



Agricultural Trade Liberalisation and Domestic Market Reforms in Indian Agriculture

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Synopsis

Agriculture remains of enormous significance to the Indian economy but its contribution to economic growth, to food security and to the alleviation of rural poverty, has been diminished. The agricultural markets have been subjected to various forms of government intervention, at both state and central levels, but the Indian government has recognised that economic inefficiency in agricultural markets requires major reforms. Another reason for addressing domestic agricultural markets arises from the concerns that have emerged internationally that domestic market structures that limit competition – such as state trading enterprises – may distort international trade and hence limit the expected impacts of trade liberalisation. Accordingly priority has been given to assessing the economic and social net benefits of deregulation, while maintaining compliance with international trade agreements.

The aim of the project is to evaluate how agricultural markets in India can be made to work more efficiently while taking into account the economy-wide effects of changes in government intervention and the social effects of the operation of markets, while ensuring that they remain consistent with international agreements, including the various trade agreements. To achieve this, four specific objectives have been identified.

- To determine through review the main institutional and regulatory interventions in selected agricultural sectors, including a detailed review of State Trading Enterprises (STEs) and other relevant marketing bodies, and any analysis of the extent to which they alter prices, production, consumption, trade and efficiency
- To analyse marketing system constraints in selected agricultural sectors and their impacts on prices, production, income, consumption, trade and efficiency through in-depth case studies
- To identify, evaluate and quantify the impact of domestic market and international trade policy reform options on agricultural prices, production, income, consumption, trade and efficiency through the development of suitable industry-specific and an economy-wide models
- To develop and disseminate set of policy recommendations for more efficient markets to key stakeholders.