm. The lead firms do not own the manufacturing facilities at all. The manufacturing facilities belong to Indian firms or entrepreneurs completely who in turn control operations at their units and independently take most operational decisions (CEC 337)'

Governance is another component of the value chain analysis – it is the ability of the lead firm in the chain to influence or determine the activities of the other firms in the chain. They can do this in a number of ways – firstly by defining the product that is to be produced. Secondly, the process by which the product is to be produced (includes things like technology, quality systems, labour and environment standards). Thirdly – by giving a deadline of when it is to be produced and also how much is to be produced. Lastly, it influences the activities by how much they agree to pay for the final product (338).

With regards to the first clause – it tends to work both ways with lead firms giving their own designs as well as Indian manufacturers taking the initiative and putting forth designs of their own. Also with regards to technology transfers – none seem to have occurred with most exporters in India relying on indigenous technology to produce their goods.

The main considerations that were seen appeared to be with regards to price, quality and the ability to adhere to strict time schedules. According to Krishnamoorthy, 'these were the aspects wherein the control of the lead firm over the value chain was manifested. Price was the factor that had become especially important in the last few years. Almost half the decision as to which exporter to source from as far as the lead firms were concerned seemed to be guided by the price motive' (CEC 339).

Given the downward trend that has been taking place in prices the exporters on their part try to cut their costs and the burden of this cost-cutting has fallen on the labour. As we will see in the ensuing paragraph, high levels of casual employment, long working hours, minimum levels of wages or less, lack of any kind of social security for the majority are the norm for the workers at Mumbai, Tirupur and Delhi. The fact that the majority of the workforce is a migrant population in search of livelihoods puts them completely at the mercy of the employers.

Garment Industry in India

The garment exporting industry in India is concentrated essentially in three locations – Mumbai, Tirupur and Delhi. The survey conducted by CEC hence confined most of its case studies to these regions. The findings of this survey by CEC is surmised below – this has been done by essentially giving a succinct introduction to the different 'layers' that constitute the garment exporting industry followed by the case studies from different regions. Given below is a break-up of the quantity and value realisation of other locations – in comparison to that of Mumbai, Delhi and Tirupur.

Table 6 - Regionwise Exports for the Year 2000 (Qty in Lakh Pcs), (Value in Lakh US $ & Rs.)

Region	Year %	Qty	US $	Rs.
Delhi	2000	3953	20925	937761
	%	26.27	36.30	36.27
Mumbai	2000	3547	14110	630629
	%	23.57	24.57	24.39
Chennai	2000	1373	5800	260670
	%	9.12	10.06	10.08
Bangalore	2000	761	4882	219571
	%	5.06	8.47	8.49
Jaipur	2000	247	966	43313
	%	1.64	1.68	1.68
Tirupur	2000	4243	7969	358144
	%	28.20	13.82	13.85
Ludhiana	2000	402	1783	80304
	%	2.67	3.09	3.11

Cochin	2000	106	215	9609
	%	0.70	0.37	0.37
Hyderabd	2000	1	5	237
	%	0.01	0.01	0.01
Total	2000	15048	57651	2585224
	%	100.00	100.00	100.00

Source: Handbook of Export Statistics, 1998, 1999 & 2000, AEPC, New Delhi

If we examine Table 5– we can see that Tirupur accounts for the major share of exports in the country, with 28 per cent, followed by Delhi with 26 per cent and finally by Mumbai with 23 per cent. We will examine these geographical locations through the eyes of the three layers that constitute the garment sector – these being the manufacturers and merchant exporters, sub-contractors (who are further subdivided into 'in-contractors' and 'out-contractors') and labourers. Special attention will be paid to the latter two 'layers' as they constitute the most vulnerable section of this industry and are hence most likely to be worse hit by international trade policies.

The Manufactures/Merchant Exporter Layer

India's garment industry at the top-most layer can broadly be divided into two parts – the manufacturers and the merchant exporters. If the garment industry in India is viewed as a pyramid, the merchant exporters and manufacturers constitute the apex. They hold this position by virtue of the fact that they have direct access to the market. The merchant exporter has no production role or facilities at all – he simply secures orders, purchases the fabric and contracts out work to other small and large units. The manufacturers are the ones who actually set-up the infrastructure to produce the orders and hence they are heavily involved in all stages of the production process. It can be seen from Table 5 that by and large merchant manufacturers dominate the garment industry in India.

Table 7: Division into Manufacturers and Merchant Exporters

1990			1994			1999		
Merch.	Manuf.	Total	Merch.	Manuf.	Total	Merch.	Manuf.	Total
16521	1025	17546	26972	2655	29627	25679	3593	29272

Source: Directory of Apparel Exporters, AEPC, New Delhi

It can hence be seen from the table above that although merchant exporters have been dominating the garment industry in India for the past ten years, in recent times there has been a shift in favour of the manufacturers themselves. This in keeping with the recent trend of buyer's preferences for manufacturers as opposed to merchant exporters.

Subcontracting Layer

This subcontracting layer needs to be examined in greater detail as we can see that there is heavy reliance of both the merchant exporters as well as the manufacturers on them. The manufacturing exporters take recourse to the subcontracting layer as and when necessary. This could take the form of using specialised subcontractors, as in the case of embroidery for instance, or when suppose a company decides to fix the capacity of the unit as say not beyond 55 persons, hence whenever an order becomes beyond this capacity it is redirected to subcontractors.

There are essentially three types of subcontracting – industrial subcontracting, commercial subcontracting and labour only subcontracting. Since the garment industry in India is heavily labour-intensive it would be important to understand what this form of 'labour-only subcontracting' entails.

In 'labour only subcontracting' the parent firm employs workers alongside or at the cost of its regular workers through outside hiring agents or through inside 'central' workers. These workers perform auxiliary or even main tasks at the plants of the parent firms. This system is seen as a labour rationalisation scheme whereby the parent firm seeks to reduce labour costs, engineer easy lay offs, break the organized power of the regulars, pass on dangerous work etc. Cawthorne (1995) says that this form of subcontracting, called incontracting, can also be considered as a social relation of production whereby owners of firms act in ways that allow them to evade control over large, centralised labour forces.

Incontracting offers a form of production wherein owners can rid themselves 'of the responsibility for detailed management of particular activities. 'An entrepreneur would set up a factory building, provide machines and raw materials, for each of the activities to be undertaken in the factory, he would hire a manager, paying him a fixed amount for each unit processed, leaving it to the manager to hire and fire workers and to manage the production in that activity. The overall entrepreneur or capitalist was responsible for co-ordination between activities, and for the marketing of the final product, but the management of each activity was the responsibility of the semi-independent manager hired for the purpose. The sub contractor here performs the task of managing labour. It has been seen in recent times, particularly over the course of the last few years that the rate given to the subcontractors has been falling – in most cases they were paid at a portion of the 'piece rate'. A corollary to the 'incontracting' form of managing labour is the 'outcontracting' form which basically entails giving out work to subcontractors which they do on their own premises with their own labour.

Labour Conditions in Tirupur, Mumbai and Delhi

A CEC survey done of the labour conditions in the garment exporting units existing in Mumbai, Delhi and Tirupur revealed that :

- **High Proportion of Migrant Labour**: The workers in the export garment industry were predominantly migrants, mostly from agriculture who had come to the cities looking for work.

Half the workforce in the export garment industry in Mumbai (53%), almost three-fourths of the workforce in Tirupur (72%) and a huge 95% in Delhi were migrant workers.

- **Employment of Women:** In Mumbai only 9% of the units surveyed (out of 133) did not employ any women and it was seen that in three-fourths of all units women comprised upto half the workforce. In Tirupur also 9% of all units(out of 126) did not have any women and in more than half of the units, a quarter to half the workforce were women. In Delhi on the other hand, in 13% units (out of 120) there were no women at all and in 65% of the units the proportion of women was only 25% of the workforce or even less.
- **Very High Level of Casualisation:** 87% of the workers in Mumbai said that they were casual workers in their units, in Tirupur 80% of the workers said they were either casual or daily waged workers and this proportion was 64% in Delhi. Though the proportion was lowest in Delhi it was seen to have the most regressive work practises as far as modes of dismissal and shedding the workforce was concerned.
- **Working Hours:** Only 40% of workers in Mumbai worked for the standard 8-8.5 hours a day, with others working for longer hours everyday. Almost all the workers mentioned that during the peak season (September-April) they generally worked for an extra 2-3 hours until 8-9 p.m. In Tirupur only 5% workers said that they for 8-8.5 hours everyday. The normal workday was of 9-10 hours. 54% of all the workers (including the women) said that they worked upto 12-1 in the night during the season (December- April).In Delhi, 51% of workers reported a n 8-8.5 hpur workday. However 93% of workers mentioned 'doing overtime' after 5.30 in the evenings till 8 or 9 P.M. At none of the places were double wages given as overtime wages. The normal wage calculated for the extra hours of work was what was given to the workers.
- **Wages :** In Mumbai, around half the workers (49%) were paid on a monthly (time rated) basis and 44% on a piece rate basis. In Mumbai around half the tailors earned around Rs 2000-3000 (the minimum wages for Tailors -Grade 1 was Rs 2851 and for Grade 2 were Rs 2751). However those in jobs like threadcutting, layering and pressing earned much less than the minimum wages stipulated.In Tirupur the shift basis- a time rated payment where a period of time say from 9.30 a.m.-5.30 p.m. - was the predominant mode of payment as half the workers received payment on this basis while 21% of the workers were paid on a piece rate basis. In the case of tailors, the wage agreement determined wage rate was Rs 2707 per month and the Minimum Wage for Grade 1 Tailors was Rs 1679 per month and that for Grade 2 tailors was Rs 1599 per month. The survey showed that 22% tailors were able to earn Rs 1501-2000 per month, 14% earned Rs 2001-2500 and 21% earned Rs 2501-3000 per month. A further 25% were able to earn more than Rs 3000 per month. Some of the salient features in Tirupur were a) due to the specific features of Tirupur's labour market, some subcontractors in fact offered higher wages than the companies though the work they offered was more intermittent b) as is evident, the wage agreement determined wage is greater than the Minimum Wages and c) very few companies seem to pay the wage agreement

determined rates and they seem to function more as the 'ceiling wage' indicating the upper limit while in fact the companies should be paying these wages in reality.

In Delhi's export garment industry, yet another mode of time rated payment, namely the monthly payment was most prevalent. However the difference here was that this was the mode of payment predominantly for those working with companies as 78% of workers with companies were paid on this basis. For workers with subcontractors, the predominant mode of payment was either piece rated (58% with subcontractors) or daily wages (17% with subcontractors).

Tailors could by and large be split into two segments based on their earnings, Rs 2000-2500 and Rs 2501-3000 (minimum wages in Delhi for tailors being Rs 3003). They were able to raise their earnings by Rs 500- 1000 by working overtime.

Immense variations were noticed even among companies in the vicinity in the same locality. The general trend was that by and large a number of companies paid less than the prevalent minimum wages and were forced to work overtime in order to increase their wages. Yet another factor noticed in Delhi was that for all jobs, the workers with subcontractors were paid much less than the workers with companies.

- **Social Security:** In Mumbai, 81% of workers on the whole reported non payment of PF. 78% of the workers in Tirupur said that they did not get any social security (Provident Fund). It was noticed that even units with more than 75 workers had generally made these provisions for just 16-20 workers in their units. 73% of workers on the whole (and 89% workers with companies in Delhi) reported that they did not get any PF payments. A number of problems were faced even among workers whose PF was deducted including fudging of PF records, failure on the part of the company to divulge whether their contribution was being made, inability to collect their payments when the workers left the company and so forth.

Post 2004 expectations by the Companies in Mumbai, Tirupur and Delhi

In Tirupur, there appeared to be a great awareness of the removal of quotas. Most preferred to adopt a ‘wait and see’ kind of policy. It was expected that there be a jump in selling and buying and also an increase in competition. The general impression on the part of each unit was also that they would not be adversely affected by the elimination of quotas. Improving the quality of their products was uppermost in everyone’s mind. It was seen that most of the bigger players were looking forward to the removal of quotas as it would make it a level playing field for Indian exporters.

However an important point that came up for discussion was that in the last few years the codes of conduct of the various buyers (especially those from European countries such as Holland and Sweden) had led to various kinds of pressures on both sides. On the one hand, the buyers are wary about the supplier from whom they source. Due to pressure from consumer groups and others like the Clean Clothes Campaign in the West, disclosures about the use of child labour for instance in the course of manufacturing are likely to be very damaging to the company's image and make a dent on their stock values even. 'Sometimes the buyers descend on the factories and try to talk to the workers with the help of interpreters while earlier they were never bothered'. However what is being considered problematic by the Tirupur exporter is that although the buyer is asking for all these new facilities to be provided which means a sharp increase in the overhead costs they are still asking for the same cheap prices.

To combat these policies Tirupur has attended to take out and market its own brand of product - fair working conditions, no exploitation, no employment of child labour, fair wages (living wages) and environmental standards are the focus of this product.

In Mumbai similar sentiments were expressed – most exporters not worried, even the smaller players looking forward to it. What was clear was that the well being of the subcontractors and the livelihoods of the workers depended on the continuance of the export orders. This attitude was one that prevailed in Delhi as well.

CEC in Brief

Centre for Education and Communication is a Society registered in 1983 (Registration Number S/13682/83) under the Societies Registration Act,1860.

Centre for Education and Communication is a resource centre for labour, in particular of those in the unorganised and informal sectors. It functions as a centre for workers' education and participatory labour research.

CEC creatively responded to the challenges posed by the autonomous workers' movements that emerged in 1980s. Now, it is aware of the economy's integration into the global market and the consequent changes in the structure and nature of employment.

CEC perceives its role as to

1. critically understand the changes in the employment structure,
2. positively contribute, through its various activities, to the enhancement of dignity of labour, and towards this end,
3. evolve appropriate strategies, at national and international levels, in collaboration with all trade unions and labour organisations, labour support organisations and peoples' movements.

CEC places itself in the interface of social action and academic research, aligning on the one hand with the activist groups and the struggles of formal and informal sector workers, tribals, women, victims of development, environmental groups etc., and on the other hand with the section of academic community who prefers to constantly interact with people's organisations and movements. It is a two way process; learning from the people and contributing to the enlargement of their horizon.