

Ensuring Adequate Flexibility through Special Products

A Case Study of India

Ensuring Adequate Flexibility through Special Products

A Case Study of India

Linu Mathew Philip

Research Officer
Centre for Trade and Development (Centad)

Ashutosh Kumar Tripathi

PhD, Scholar
Centre for Economic Studies and Planning
JNU, New Delhi

Copyright © Centad July 2006

Centad Working Papers are intended to disseminate the preliminary findings of ongoing research both within and outside Centad on issues around trade and development for the purpose of exchanging ideas and catalysing debate. The views, analysis and conclusions are of the authors only and may not necessarily reflect the views or position of Centad or Oxfam GB. Readers are encouraged to quote or cite this paper with due acknowledgement to the author and Centad.

Centad acknowledges the comments and inputs provided by Ramesh Chand, Sateesh Nair, Pranav Kumar, Parthapratim Pal and Abhijit Das in their individual capacity. Centad would like to give special thanks to Oxfam International's Make Trade Fair Campaign for the inspiration and financial support. Views and errors if any are solely the author's responsibility.

Key words: Special Products, Market Access, Flexibility, WTO, India

Design and Printing by
New Concept Information Systems Pvt. Ltd.
Plot No. 5, Institutional Area, Sarita Vihar
New Delhi- 110 076

Foreword

Agriculture is the mainstay of the predominant inhabitants of the world and in India it is the way of life. India is witnessing some of the worst distress situations wherein there is spurt in the number of suicides at a time when there is also an increased growth in imports. Though trade is bringing down prices, thereby increasing the relative income of consumers, it comes at a high cost to domestic producers. Hong Kong Ministerial Declaration has acknowledged the need for developing countries to self-designate an appropriate number of tariff lines as special product that deserve special treatment. India with a huge diversity in terms of agricultural cropping pattern has a daunting task of balancing the domestic agricultural policy with its trade priorities.

Stalemate in agricultural negotiations at the WTO has persisted with a continued lack of convergence on most important issues of trade-distorting domestic support, market access and related flexibilities in respect of developing countries' right to regulate. One of the key issues for negotiations is those around flexibilities in market access, where developing countries, led by the G-33 group, have articulated their position on the Special Products [SPs] and Special Safeguard Mechanism [SSM]. This paper makes an attempt to designate and categorise the agricultural tariff lines for being earmarked as SPs in India based on development criteria and suggests future options in a scenario of possible tariff reductions. The treatment and the percentage of lines for special products are still being negotiated and the current paper's scoring method is a bold effort in bringing to the fore discussion of flexibilities in market access protecting the interest of developing countries.

This paper has shown that the SPs designation in India may not in anyway affect the market access as the water in the tariffs are very high. SPs may not substantially alter the average market access for the country as a whole. Centad hopes that this working paper on Special Products in India will provide an important input for developing countries to articulate their interests and the flexibilities in agricultural trade negotiations at the WTO.

Dr. Samar Verma
Senior Policy Advisor and Trade Team Leader
Oxfam GB
Oxford

Abbreviations

Annex	Annexure	Involv	Involvement
AoA	Agreement on Agriculture	LDC	Least Developed Countries
AMAD	Agricultural Market Access Database	NHM	National Horticulture Mission
Bask	Basket	No.	Number
BoP	Balance of Payment	NSSO	National Sample Survey Organisation
Converg	Convergence	OECD	Organisation for Economic and Community Development
Co-op	Co-operative	P	Prices
CWP	Criteria Weights Products	Prod	Production
Dep	Dependence	QE	Quinquennium (average for five years)
DPAP	Desert Prone Area Programme	QR	Quantitative Restrictions
Exp	Export	RD	Rural Development
Equiv	Equivalent	S&D	Special and Differential
FAO	Food and Agricultural Organisation	S&M	Small and Marginal
FAOSTAT	Food and Agricultural Organisation online Statistical Database	SP	Special Product
FS	Food Security	SSG	Special Safeguard
GATT	General Agreement on Tariff and Trade	SSM	Special Safeguard Mechanism
GDP	Gross Domestic Product	TL	Tariff Line
GoI	Government of India	TMO	Technology Mission on Oilseeds
HS	Harmonised System	TNC	Trade Negotiation Committee
ICTSD	International Centre for Trade and Sustainable Development	TRQ	Tariff Rate Quota
IFAD	International Fund Agricultural Development	URAA	Uruguay Round on Agreement on Agriculture
IISD	International Institute for Sustainable Development	Val	Value
Imp	Imports	WPI	Wholesale Price Index
Ins	Instability	WTO	World Trade Organisation

Contents

<i>Foreword</i>	iii
<i>Abbreviations</i>	iv
<i>Executive Summary</i>	vii
1. Introduction	1
2. Rationale for Special Products in India	3
2.1 Structural Changes	3
2.2 Trade Linked Fallouts	4
2.3 Need for Flexibility	5
2.4 Structural Differences in Agriculture	6
3. Criteria in SP Classification	6
3.1 Food Security	6
3.2 Livelihood	9
3.3 Rural Development	10
4. Diversity of Indian Agriculture	12
4.1 Crop Diversity	13
4.2 Diversity in Holding Size	14
5. Self-sufficiency Criteria in Case of Special Products	17
5.1 Self-sufficiency and Food Security	17
5.2 Self-sufficiency Problem	18
6. Dependence Key to Special Products	19
6.1 Regional Spread of Dependency	20
7. SP Designation and Treatment	22
7.1 Tariff Substitute and Convergence Ratio	24
7.2 Tariff Bandings	25
7.3 SP Designation	28
8. Conclusion	36
9. References	38
<i>Annexures</i>	
Annexure 1: Self-sufficiency Ratio by Different Commodity/Commodity Group	40
Annexure 2: SP Score Card	42

List of Tables

1	Changing Proportion of Sri Lanka's Agricultural Production Linked to Trade	4
2	Share of Food in Consumer Basket in India	7
3	International Price Instability of some Commodities: 1980-2001	7
4	Comparison of International and Domestic Instability: 1994-2005	8
5	Comparison of Domestic and International Instability in Production and Prices of Cereals	9
6	Share of Value of Production of Selected Crops along with the Growth Rates	11
7	Area and Production of Selected Commodities in India: 1950-51 to 2000-01	14
8	Proportionate Contribution (%) to Foodgrains Production: Various Farm Size Categories at 1971,1981, and 1991	15
9	Proportionate Contribution (%) to Non-foodgrain Production: Various Farm Size Categories at 1971,1981, and 1991	16
10	Self-sufficiency Ratio of Selected Commodity/Commodity Group	18
11	Dependent Working Population in Agriculture in Major States of India	19
12	Percentage of Distribution of Land and Dependence of Working Population	20
13	Agriculture Population of Different Countries	22
14	Estimated 'Convergence Ratio' of Tariff Lines to the Agriculture Commodity	25
15	Characteristics of Different Agricultural Bands in India	25
16	Scenarios of Tariff Reduction using Special Products	28
17	Number of Tariff lines at Various Level of SP's	29
18	Applied and Bound Duties of Broad Group of Commodities	30
19	Working Matrix of the Selection of the Commodity as Special Product: Option 1	32
20	Government Expenditure on Different Heads	32
21	Working Matrix of the Selection of the Tariff Lines as Special Product: Option 2	33
22	Criteria for Assigning Scores	33
23	Distribution of Tariff Lines and the SP Scores	34
24	Simulation with Different Percentage of SP Lines in Overall Reduction Commitments	35

List of Figures

1	Trend Indices of Unit and Value of Trade	5
2	Different Sources of Monthly Income of Farming Households in India	9
3	Critical Links of Produce Value and Livelihood Security	10
4	Wheat Tariff Convergence	24
5	Bound and Applied Duties and Import Trend Across Different Broad HS-2 Heading	26
6	Bound and Actual Duties by Individual Tariff Lines	26
7	Market Access Reduction Commitments at a Moderate Rate	27
8	Bound and Applied Duties of Agricultural Commodities of India	29

List of Boxes

1	Development Box	2
2	Special Focus on Diversification	15
3	Developments on Special Products	23
4	Scoring Example: Tariff Line 040310- "Yogurt"	34

Executive Summary

Market access is a crucial pillar in the Agreement on Agriculture (AoA), giving legitimate access to agricultural products in trade. Keeping in view the sensitivities attached to agriculture, and its impact on poverty and development, the negotiations further proceeded to include flexibilities to the broad commitments. Prior to the July Framework the flexibilities were enshrined through Article 5 and Article 15 of the AoA.

Special and Differential (S&D) Treatment was an important and an integral element of Article 20 of the AoA, recognising the domestic compulsions of countries. This provided special freedom and flexibility for countries in the future negotiations.

The provision of S&D treatment was extended after a marathon negotiation in July 2004 and WTO members agreed to a framework agreement incorporating concerns like sensitive special products (SP) and special safeguard mechanisms (SSM). In the recently concluded Ministerial Meeting of WTO at Hong Kong there was endorsement of these provisions. Developing countries were granted the privilege to self-designate an appropriate percentage of agricultural products having flexibility to avoid strict reduction commitments based on criteria of food security, livelihood security and rural development needs. The classification of select band of special products is essential in a multilateral framework where differentials exist in terms of occupation, income and demography.

India has a huge chunk of population, close to 60 percent, critically dependent on agriculture. In terms of diversity there is existence of broad crop diversity spread in different regions. The diversity is not just in terms of crops and commodities but also in terms of farm sizes with predominance of

small and marginal farmers who have very few options in terms of occupation and income in their level of subsistence. The tremendous implication on poverty and welfare is clearly manifest.

This paper attempts to segregate products on the basis of food security, livelihood security and rural development needs. In terms of product there is a high tariff convergence to product, which not directly but indirectly displaces the domestic production via substitution in high demand pockets. This has huge consequence and tremendous implication on the value chain of processing of the agricultural product and India is standing on the threshold of an agribusiness/brown revolution. The present selection exercise tried to combine different products keeping the diversity, maintaining the regional and product equity and minimising the risk of product exclusion. This is important to give adequate policy space to regional and state level interests that may not find any significance at the national level.

The draft agenda at Hong Kong has given the flexibility in terms of appropriate number of tariff lines based on the above criteria but it would mean further that countries with a huge agrarian interest in terms of poverty and dependence should have the flexibility of assigning a high percentage of lines commensurate with their domestic concerns. From the present analysis carried out it shows that there are close to 57 percent products which can be designated as special.

From the way the negotiations are proceeding even 20 percent is prescribed as high and posing a threat of circumventing trade. This argument is baseless as for many lines, trade does not even take place on account on many non-tariff reasons and the special

provision endorsed cannot be slighted away on the pretext of trade. Developing countries should be cautious that any limiting criteria or excluding products as proposed by Thailand and Malaysia may dilute this privilege while many countries may not be able to designate even a single product. Export interests can not be the basis of designation as most small farmers in developing countries have a high level of subsistence and livelihood concerns that cannot be sacrificed at the behest of some vested export interest.

The present exercise clearly reveals that there are at least 21 percent lines that are special in the strictest level of scoring based on the development indicators. The developed countries have been pitching for 1-2 percent of sensitive tariff lines and there has been stiff opposition to any reduction or tariff quota expansion. This has to weigh in the context that the developed countries have only around 4 percent of the population dependent on agriculture and these percentages match well with their pattern of agriculture. In the Indian context with the modest pretension, if each chapter at HS-2 has at least 1 percent of lines as special then it invariably adds to 33 percent. Thus the proposals of limiting the SP to a few lines was not in anyway endorsed at Hong Kong rather it was a percentage. And if negotiations proceed in this direction it would be a mockery of the whole process of S&D and further vindicating that developing member countries need to be given the freedom to protect their domestic development prerogatives.

It is important to mention that average applied duties in India are lower than bound duties and there is no cause for apprehension in terms of

allowing a high percentage as flexibility on the total tariff lines. A high level SP would be essential if cuts in the modalities are steep in the banded formula. Subsequently, it can reduce the percentage of the TL categorised under special product. Another option that will be needed is to assess the impact of trade flows and in cases where short term import surge cause serious instability in prices, the developing countries should have the flexibility to shift the lines categorised as SPs. The provision endorsed through SSM can take care of a surge in imports but in view of their short term nature and taking into account the farming decisions and operationalising difficulties, an additional flexibility should be granted for developing countries to switch lines in the period of implementation. This is critical if SSM measures is turned in operational on SP lines.

TRQs can also serve as alternate viable concessional options in the framework if the developing member countries feel the provisions are misused or there is threat of circumvention of fair trade.

Thus, the real quest of isolating or demarcating the TL is a difficult task with wide inequities in terms of income and broad development indicators spread across India. If a preconceived percentage is set, there is obvious risk of misinterpretation and development effort initiated through DDA will go in vain.

The designation of SP is one of the crucial development instruments in trade for the developing countries and for Indian farmers. It is the basic trade-safety net which will go a long way in providing legitimate time and policy space to adjust to the multilateral trading framework.

1. Introduction

Though agriculture was streamlined under GATT in 1947, the highly sensitive sector was exempt from the GATT trading system rules as a consequence of a waiver secured by the United States in 1955 followed by all countries (Baldwin, 2004). It received special treatment compared to other industries through the protectionist canopy of national policies ever since trade negotiations began. The policy space provided to countries to protect their agriculture sector by means of high tariffs, domestic support and quotas attracted wide criticism as these resulted in changes in agricultural trade, which proved disruptive to other countries. Subsequently, negotiations by WTO members resulted in a separate Agreement on Agriculture (AoA) at the Uruguay Round (Naik, 2005). The three pillars of the AoA were structured around commitments to eliminate all forms of distortions, particularly, reduction in domestic support, reduction in export subsidies, and commitments to allow minimum market access combined with conversion of all forms of barriers to trade as tariffs or *ad valorem* equivalents. The URAA rules provided flexibility to countries via immunity in terms of the 'Peace Clause' which could be invoked by countries defaulting on the support commitment and also by giving countries special safeguard (SSG) to protect domestic agriculture from a surge in imports on account of the new market access provisions. For developing countries, the lack of preparedness, the distorted rules and lack of voice in the multilateral negotiations stifled their freedom to harness any appreciable gains from an appreciated agricultural trade.

The present regime of the WTO has set in place a system of trade that is based on certain rules and regulations to instil a fair free, and a market-

oriented trade. However, the fairness remains limited to rules in the print of the text. (Oxfam Briefing Paper 76).¹

Market access is a crucial pillar of the AoA, giving legitimate access to agricultural products in trade. However, keeping in view the country sensitivities attached to agriculture, due to its impact on poverty and development, the negotiations proceeded to include flexibilities to the broad commitments. Prior to the July Framework, as mentioned earlier, the flexibilities were enshrined through Article 5 and Article 15 of the AoA. Special Safeguards (Article 5) were an integral part of the agreement and provided trigger price and volume to restrict imports. The right to use special safeguards was restricted to 38 countries based on the transition to only tariff duties. India opted for a ceiling binding on account of the BoP situation to safeguard its agrarian interest and maintained the ceilings till 2000. However, following complaints from other member countries it was forced to renegotiate under Article XXVIII and alter bindings on select lines and accede to minimum access through TRQ on four tariff lines.

'Special and Differential (S&D) Treatment' was an important and an integral element of Article 20 of the AoA, recognising the domestic compulsions of countries.

"c) ...non-trade concerns, special and differential treatment to developing country Members, and the objective to establish a fair and market-oriented agricultural trading system, and the other objectives and concerns mentioned in the preamble to this Agreement;" (Article 20 AoA)

¹ "A Round For Free: How rich countries are getting a free ride on agricultural subsidies at the WTO" Oxfam Briefing Paper 76, 2005.

This provided special freedom and flexibility for countries in the future negotiations. The provision of S&D treatment was extended after a marathon negotiation in July 2004 and WTO members agreed on a framework agreement incorporating concerns like sensitive, special products and special safeguard mechanisms (SSM). In the recently concluded Ministerial Meeting of the WTO in Hong Kong there was recognition of the S&D provision in the Doha Work Programme in Para 7:

“...recognise the need to agree on treatment of sensitive products, taking into account all the elements involved. We also note that there have been some recent movements on the designation and treatment of Special Products and elements of the Special Safeguard Mechanism.”

&

“Developing country Members will have the flexibility to self-designate an appropriate number of tariff lines as Special Products guided by indicators based on the criteria of food security, livelihood security and rural development.”

Special products are self-designated agricultural products that have flexibility in reduction commitment based on the criteria of food security, livelihood security and rural development needs. The classification of a select band of special products is essential in a multilateral framework where differentials exist in terms of occupation, income and demography. Fulfilling commitments to market access is critical if trade has to usher in gains through increased liberalisation and openness. Greater trade openness is the starting point in the expansion of capabilities and increase in welfare but is not an end in itself (UNDP-Human Development Report 2005). The interdependence between countries in trade has enabled millions of people to escape poverty and share in the prosperity generated by globalisation. However, with expanding trade volumes and with trade barriers set to fall in the coming days, there are linked apprehensions of reduced revenue, occupation

displacement of working populations, uncertainty of food supply, and fears of malnutrition, poverty and unemployment. Special provisions are needed to allay these fears and to protect the interests of fragile populations in the world of comparative advantage and trade.

India like other developing countries from the very beginning focussed on the need for the ‘Food Security Box’ and supported the ‘Development Box’ initiative by Kenya at WTO (Box1: Development Box) to protect rural livelihoods and food security. In its proposal it had requested that measures taken by developing country members for alleviation of poverty, rural development, rural employment

BOX 1 Development Box

The notion of the Development Box first appeared as a ‘Bread Box’ in proposals from NGOs and later from the FAO back at least to the 1996 World Food Summit backed by empirical work. Friends of the Development Box (FDB) group chaired by Pakistan was set up just before the Doha Ministerial Conference. Though it was unsuccessful in securing any mention in the Declaration however, it won inclusion as an explicit agenda at the Committee on Agriculture, Special Session.

The Box would provide the following instruments:

- S & D instruments for Food Security crops.
- Slower rate of tariff reduction for Food Security crops than other crops.
- Considering the offsetting negative product-specific support against positive non-product specific support.
- Safeguarding from challenge any support conforming to specific green box requirements.
- Allowing for short-term stockpiling of commodities by developing countries during times of low world prices.

‘The Development Box,’ IISD Trade and Development, Brief No 5, 2003.

and diversification of agriculture be made exempt from any reduction commitments. This flexibility was possible in the context of the 'Policy Space' available for developing countries lacking sufficient resources and infrastructural capacity to manage their geographic and economic vulnerabilities which rendered them comparatively disadvantaged vis-à-vis developed competitors (ICTSD, 2001).

These 'Box' initiatives were dropped in favour of the SP designation which would be exempt from tariff cuts and SSM to help protect against import surges (ICTSD, 2003).

The G-33 group of countries of which India is a member later pioneered the work on Special Products in WTO. In one of its communications it clearly stated that SPs are an integral part of the SDT under the market access pillar. And the selection of SPs would be made fully understanding the domestic policy context and in pursuance of paragraph 41 of the General Council Decision of August 1, 2004. Recognising the diversity of agricultural systems developing countries would be able to pursue agricultural policies that are supportive of their development goals, including poverty reduction strategies and other varied needs of domestic policy. It advocated a developing country member has the right to designate as Special Products ("SP") at least 20 percent of its agricultural tariff lines guided by

the illustrative, non-exhaustive, non-prescriptive and non-cumulative list of indicators.

This puts in place an enormous challenge for developing countries to designate and bring to the fore the desired domestic development dimensions in a multilateral trading framework. The current paper has tried expansively to cover the issue of special products for India in the light of the concurrent negotiation and the second section outlines the rationale for the categorisation of special products in India. Section 3 illustrates the various criteria that take care of the development dimension of trading in a multilateral framework. Section 4 draws the importance of the diversity of the Indian agriculture system and the various domestic concerns related to it. Section 5 focuses on the trade in the agriculture sector and its linkages to self-sufficiency and livelihood concerns in the Indian economy. Section 6 deals with the necessity for regional indicators of dependency as the key to approach to designation of special products. Section 7 deals with designation of SP and the treatment alongwith the recent development on SP in the current negotiations. And the last section concludes on the efficacy of the SP and its strong link to development and divergence of issues at the domestic level and possible strategies and options to designate the special products for developing countries with a large and diverse agriculture.

2. Rationale for Special Products in India

Even ten years after the AoA little has been achieved in attaining fairer terms of trade and more decent employment opportunities for the poor populations of developing countries. In 2004, the OECD countries spent some US\$ 230 billion on agricultural support, representing almost as much wealth as that held by the world's one billion poorest people combined, and four to five times that of the total OECD aid (<http://www.centad.org/relatedinfo9.asp>). This has adverse consequences on the trading opportunities of poor farmers in

the South, as it depresses world food prices, and pushes small farmers out of domestic, regional and rich countries' markets.

2.1 Structural Changes

Trade liberalisation, accompanied by wider economic reforms has reduced State intervention in the economy and has resulted in the withdrawal of government support for a variety of social and other services. This has led many countries to reorient agricultural production towards exports, resulting

in the neglect of domestic food production. The problem is further aggravated by the combination of poor infrastructure in rural areas and low world prices prevailing due to the huge subsidy given by developed countries, which has made it more cost-effective for urban areas to be provided food from the world market than from domestic production. This has resulted in reduced commercial outlets for the produce of the rural areas, affecting their prospects for growth. In several developing countries, liberalisation has also contributed to farm concentration, resulting in increased productivity in some areas but also in increased inequalities and marginalisation of small producers. Some of the recent studies on suicides by farmers hint at the growing level of distress prevailing among the farming community in the new trade regime (Suri, 2006). In general, agricultural imports have increased faster than exports in many developing countries including India and in most cases, this has contributed to the displacement of its domestic production.

2.2 Trade Linked Fallout

In many cases, tariff reduction has resulted in the increased transmission of international price variability to domestic markets (Valdés and Foster, 2005). In the absence of effective mechanisms to protect farmers, these have harmed even the long-term competitive agriculture sector. Moreover, it

has also caused uncertainty in agriculture, leaving resource-poor farmers, especially of developing countries, in a state of misery with a bleak future. In Jamaica, the potato and onion production in the 1980s and 1990s was around 70 percent of domestic consumption. However, on account of a surge in imports the production fell to less than 10 percent (Jales, 2005). Sri Lanka had pursued an open economy with an aggressive liberalisation policy since the 1980s. It witnessed some drastic reduction in its natural agricultural production pattern which was displaced; for example while it was producing the entire domestic demand for all its pulses, beans, rapeseed and mustard in the 1990s, by 2003 these were highly substituted by imports (see Table 1).

The classic example in South Asia is from Sri Lanka, where the risk of high dependence on imported food items such as onions became obvious in 1998, when India imposed a ban on onion exports. This resulted in a more than quadrupling of the retail prices of onions in Sri Lanka, to almost Rs. 80-100 per kg. Moreover, the local production fell to 17,000 tonnes as the area cultivated was reduced significantly, with unfavourable consequences for both the onion farmers and consumers (FAO, 2000).² Sri Lanka has more than 8 million working population dependent on agriculture and for countries like India, where there are more than

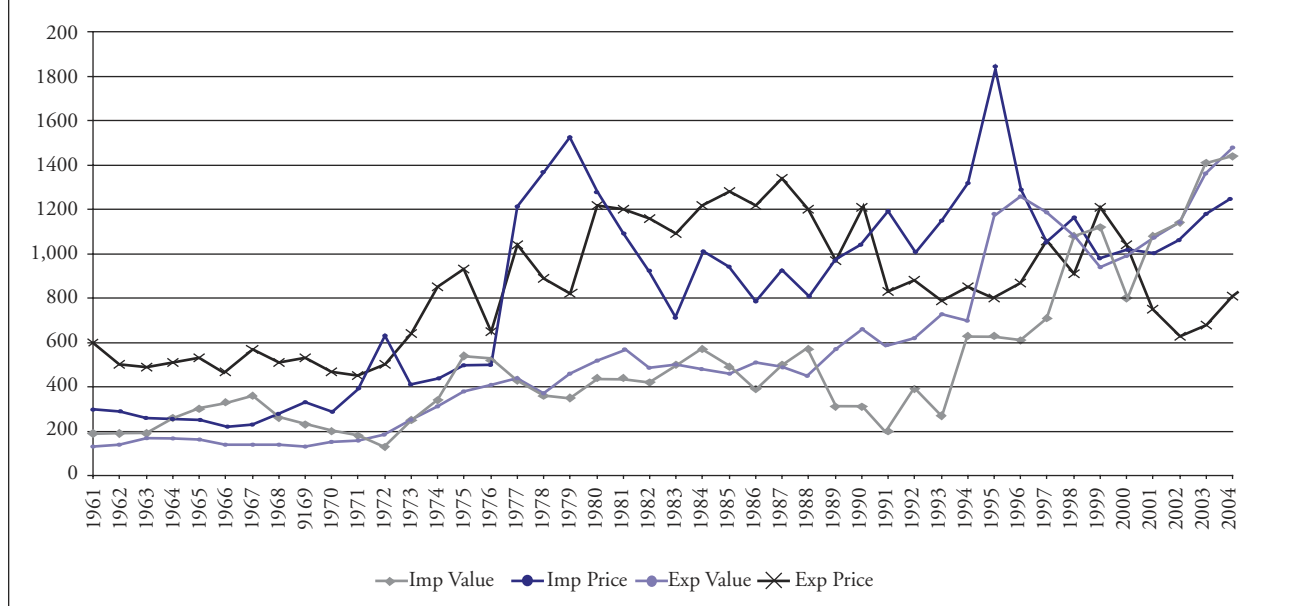
TABLE 1
Changing Proportion of Sri Lanka's Agricultural Production Linked to Trade

	Ratio of production to consumption		Ratio of import to production	
	1990	2003	1990	2003
Potatoes	1.46	0.75	0.00	0.67
Sugar	0.18	0.07	5.40	14.35
Pulses	0.58	0.14	0.89	6.16
Beans	1.06	0.41	0.00	1.52
Rapeseed and mustard	0.92	0.15	0.17	5.87

Source: Authors Calculation from FAOSTAT.

² Agriculture, trade and food security issues and options in the WTO negotiations from the perspective of developing countries: Country case studies, vol. ii (2000)
(http://www.fao.org/documents/show_cdr.asp?url_file=/docrep/003/X8731e/x8731e14.htm)

FIGURE 1
Trend in Indices of Unit and Value of Trade



Source: Computed from FAOSTAT. Base year is 1989-91

500 million dependent workers, the commercial displacement has the potential of disturbing the rural way of life which meets domestic food needs. There is a need, therefore, to provide adequate protection and allay the fears and uncertainty of import surges and price volatility. Indian imports have grown faster than exports, its imports were US \$ 1 billion in the early 1990s and have climbed to US \$ 5 billion in 2004 while exports too have grown from US\$ 3 billion to US\$ 6 billion in the same period (FAOSTAT, visited March 1, 2006).

The trade indices trend illustrated in Fig.1 gives a strong signal that imports had been effectively controlled prior to liberalisation in India and in a span of 10 years the level of value of imports has risen rather sharply. A cause for concern is the pace of growth in the value of imports (note: import levels in 1991 were the same as in 1972) in the last ten years along with the decline in unit value of imports.

2.3 Need for Flexibility

It is against this background that special products will provide targeted protection through tariff reduction exemptions or minimal tariff cuts over a longer transition period for products that are

important from a food security, livelihood security and rural development perspective. Annex A to the 1 August Decision elaborates the framework for special and differential treatment (SDT) and includes a number of innovations not present in the current Agreement on Agriculture (AoA). For domestic support, the flexibility enshrined through 'green box' and 'blue box' takes care of the legitimate non-trade concerns of the countries well endowed with resources, while developing countries having lesser options to support their agriculture have more reason to protect their agriculture through special instruments like SP. These include the designation of 'special products' (based on the criteria of food security, livelihood security and rural development needs) and the establishment of a special safeguard mechanism (SSM) to be used by developing country members. The concepts of SP and SSM have emerged as a key compromise between the objective of substantial improvements in market access and the principle of special and differential treatment (S&DT) in the Doha Round (Jales, 2005). The special treatment to cotton crop in the July framework was an outcome of the special representation by the West African countries that raised the issue of trade-linked damage. If a

similar situation on other products needs to be averted, it is imperative that special safeguards be provisioned on development lines. The concept of SP is not intended for circumventing trade or to mitigate damage as a remedial measure but to prevent farming systems being pushed out of business. The subsequent August 2004 Framework Agreement requests each member – other than the least-developed countries (LDCs) – to make tariff reduction commitments, but also recognises the need to grant developing countries some time flexibility to address their development needs.

2.4 Structural Differences in Agriculture

Stark differences persist in the agriculture system in the world. There is, on the one hand, a market-oriented industrial type of agriculture practised by many developed countries and, on the other, a

subsistence type of agriculture practised by many developing countries. It is well known that the constraints of the agricultural sector in most of the developing countries include small holdings, susceptibility to natural calamities, limited use of fertilisers, low levels of productivity and predominantly poor and uneducated farmers. The ongoing mandated negotiations in agriculture need to take into account these differences in the type of agriculture being practised by major developed countries and the agriculture as practised by countries like India. It would be unfair to treat these two different types of agriculture on the same footing thereby reiterating the need for a policy space for developing countries to align the domestic agriculture with the trading framework (WTO Document G/AG/NG/W/102).

3. Criteria in SP Classification

Though trade has the potential to provide legitimate gains, in a competitive and unfair environment however, there is all likelihood that these gains may, in fact, vanish, and be replaced by misery if proper policies, flexibility and support mechanisms are not provided. The Doha Development Agenda and the recently concluded Hong Kong Ministerial Meeting have moved forward the flexibility concerns of the developing countries through non-trade concerns. Allowing self-designation of SPs, the developing countries have gained the legitimate right to safeguard their agrarian interest through tariff lines and it becomes important to identify the parameters that will delineate these tariff lines. Under the present dispensation three critical issues have been left open, under which countries can categorise these special products viz., food security, livelihood and rural development (Ministerial Declaration-Doha Work Programme). Though the three issues comprehensively cover the development dimension of developing countries there is a need

to grasp the significance of the criteria used in the designation process.

3.1 Food Security

The concept of food security has evolved from the food shortages and famines of the 1960s and 70s, when Indian domestic policies geared attempts on a war-scale footing to reach a stage of self-sufficiency. India attained this sufficiency in the 1980s but even after that on account of the huge population needs, it has often banked on costlier imports to supplement food needs (Chand 2000). Food security does not simply mean production of food but also the 'physical and economic access to basic food need' (FAO 1983).³ The debate on food security has always diverged at the global level with one securing food security through lower tariff and cheaper access to food, and another through high tariffs and higher domestic food production and access of food to domestic consumers. It is generally advocated that 'structural food security is

³ FAO 1983, Report of the Eighth Session of the Committee on World Food Security, CL83/10.

generally reduced, not enhanced by trade barriers to food imports' (Huda, 2005). Contrarily, the food position is different in the Indian context, where more than 70 percent of the population is located in rural areas and the rural poor are three times the number of urban poor (Economic Survey 2003-04 Government of India). Food still constitutes the major share of expenditure of the rural population in India and even if tariffs fall the beneficiary will be the urban population through reduced prices and increased supply. Contrarily, rural producers and suppliers of food face a pincer-like situation wherein by virtue of remote location they may find the food supply expensive and even if the food supply finds a market in their remote location, farm produced food may become more expensive relative to the market supply of cheaper substitutes thereby eating into their relative income. This will further aggravate the food insecurity that needs to be adequately safeguarded in the event of reduced tariffs followed by spurt in imports.

TABLE 2
Share of Food in Consumer Basket In India

Item	Rural		Urban	
	1993-94	2004	1993-94	2004
Food	63.17	58.31	54.65	45.95
Non-food	36.83	41.69	45.35	54.05
Total Expenditure	100.00	100.00	100.00	100.00

Source: NSSO Round GoI, various issues

TABLE 3
International Price Instability of some Commodities: 1980-2001

Commodity	Market	1980s	1990s (includes 2001)	Overall
Wheat	Australia	20.46	21.20	20.33
Rice	Thailand	20.12	14.08	16.77
Sugar	Caribbean (New York)	39.32	20.30	30.12
Cotton	Egypt (long staple)	32.82	39.48	38.11
Coffee	Brazil	39.86	37.14	37.56
Coconut oil	Philippines (New York)	44.26	26.63	35.31
Groundnut Oil	Any Origin (Europe)	32.13	18.82	25.44
Soyabean oil	All Origins (Dutch ports)	25.84	17.39	21.26

Source: Sekhar (2003)

Rural concern is crucial from the food security point of view due to the strong linkage between rural food access and household food security. Historically, India has suffered severe embarrassment and shocks on account of dependence on food security through PL 480 and the nightmare of food shortages in the 1960s (Majumdar, 2006)⁴. Accessibility of food cannot be viewed in isolation from price volatility. Reduction barriers to trade may definitely reduce food prices but what is also transmitted through liberal barriers is the instability of prices.

Instabilities in International Commodity Price

The international prices of some commodities have indeed become unstable and volatile since the inception of WTO (Table 3 & 4). Price stabilisation of agricultural commodities, particularly food, is critical as this generates significant equity gains by protecting poor consumers and farmers from sharp fluctuations in prices. Poor farmers are clearly the most vulnerable to the effects of food price instability and risk because they typically have less opportunity for crop diversification in their production activities. As such, adverse price shock can have a devastating human cost in terms of increased poverty, malnutrition, health problems and even famine (Jayne and Myers, 2004).

Inter-year instability in the international prices of most agricultural commodities has been extremely

⁴ N.A Majumdar and Uma Kapilla, 2006, Indian Agriculture in the New Millennium: Changing Perception and Development Policy

TABLE 4
Comparison of International and Domestic Instability: 1994-2005

Commodity	International	Domestic [£]
Rice	11.04	5.92
Wheat+flour, wheat equiv.	12.61	5.85
Maize	14.33	10.30
Sugar, total (raw equiv.)	11.32	8.34
Oil of soyabeans	15.33	17.60
Oil of sunflower seed	13.51	12.11
Oil of rapeseed	16.44	18.59
Skim milk, evaporated	11.90	13.41
Butter	12.65	5.06
Meat bovine fresh	8.14	19.40
Meat sheep fresh	9.06	5.80
Meat of swine	13.41	9.21
Meat poultry fresh	8.32	8.24
Coffee green+roast	21.84	18.78
Cocoa beans	23.65	2.91
Tea	5.76	16.08
Cotton lint	15.47	13.37
Rubber natural dry	25.60	21.21
Jute	17.68	28.57
Hides and skin	10.19	10.97

Source: Computed from FAOSTAT and WPI of Commodities from GoI website. (Instability is measured as the Standard Deviation from trend: $STDEV(\log(Y_{t+1}/Y_t)) \times 100$. Instability in WPI computed by the Ministry of Industry, GoI.

high and the mid-1990s (1995-98) in particular have proved to be the most volatile period (see Table 4) (Sekhar, 2003). Trade in cereals, sugar, edible oil and milk products exports, distorted by huge subsidies, have shown high instability. The commodities like soya and oil-based crops which were highly traded showed high instability in the domestic front. Thus overdependence on international trade for domestic demand can increase instability and possibly threaten food and livelihood concerns of poor farmers and consumers. (see Table 4)

The level of instability in prices exemplifies the impact of price transmission and the impact it can have on the accessibility of the agricultural commodity. Traditional products like wheat, rice, maize and cereals which are regulated through the STE in India have remained comparatively stable in the domestic level. Food items in general showed

the highest fluctuation, underlining the need for caution and flexibility that developing countries need to have in guaranteeing food access.

Specifically for rice and wheat, international price instability is higher than the domestic price instability. Policy-makers have been cautious on these staple crops, more so in the case of rice crop, as the proportion of global trade to production is as low as 5.3 percent and shows higher fluctuations (Vashishtha and Philip, 2004) (see Table 5).

Unrestricted trade liberalisation would expose domestic production to the high volatility inherent in international prices. This has more significance for long-term impacts as it can have adverse effects on farm investment and the productive capacity of agriculture. The relationship between food security and trade is intricate and interwoven with many specific factors and, therefore, cannot be viewed

TABLE 5

Comparison of Domestic and International Instability in Production and Prices of Cereals

Period	1970-71 to 1979-80	1980-81 to 1989-90	1990-91 to 2002-03	Whole period
Rice				
Global production	4.67	2.60	2.25	3.23
Domestic production	16.19	13.47	7.61	12.21
Wheat				
Global production	9.35	4.22	5.27	6.31
Domestic production	11.01	8.31	6.56	8.28
Rice				
International price \$	27.38	19.90	14.00	22.20
International price Rs	23.96	19.13	16.00	20.12
Domestic price	13.41	4.84	7.10	8.58
Wheat				
International price \$	31.54	13.31	18.94	21.90
International price Rs	31.16	15.33	21.46	22.44
Domestic price	18.46	6.23	7.08	10.96

Source: Vashishtha and Philip, 2004, Background Paper Fifth Technical Group on Buffer Stocking

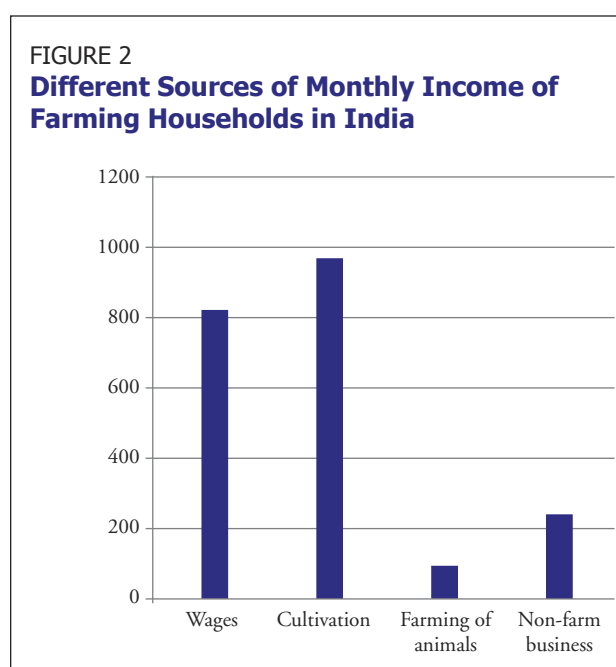
Note: Instability is a measure of deviation from growth trend (Standard Deviation x $\text{Log}(Y_t/Y_{t-1})$ x 100)

uniformly across countries. There are differences in economic policies across individual country members as the agricultural production and other factors differ considerably across the states. Trade may some time provide competitive food sources but may not be the solution to the problem of food security. In fact, it can possibly worsen the situation, so that special checks by virtue of categorisation or safeguards are essential.

3.2 Livelihood

Agriculture in developing countries, especially in countries like India, is crucially linked to subsistence wherein the farmer is strongly attached to the land he possesses. All benefits that he gets are primarily from the farm activities that he carries out. Livelihood goes much beyond food security, involving access to income and resources to meet basic needs (including access to food, potable water, health facilities, educational opportunities, housing, time for community participation and social integration). Livelihoods can be made up of a range of on-farm and off-farm activities, which together provide a variety of procurement strategies for food and cash. All development programmes, whether Integrated Watershed Development Programme, DPAP,

Desert Development Programme or differential interest schemes giving credit at lower rates, are critically linked to land-based programmes and provide legitimate access to livelihood. The latest survey reveals that out of the total income received, a farmer earns Rs 969 monthly from cultivation, Rs 819 from wages, Rs 91 from animal husbandry and Rs 236 from non-farm business (see Fig 2).

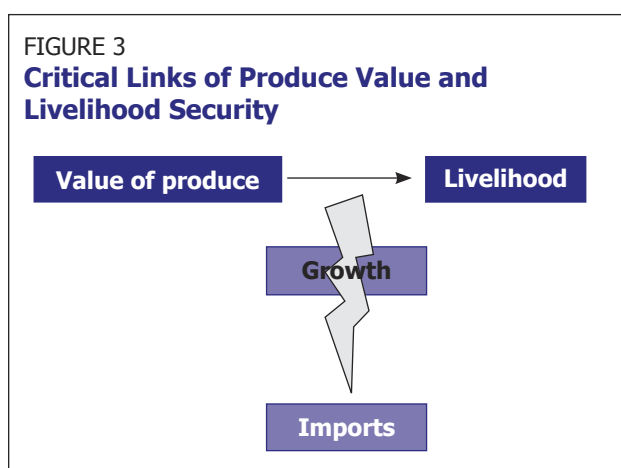


Source: NSSO Report 497 Income Expenditure and Productive Assets of the Farming House holds

In terms of the livelihood of farmers in India, income from cultivation still holds the key to livelihood, comprising more than 88 percent from farming operations. At the disaggregated level, the percentage share of farm income varies considerably from 69 percent in Madhya Pradesh to 28 percent in Kerala. Livelihood in agriculture is directly linked to dependence on agriculture, which can be estimated from the share of working population contributing as agricultural workers and labourers, both as marginal workers employed for working days of less than 300 and main workers, who are employed in agriculture for more than 300 days. Population dependence on agriculture is not just with respect to the working population who possess land but includes also landless labourers, who are dependent on the wages and returns in kind linked to farm activity. Agriculture occupies 234 million main workers, who comprise 58 percent of the workforce in India (Census GoI, 2001). The dependence is more critical at the regional level and may at times get marginalised at the national level as crop specific livelihood support is spread across crops simultaneously across seasons. Rural livelihood is precariously supported by the diverse and multifunctional role of mixed farming predominated by small and fragmented holdings.

Value-Based Livelihood

Another important feature strongly associated with livelihood is the value of production, as any access to basic needs can be quantified in terms of value, which, in turn, reflects the income that accrues to the agricultural produce (see Fig 3).



Trade is an important instrument bringing in the needed appreciation in the value of the produce. However, it can also stifle value through short-term supply as most agricultural produce in India has characteristically low value linked to low levels of processing while being perishable in nature. In terms of livelihood support, real appreciation of value of produce is essential to meet the basic needs.

In taking the value concept for livelihood we end up with a dilemma wherein at one end there is growth that needs to be protected to sustain the livelihood option and at the other end we have crops with low value, grown by poor farmers requiring adequate protection. Table 6 illustrates the declining growth rates in the value of agricultural production, which is a serious cause of concern.

Livelihood is one of the most important development dimensions in trade as the marketing of the agricultural produce is critical for a sustained access to a decent standard of living. As evident from Table 6, the post-WTO period witnessed a depression in the prices of fibre, oilseeds and pulses. Decline in the rate of increase of prices is a disturbing trend that needs to be taken seriously and has huge implication on the livelihood of the farming community. A setback in agricultural prices can result from an import surge stifling the forward linkages of agricultural produce by way of direct competition or through substitutes (for example, cheaper palm oil imports substituting the general edible oil complex and diminishing traditional rapeseed and mustard consumption and production).

3.3 Rural Development

In most developing countries the rural population far exceeds the urban. In terms of both access to resources and income, the rural population is more displaced as compared to the urban. Farming communities are further concentrated in rural pockets, constrained by lack of infrastructure and basic amenities. Tied as they are to the primary occupation of agriculture, they toil and fight the inclemencies of weather. In India, the percentage of GDP coming from the agrarian sector has been continuously declining for

TABLE 6

Share of Value of Production of Selected Crops along with the Growth Rates

Commodity	Share of agriculture produce as per cent			Growth of value (real prices)		
	1990-91	1995-96	2002-03	Whole	Pre WTO 1990-1995	Post WTO 1995-2003
Cereals	26.86	25.39	22.20	1.26	2.90	0.25
Pulses	5.15	4.09	3.26	-0.35	1.10	-1.59
Oilseeds	10.21	8.41	5.24	-0.23	4.42	-4.15
Sugar	4.01	4.50	5.22	2.41	1.67	1.45
Fibres	3.02	3.90	2.03	-0.17	4.74	-5.00
Beverage, drugs and narcotics	1.62	1.55	2.25	4.27	2.34	4.85
Condiments and spices	2.14	2.56	2.49	4.35	6.47	4.25
Fruits and vegetables	13.88	15.53	21.44	5.43	4.73	4.56
Milk	15.14	15.86	16.23	4.14	4.43	3.95
Egg	0.72	0.75	0.80	4.92	5.07	5.60
Wool	0.08	0.06	0.07	3.58	4.49	3.09
Cocoon and honey	0.47	0.54	0.48	1.58	1.53	3.12
Meat	4.01	4.01	4.46	3.44	5.50	3.69
Other crops	2.65	2.55	2.52	1.43	1.37	1.61

Source: Computed from CSO-National Account Statistics, 2006.

the past three decades and the present contribution stands at 22 percent (Economic Survey GoI, 2005-06). In terms of social indicators, too, the rural areas lag behind their urban counterparts; rural poverty was 27 per cent while the urban rate was better off at 24 per cent. Rural development and livelihood are interlinked as the major occupations of the rural population are based on land resources. Rural non-farm occupation is less developed as most farming operations are labour-intensive and tend towards underemployment. Even if there are non-farm occupations, they are categorised as household enterprises engaged in the processing of farm produce. The findings of Ravallion and Datt (1996) support the rural development linkage that the urban-rural composition of growth has an impact on poverty reduction, and that rural growth reduces poverty in both rural and urban areas and hence has a significantly positive effect on national poverty reduction.

Rural development is critical from the farm perspective, where the degree of income differentiation and diversification setting in the transition stage will give way to non-farm income through migration and remittances, and the pressure of commercialisation will put further pressure on small-scale farm households to diversify the sources of income away from agriculture. There is wide apprehension regarding the overriding risk and vulnerability of rural poor, especially to shocks of price volatility, and the urgent need for safety nets for adequate protection (World Bank, 2005).⁵ Safety nets include institutional mechanism, which guarantee livelihood security, and programmes like Food for Work, which can provide a sufficient buffer during exigencies and price shocks. The food components forming the basket of consumption deserve special attention.

⁵ World Bank (2005) Agriculture and Rural Development Discussion Paper 21: Agriculture, Rural Development and Pro-Poor Growth - Country Experience in the Post-Reform Era.

Institutions and Rural Development

Institutions play an important role in the process of rural development. The role of co-operatives in social and economic development is widely acclaimed in a people-centric approach to development and the beneficial contribution for gainful productive employment and poverty reduction through enhanced social integration. Co-operatives also believe in better gender participation and in core values and ethics, which instil better community participation and social responsibility. Co-operatives are involved in activities such as dairying, bakery, fishing and other services that are critical to sustained rural development and community well being (UN General Assembly, Secretary General Report).⁶

Organic Farming and Sustained Rural Development

One of the recent trends catching up in farming the world over is the switch-over to organic farming and the linking factor is low input use and reduced use of pesticides and fertilisers and, in turn, appreciating the health standards and better

management of environment and soil. Organic farming has the added advantage of an intensive use of labour thereby producing more employment.

“Marginal and small farmers in China, India, Latin America and most probably in other developing countries, have a comparative advantage in shifting to organic agriculture, as the technologies they use are often very close to organic practices,” said Paolo Silveri, Evaluation Officer, Office of Evaluation, IFAD.

<http://lnweb18.worldbank.org/EAP/eaprural.nsf/PrintFriendly/D92586972AF5CDEF85256FE00049B4B5?Opendocument> (visited February 18, 2006)

Organic farming is important not just because it involves more labour but in that it enhances women's participation in the farming process as well. It also facilitates the participation of small farmers, giving a fillip to sustained rural development. Prioritising the issues of organic farming in India will go a long way towards sustainable development.

4. Diversity of Indian Agriculture

The diversity in Indian agriculture is due to the existence of different agro-ecological conditions in the country, contributing differentially to the production system. India has the second largest arable land area in the world, distributed among the 20 agro-ecological zones (Sehgal, 1992 [NBSS Publication 24-Agro-Ecological Regions of India-1992]) with a high diversity in cropping pattern. Even among the same crops, the diversity is immense, for example in rice varieties ranging from basmati to bold rice. Diversity in Indian agriculture can be viewed from three perspectives namely: (i) more rural non-farm activities; (ii) existence of both commercial crops and non-commercial

crops which are non-profit oriented and bring improvement in the environment; and (iii) diverse use of farm resources for complementary activities.

In India, more than 70 percent of the population lives in the rural areas, where the main occupation is agriculture. Indian agriculture is characterised by small farm holdings with an average farm size of only 1.6 hectares. Around 93 percent of farmers have land holdings smaller than 4 ha and they cultivate nearly 55 percent of the arable land. On the other hand, only 1.6 of the farmers have operational land holdings above 10 ha and they utilise 17.4 percent of the total cultivated land.

⁶ Sixteenth Session on Co-operatives in Social Development

4.1. Crop Diversity

Broadly, agriculture can be categorised into two groups – food crops and non-food crops (staple crop with cash crop). Within the food crops category the most important component consists of foodgrain crops, which comprise cereals and pulses. Together these field food grain crops constitute the major share (over 60 per cent) in terms of land utilisation a share which is not without justification. Given the challenge of feeding the country's vast population and the experience of food shortages in the pre-independence era, 'self reliance sufficiency' in foodgrains has been the cornerstone of India's policies in the last 50 years. For these food grains along with fruit and vegetable crops the area allocated constitutes over 85 per cent.

Crop diversification is intended policy to provide wider choice in the production of a variety of crops in a given area so as to expand production-related activities on diverse crops and also to lessen risk. Crop diversification in India is generally viewed as a shift from traditionally grown less remunerative crops to more remunerative crops. The crop shift (diversification) also takes place due to governmental policy thrust given to some crops over a given time; for example, the creation of the Technology Mission on Oilseeds (TMO) to prioritise oilseeds production as a national need and to reduce dependence on risky imports. Cereals continue to dominate crop output though their share shows fluctuations. Paddy is the most important crop of the country, accounting for more than 20 percent of the value of all crops produced in India. After 1970-71 the importance of rice has declined. Wheat is the second most important crop produced in India. Its share in total crop output witnessed an upward jump with the onset of the green revolution technology in the late 1960s. The share of wheat continued to increase after 1970-71 but in the subsequent decades grew at a very slow rate. Wheat now accounts for a little more than one-tenth of the total crop value of all crops from India (National Account Statistics-2005).

The situation of pulses has been one of stagnant story on account of marginalisation due to higher

value crops. Despite their stagnant area and production, which can be seen from Table 7, the share of pulses did not decline after 1990-91 (it jumped to 14.91 mt in 1998-99 and reached 15.24 mt in 2003-04). This happened because of relatively fast growth in the prices of pulses. Share of value of pulses, however, dropped to a mere 4.26 percent in 2000-2001 as against 6.69 percent a decade ago but at the state/regional level it forms a high percentage of 20 per cent. Chickpea is the most important pulse crop of the country but its share has also witnessed a decline in the last decade in terms of area allocated but in terms of production and values it has witnessed appreciation.

The extent of diversity can be assessed from the distribution of crops in terms of the proportionate share of individual crops in the total cropped area. The decades of 1980s and 1990s witnessed a very sharp increase in the share of oilseeds, which was followed by a decline of still bigger magnitude. The Government of India had undertaken several measures to improve oilseed production and to make India self-sufficient in oilseeds during the mid and late 1980s. These included the Technology Mission on Oilseeds and the National Oilseed Development Project. Consequently, share of oilseed in total crop output increased from less than 9 percent in 1980-81 to more than 13 percent in 1990-91. This happened due to impressive growth in oilseed production achieved through policy support. As the policy protection to oilseed sector was withdrawn during 1990s, there was a decline in oilseed production, and oilseeds' share plummeted to less than 7 percent of the value of crop output by 2000-01. A similar trend is observed in the case of groundnut, which is the most important oilseed crop in India. The level of instability in domestic prices of oil can be attributed considerably to the present policy on oilseed and its related products (see Table 4).

Among individual crops, sugarcane occupies third position, after rice and wheat. The importance of sugarcane has increased after 1970-71. Cotton is another important cash crop of India, which

TABLE 7

Area and Production of Selected Commodities in India: 1950-51 to 2000-01

Particular	1950-51	1960-61	1970-71	1980-81	1990-91	2000-01	2004-05
Area: million hectares							
Rice	30.81	34.13	37.6	40.1	42.7	44.71	42.12
Wheat	9.75	12.93	18.24	22.28	24.17	25.73	26.49
All cereals	78.23	92.02	101.8	104.2	103.2	99.75	99.79
All pulses	19.09	23.56	22.6	22.5	24.7	20.03	22.47
Chickpea	7.57	9.28	7.84	6.58	7.52	5.19	6.67
Foodgrains	97.32	115.58	124.3	126.7	127.8	121.05	120.16
Oilseeds	10.73	13.77	16.64	17.6	24.15	22.77	23.44
Groundnut	4.49	6.46	7.33	6.8	8.31	6.56	6.02
Cotton	5.88	7.61	7.61	7.82	7.44	8.53	7.64
Sugarcane	1.71	2.42	2.62	2.67	3.69	4.3	4.0
Onion	-	-	-	0.25	0.3	0.49	0.42
Production: million tonnes							
Rice	20.58	34.58	42.2	53.6	74.3	84.98	85.31
Wheat	6.46	11	23.83	36.31	55.14	69.68	72.00
All cereals	42.41	69.32	96.6	119	162.1	185.29	196.81
All pulses	8.41	12.7	11.8	10.6	14.3	11.08	13.38
Chickpea	3.65	6.25	5.2	4.33	5.36	3.86	5.63
Foodgrains	50.82	82.02	108.4	129.6	176.4	196.81	204.61
Oilseeds	5.16	6.98	9.63	9.37	18.61	18.44	26.10
Groundnut	3.48	4.81	6.11	5.01	7.51	6.41	8.33
Cotton	0.52	0.95	0.81	1.19	1.67	1.64	2.31
Sugarcane	57.05	110	126.37	154.25	241.05	295.96	232.32
Onion	-	-	-	2.5	3.23	4.55	4.21

Source: Ministry of Agriculture (2004) Agricultural Statistics at a Glance (various issues)

contributed more than 3 percent of crop value till a decade ago has witnessed sharp fluctuation both in area and production. Its contribution declined during the reform period to less than two and a half percent though its production has increased to 2.3 million tonnes.

Share of fruits and vegetables, which include a very large number of commodities, has shown consistent improvement during the last 50 years. Between 1950-51 and 1970-71, contribution of fruit and vegetable to crop output increased from 8.24 percent to 15.5 percent. The decade of economic reforms has been particularly very favourable to fruits and vegetables, and raised their share to 23 percent of total crop output and contributing

more than 30 per cent of the agricultural GDP and growing faster than the economy (Economic Survey, GoI, 2005-06).

The present policy on diversification with special emphasis on horticulture crops is part of the policy to rejuvenate processing and marketing and promote agri-business projects. The trade policy will have strong influence on the viability of the projects in the long-term as most horticultural products have a high gestation period on account of their perennial nature.

4.2. Diversity in Holding Size

To add to the diversity there are variations in holding sizes of farm. Small-holder farmers are vital

BOX 2

Special Focus on Diversification

The importance of horticulture in improving the productivity of land, generating employment, improving economic conditions of the farmers and entrepreneurs, enhancing exports and, above all, providing nutritional security to the people, is widely acknowledged. With fruit and vegetable production of 49 mt and 85 mt, respectively in 2003-04, India was the second largest producer of both fruits and vegetables in the world. For example, India occupied the first position in the production of cauliflower, second in onion and third in cabbage. The National Horticulture Mission (NHM) was launched in May 2005 as a major initiative to bring about diversification in agriculture and augment the income of farmers through cultivation of high-value horticultural crops. The programme which seeks to double horticultural production by 2011 has a target, in the 10th Plan, of bringing an additional area of 0.5 million hectares.

Source: Economic Survey, GoI, 2005-06

for India's agriculture and its rural economy. Small-holder farmers – defined as those marginal and sub-marginal farm households that own or/and cultivate less than 2.0 hectare of land – constitute about 78 per cent of the country's farmers (Agricultural Census, GoI 1990-91). These small-holders owned only 33 per cent of the total cultivated land; their contribution to national grain production was nonetheless 41 per cent. Their contribution to household food security and poverty alleviation is thus disproportionately high and is increasing.

Table 8 summarises the proportionate contribution by farms of various sizes to foodgrain production for 1971, 1981 and 1991. Notably, holdings smaller than 2.00 hectare, which in 1971 accounted for only 28 per cent of total foodgrains production, were contributing 34 per cent by 1981, and 41 per cent by 1991. In contrast, the proportionate contribution from medium-size holdings increased by a mere 3

TABLE 8

Proportionate Contribution (%) to Foodgrains Production: Various Farm Size Categories at 1971, 1981, and 1991

Crop	Farm Size	1971	1981	1991
Rice	Sub-marginal	7	9	11
	Marginal	11	13	15
	Small	20	21	23
	Subtotal < 2.0 ha	38	43	49
	Medium	24	25	25
Wheat	Large	38	32	26
	Sub-marginal	5	7	9
	Marginal	7	9	12
	Small	14	15	19
	Subtotal < 2.0 ha	26	31	40
Coarse cereal	Medium	21	23	23
	Large	53	46	38
	Sub-marginal	3	3	4
	Marginal	5	6	8
	Small	11	13	17
Pulses	Subtotal < 2.0 ha	19	22	29
	Medium	19	22	25
	Large	63	57	46
	Sub-marginal	3	4	4
	Marginal	5	7	8
All food-grain	Small	11	13	15
	Subtotal < 2.0 ha	19	24	27
	Medium	18	20	22
	Large	63	56	51
	Sub-marginal	5	7	9
All food-grain	Marginal	8	10	12
	Small	15	17	20
	Subtotal < 2.0 ha	28	34	41
	Medium	21	23	24
	Large	51	43	35

Source: Kumar et.al (2002)

percentage points during 1971-1991, while that from the large holdings declined from 51 to 35 per cent. For individual crops, and between 1971 and 1991, small-size holdings increased their share in production of rice from 38 to 49 per cent, of wheat from 26 to 40 per cent, of coarse cereals from 19 to 29 per cent, and of pulses from 19 to 27 per cent. These substantive increases in the proportionate and in the absolute contributions from the smaller-size holdings are ascribed to favourable changes in the

agrarian structure, and to an impressive adoption of new technologies and the intensive use of modern inputs on small-holder farms.

For non-foodgrain production, large farms had the dominant share in 1971 for oilseed (63 percent) and for cotton (77 percent); but by 1991, these shares had declined to 48 and 53 percent respectively; there were compensatory increases in the contributions by the small and medium-size holdings. For sugarcane and jute, the contributions

(proportionate and absolute) from the smaller-size holdings increased very substantially between 1971 and 1991: proportionate contribution to sugarcane production increasing from 29 to 46 percent, and for jute from 47 to 65 percent. Similarly, smaller-size holdings were the major producers of vegetables and fruits, contributing 51 percent of the production in 1991. The increasing importance of smallholder agriculture to the diverse national production and to food security is clearly manifest.

TABLE 9
Proportionate Contribution (%) to Non-foodgrain Production: Various Farm Size Categories at 1971,1981, and 1991

Crop	Farm size	1971	1981	1991
Oilseed	Sub-marginal	3	4	5
	Marginal	5	6	7
	Small	11	13	16
	Subtotal < 2.0 ha	21	23	28
	Medium	18	22	24
	Large	63	55	48
Sugarcane	Sub-marginal	5	6	9
	Marginal	8	10	14
	Small	16	19	23
	Subtotal < 2.0 ha	29	35	46
	Medium	25	27	26
	Large	45	38	28
Fruits and vegetables	Sub-marginal	13	14	15
	Marginal	12	13	15
	Small	18	18	21
	Subtotal < 2.0 ha	43	45	51
	Medium	20	23	22
	Large	38	32	27
Cotton	Sub-marginal	*	1	1
	Marginal	2	2	4
	Small	6	9	15
	Subtotal < 2.0 ha	8	12	20
	Medium	15	20	25
	Large	77	68	53
Jute	Sub-marginal	8	10	18
	Marginal	11	18	19
	Small	28	28	28
	Subtotal < 2.0 ha	47	56	65
	Medium	25	26	21
	Large	27	17	14

Source: Kumar et.al (2002)

One of the problems associated with Indian agriculture, as already suggested through the contribution in different crops, is the bulk of existing small rural poor with a small operational base. It is widely known that by merely raising the yield of existing crops, improvements in the household incomes will not occur, and the only way to bring development gains is through the

introduction of high value crops. The present policy of diversification is also geared to give full employment to the working members of rural households by covering seasonal unemployment. In order to provide gainful employment and stabilise income there is a need to allow policy space for these crops to compete freely, which should find suitable space in the trade policy of the country.

5. Self-sufficiency Criteria in Case of Special Products

In theory, trade liberalisation enhances efficiency, thus enabling trading countries to make welfare gains. It is true that the growth of agricultural production is a means to reduce poverty in many developing countries. It is also the case that agricultural imports can complement local production and provide alternative source of nutrition and dietary choices. And under the right conditions, agricultural exports can act as a dynamic force for poverty reduction, providing small farmers with opportunities to generate income, diversify their livelihoods, and reduce vulnerability.

While there exists a compelling case for instituting a liberal trade regime in agricultural commodities, there are certain key considerations, which are highlighted if one draws upon the implementation experience of the WTO AoA in the last one decade or so. First, the AoA is biased in favour of developed countries and their agricultural support programmes. The AoA establishes a number of so-called boxes, which allow developed countries to maintain a large portion of their domestic support programmes and prevent developing countries from taking countervailing duties on imports of agricultural commodities. Secondly, the WTO processes are regularly criticised for lacking transparency which makes it impossible for developing countries to participate equally in negotiations and decision-making. Even though developing countries make up two-thirds of the membership of the WTO, their

strength in numbers does not translate into greater influence over decision-making. Finally, most WTO members act according to a dominant belief that trade liberalisation is the only way to achieve development, growth and poverty reduction. This faith in trade has evolved to the point where today liberalisation is often seen not just as a means to development but rather as an end in itself. The result is that the WTO seems to have forsaken the objective of human development or of improving human standards of living and has replaced it with the quest for liberalisation.

5.1 Self-sufficiency and Food Security

A level of self-sufficiency in products is important not only from the food security point of view but also from the livelihood security point of view. It is not only as consumers but also as producers that the poor have a stake in maximising foodgrain production. The bulk of the poor are in rural areas. Their livelihood depends on the growth of agriculture. The major consideration justifying self-sufficiency in principal foodgrains is the higher percentage of monthly per capita income expenditure by the bottom one-third population of India on foodgrains. Fluctuations in foodgrain prices result in hardship for this section of the population. One study by Bhattacharyya and Pal (1999), calculated price instability using Coppock's formula (Coppock, 1962) for the period December 1994 to December 1998. The study using instability indices revealed that price instability was higher in

the international than in the domestic market; it was 6.44 and 6.00 in case of rice and wheat, respectively, in the international market and 1.13 and 3.66 in domestic market, respectively. A recent study (Sekhar, 2003) has looked at a longer period: 1970-2001 for international prices and 1980-2001 for domestic prices.

The comparison revealed that inter-year variability is generally lower in the domestic markets than in international markets. A regression analysis on the determinants of price volatility found international prices to be significant in some cases while output fluctuations were observed to be insignificant.

Table 10 reproduces FAO calculations of self-sufficiency ratios for the major three product groups in India.

5.2 Self-sufficiency Problem

It is evident that for most commodities, India produces for self-consumption. Only in selected commodities like peas, vegetable oils and cocoa beans, it is falling short but for most other crops the production is fairly close or above the domestic consumption level. Self-sufficiency is critical to access of commodities and trade can complement/supplement or turn counter-productive in specific cases. Commodities which have a lesser supply

TABLE 10
Self-sufficiency Ratio of Selected Commodity/Commodity Group

Item	Year	Production (mt)	Food (mt)	Self-sufficiency ratio
Cereals	2003	189,361,899	169,357,341	1.12
Wheat	2003	65,129,300	67,783,637	0.96
Rice (milled equivalent)	2003	86,976,799	75,757,874	1.15
Vegetable oils	2003	6,902,206	10,562,357	0.65
Soyabean oil	2003	1,088,000	1,798,026	0.61
Groundnut oil	2003	1,656,000	1,435,292	1.15
Sunflower seed oil	2003	340,800	433,483	0.79
Rape and mustard oil	2003	1,215,000	1,175,568	1.03
Vegetables	2003	79,678,500	73,066,590	1.09
Tomatoes	2003	7,600,000	6,836,430	1.11
Onions	2003	5,500,000	4,364,666	1.26
Potatoes	2003	25,000,000	18,442,095	1.36
Peas	2003	730,000	1,260,868	0.58
Bananas	2003	16,820,000	13,445,130	1.25
Apples	2003	1,470,000	1,317,015	1.12
Stimulants non-alcoholic	2003	1,120,600	7,31,306	1.53
Cocoa beans	2003	8,000	12,812	0.62
Tea	2003	837,600	665,692	1.26
Spices	2003	3,104,000	2,882,218	1.08
Pimento	2003	1,100,000	961,132	1.14
Alcoholic beverages	2003	2,474,093	1,809,423	1.37
Meat	2003	5,940,764	5,568,387	1.07
Animal fats	2003	2,801,961	2,621,054	1.07
Butter, ghee	2003	2,555,050	2,557,945	1.00
Milk – excluding butter	2003	91,100,000	72,439,213	1.26
Eggs	2003	2,371,000	1,930,745	1.23

Source: FAO Statistics 2003. For detail see Annexure 1.

domestically can be substituted through trade as the natural principle of comparative advantage will increase access of these commodities and threaten the already existing level of production and in the course of time may reduce the ratio. For ratios in the margin i.e. close to one, it is critical if other factors like rural dependence and price instability are accounted for, and may help in selecting commodities important for the country as a whole. However, if the gains are to be evaluated on access to the commodities it is worthwhile to mention that commodities which are produced in abundance (more than the consumption) have the

natural advantage. However, in the case of oil crops it is evident that the supply of oil crops far exceeds the demand but in the processed form (vegetable oil) the supply falls short of demand. This reflects the stage of development wherein our country is a poor processor of oil and meets its demand predominantly through imports. However, the implication on the production is immense, as import of oil in subsequent years will stifle the production of raw material of oilseed and there is a risk of overdependence of the huge domestic demand on imports.

6. Dependence Key to Special Products

In India dependence on agriculture still predominates demographic profile of the working rural population, which constitutes around 73 percent of the total population. Above all, the farming community comprises 60 per-cent of the rural households, and is predominated by small and marginal farmers, who are attached to their farm for their subsistence and their livelihood. As suggested in the earlier section, the main income derived by these households from farm income or cultivation constitutes around 88 per cent of the monthly income. This dependence becomes crucial as many concerns stem from the production of agriculture, which is diverse and has many backward and forward linkages.

Farming is a way of life in India and the dependence on agriculture is apparent in all activities, including that of cultivators and agricultural workers earning bare wages or share of the crop. From the latest census it is evident that the working population in agriculture accounts for more than 230 million and approximately two workers are involved per hectare of net sown area in India. In terms of numbers, Bihar, Uttar Pradesh, Maharashtra and Andhra Pradesh have the highest working populations in India. In terms of arable area for cultivation and working population, the North-

Eastern states, Eastern states and Tamil Nadu prominently figure with more workers per ha (Table 11).

The dependence on agriculture is clearly widespread as is evident from Table 11. The working population includes both cultivators and agricultural workers, and disaggregation in terms of commodities is difficult on account of unavailability of data and the involvement of working population with many commodities simultaneously.

The population engaged in agriculture consists of either cultivators or landless labourers. The working population engaged in advanced states like Punjab and Haryana, predominantly involved in rice-wheat cultivation, have a combined share of 4 percent of workers in agriculture, while states like Bihar and Madhya Pradesh, also growing wheat and rice, have more than 17 per cent. In terms of protection of these dependent populations, it is important to understand the crop and enterprises of each of these states, though it is not possible to isolate each crop specifically. In broad terms it is evident that in India, field crop agriculture and allied activities predominate in land utilisation rate, and subsequently, the working population would be linked in the same proportion.

TABLE 11
Dependent Working Population in Agriculture in Major States of India

States	Total working population in India	Working population in agriculture No.	Percentage of agriculture workers No.	Share of agri. workers in India (%)	Workers per hectare NSA
Andhra Pradesh	34,865,117	21,722,389	62.30	9.25	2.05
Arunachal Pradesh	482,206	300,391	62.30	0.13	1.81
Assam	9,557,064	5,031,814	52.65	2.14	1.86
Bihar	38,207,737	28,490,166	74.57	12.13	3.83
Goa	522,565	86,813	16.61	0.04	0.61
Gujarat	20,368,797	10,600,842	52.04	4.51	1.10
Haryana	8,382,890	4,322,234	51.56	1.84	1.22
Himachal Pradesh	2,991,448	2,053,601	68.65	0.87	3.73
Jammu & Kashmir	2,536,509	1,848,233	72.87	0.79	2.52
Karnataka	23,521,533	13,145,274	55.89	5.60	1.28
Kerala	10,291,258	2,394,004	23.26	1.02	1.07
Madhya Pradesh	35,441,745	25,844,575	72.92	11.00	1.30
Maharashtra	42,053,330	23,300,848	55.41	9.92	1.32
Manipur	1,069,578	613,687	57.38	0.26	4.38
Meghalaya	956,425	630,170	65.89	0.27	2.63
Mizoram	469,597	280,661	59.77	0.12	3.08
Nagaland	849,982	578,285	68.03	0.25	2.22
Orissa	14,272,764	9,239,422	64.73	3.93	1.52
Punjab	9,141,760	3,598,306	39.36	1.53	0.85
Rajasthan	23,781,257	15,696,002	66.00	6.68	1.01
Sikkim	263,320	148,361	56.34	0.06	1.56
Tamil Nadu	27,811,647	13,779,404	49.55	5.87	2.52
Tripura	1,158,190	589,712	50.92	0.25	2.13
Uttar Pradesh	57,313,513	37,595,542	65.60	16.01	2.14
West Bengal	29,503,278	12,964,101	43.94	5.52	2.37
Total	395,813,510	234,854,837	59.33	100.00	1.66

Source: Computed from Census (2001), Statistical Abstract of India (2005) Assumption: Union Territories and the new states have been merged with the parent states.

6.1 Regional Spread of Dependency

Cultivation and allied activities include all field crop activity and if the percentage of land used is allocated to the working population, it constitutes over 217 million, comprising 95 percent of the

working population. Only the state of Kerala has just 26 percent, which by itself constitutes dependent population of over 2 million in cultivation. For the whole country, orchards and plantations have over 16 million workers directly dependent

TABLE 12
Percentage of Distribution of Land and Dependence of Working Population

States	Cultivation and allied agriculture	Orchards and plantations	Dairy farming	Fishery	Other
Andhra Pradesh	93.51	4.66	0.35	1.35	0.15
Assam	95.76	3.32	0.17	0.58	0.19
Bihar	98.17	1.30	0.33	0.02	0.20
Gujarat	98.95	0.77	0.27	0.00	0.02
Haryana	98.93	0.32	0.71	0.00	0.04
Jammu & Kashmir	90.59	8.09	0.85	0.00	0.48
Karnataka	88.73	10.54	0.65	0.00	0.09
Kerala	25.65	73.33	0.72	0.05	0.26
Madhya Pradesh	98.85	0.60	0.18	0.27	0.11
Maharashtra	97.83	1.87	0.16	0.00	0.15
Orissa	98.87	0.85	0.08	0.14	0.07
Punjab	98.44	0.61	0.95	0.00	0.01
Rajasthan	98.55	0.47	0.68	0.00	0.31
Tamil Nadu	82.93	16.15	0.76	0.00	0.16
Uttar Pradesh	95.09	1.84	0.27	2.69	0.12
West Bengal	95.09	1.84	0.27	2.69	0.12
All-India	95.64	3.54	0.45	0.24	0.15

Source: Computed from the NSSO Report 496.

on this for their livelihood. The foodgrain sector comprises more than 60 percent of the total area allocation which is analogous to dependence. Within foodgrains, paddy forms the major crop in terms of acreage and is based on the agro-ecology. It supports the bulk of the workforce, followed by wheat, jowar, coarse cereals and pulses. If the area figures of commodities are decomposed into working population from the working population per hectare estimates, the figure is more than a million. In terms of dependency, the most critical feature is the abundance of working population and its spread in different activities. Even if predominant population dependency hints at rice but the same farmer grows jowar or ragi in the same season and the interlinkage is common. The same farmer is also involved in dairying and poultry, making it extremely difficult to isolate the level of dependency at a segregated level. This feature is an outcome of the size of holding, wherein the small farmer is involved in all possible activities to meet his daily needs. The farm household survey (NSSO 496) also showed that small farmers had a higher percentage of livestock and dairy activity as

compared to the better land endowed farmers.

In terms of the population dependent on agriculture it is pertinent to mention that the dependency is contrastingly different for the countries across the globe. Some states like Goa, the North East states have an agricultural population much more than Canada while Haryana has a population more than US (see Table 11 and 13). This huge chunk of population as mentioned in the earlier section is dependent on small holding of less than 2 hectare of land (comprising around 80 percent of holdings). These holdings sustain their livelihood on a monthly income of Rs 891 which is fairly meagre and incomparable to the large sizes farming systems of some of the advanced countries.

Workforce dependency as reflected at the national level may seriously undermine food security and livelihood concerns manifest in a spread of the dependency population across diverse crops and regions. It emphasises that regional indicators need to find adequate space in the designation of the products that are critical to development.

TABLE 13
Agriculture Population of Different Countries

Countries	Population numbers in million			Percentage share of total population		
	Agriculture	Non-agriculture	Total	Agriculture	Non-agriculture	Total
United States of America	6.30	278.70	285.00	2.21	97.79	100
European Union	16.40	361.15	377.55	4.34	95.66	100
Canada	0.79	29.98	30.77	2.55	97.45	100
Japan	4.92	122.11	127.03	3.87	96.13	100
India	545.72	471.22	1016.94	53.66	46.34	100
Nepal	21.88	1.64	23.52	93.02	6.98	100
Bangladesh	76.83	61.12	137.95	55.69	44.31	100
Pakistan	72.68	69.98	142.65	50.95	49.05	100
Sri Lanka	8.61	9.99	18.60	46.29	53.71	100

Source: Computed from FAOSTAT (2000)

7. SP Designation and Treatment

The agricultural system in India is distinctly different from the existing system in some of the advanced developed countries and in a multilateral framework it is important to understand the different perspectives of each member country in the WTO. The new provision of the 'Special Product' is one of the most recent developments and G-33, a group of 42 developing countries members of the WTO of which India is a member, lead the movement from the very beginning. It is quite often acronymed as "Friends of the special product'. G-33 strongly endorses the designation of the SP subject to satisfaction in respect of the tariff reduction commitment and other aspects of the market access modalities (WTO Job(05)/304). In principle it will mean that the selection of SP will be made in full understanding of the domestic policy context and the circumstances of the concerned country and evolve over time responding to its needs. The freedom of self-designation of appropriate tariff lines in the recently concluded Ministerial Conference endorses the right of developing countries to achieve their development objectives without asking for any concession in return (see Box-3).

G-33 had proposed SP designation as an integral part of the modalities on agricultural market access recognising the diversity of the agricultural systems.

"Developing country member countries will have the right to designate at least 20 per cent of total agricultural lines guided by illustrative, non-exhaustive, non-prescriptive and non-cumulative lists of indicators. SP plays a crucial role in the developing countries achieving the objectives of food security, livelihood security and rural development which are again extremely important political, social and economic development grounds" (G-33 Paper issued on May 11, 2006).

The original proposal by G-33 demanded that developing countries be offered 'an open-ended guidelines' which in the real sense means having the right to select the tariff lines critical for agricultural development without any pre-condition to exclude the specific product which serves export interest. However, in the course of negotiation there have been differences of opinion across countries. The recent proposals by Thailand and Malaysia have

BOX-3**Developments on Special Products**

- G-33 submits the Proposal on Special Products on 3 June 2005
 - Developing countries have the option of selecting an appropriate number of SP
 - No concession to be asked in return
 - No TRQ on SPs
 - SPs will have SSM
- G-33 submits the mandate on SP on 12 October 2005
- G-33 proposes the modalities for the designation and treatment of SP on 22 November 2005
 - Suggests at least 20 per cent of agricultural tariff lines.
 - 50 per cent of SP no reduction commitment
 - 25 per cent of SP subject to 5 per cent reduction
 - 25 per cent of SP subject to not more than 10 per cent reduction
- Hong Kong declaration endorses self-designation of appropriate tariff lines by the developing countries.
- Malaysia submits the SP proposal on 23 March 2006
 - Products represented by developing countries should not be included as SP
 - SP should be limited
 - SP should be staples and limited to specific percentage of development indicators
 - SP be based on HS-8
- Thailand submits the SP proposal on 2 May 2006
 - Similar to Malaysia
 - SP be eligible for TRQ and minimum cuts
- US submits the SP proposal on 3 May 2006
 - Only 5 tariff lines can be designated as SP
 - Products exported by country cannot be designated as SP
- Chairman's Reference Paper on Special Products on 4 May 2006
 - SP can effectively disturb the market access modalities
 - Suggested three options of Selecting the SP

asked for restraints on designating specific products or products originating from developing countries. This proposition is against the idea of self-designation as the freedom to choose the product that should be left to concerned member country. It runs the risk of 'null inclusion' especially for small-developing countries who have only one product to categorise as special and if that particular product falls in the 'developing country product' category then the country may not be able to exercise the flexibility.

The US proposal 'limiting SP to five tariff lines' vindicates its double standards wherein at one end it is trying to restrict indicator driven lines for developing countries in numbers while at the other end it is advocating for a definite percentage as sensitive lines which would mean at least 15 lines.

The chairpersons of the Agricultural TNC had voiced concern based on the simulation exercise, that a 20 per cent SP has the potential to cover 98 per cent of the value of import. If the whole process of import values is the criteria for designation, developing countries may not find any lines that meet the aforementioned condition. Special products flexibility cannot be linked to value of imports as the whole purpose in providing flexibility is to protect the development interest of the farming community of the member countries from trade linked damages. And most poor-developing countries have an absence of income and insurance safety nets and can lead to desperate and irreversible actions by afflicted farmers. Export interests cannot be the basis for designation. The designation of special product needs to be planned in a way that leaves less room for injury and banking on remedial measure would be futile if the deceased constitutes poor and marginal farmers.

Though special product signifies agricultural produce (raw/processed) in trade this refers to tariff lines and it is important to understand some of its features before an exercise on designation is carried out.

7.1 Tariff Substitute and Convergence Ratio

Tariff lines constitute the important component as all merchandise trade takes place through these lines. In India, with its abundant diversity and with a low level of processing in agricultural products it is extremely hard to find a direct link with critical development issues like dependency, food security and these lines. And with farm-size, and regional differences, the task of quantifying in terms of tariff lines by closely substituting the agricultural product is an uphill task and cannot be made with perfect assumption. Before selecting a list of special products that would be outside the normal ambit of the tariff reduction formula, it is important to understand the different tariff lines existing in trade which have a bearing on the domestic production and welfare. In India, there are more than a thousand tariff lines subsumed under the different chapters of HS classification and out of these lines only 680 lines come under the ambit of AoA, under which India has agreed to grant MFN. The HS tariff lines are classified based on the different sections and can be grouped as two, four, six and eight, based on the level of aggregation. For example, rice can be traded in different forms as rice paddy at the first level; as one processes the paddy, HS increases to six level as rice milled or rice husked or broken. In terms of dependence, the basic form in which rice is produced is paddy and as processing takes place

there is value addition, and the rice is packed and sold in different graded forms and traded through the appropriate lines. It is important to note that agriculture being a primary occupation, all products converge to the base product of origin.

Tariff lines through imports substitute the production at the domestic level. In the present framework of the study it is assumed that tariff lines represent the main product and broadly get differentiated at a higher level of classification. Agricultural products are the raw base materials used for consumption and the tariff lines symbolising these products can either substitute the produce or complement the product. Figure 4 illustrates the products on the left side along with the chapters they fall under; the arrows indicate the substitution indicative of the raw material. The maze of tariff lines indicates the complexity of the situation wherein each tariff line across different sections has the potential to impact the main product through the value chain in the domestic marketing system. For example, import of pure wheat directly competes with the agricultural produce while other subsidiary products like bread and macaroni indirectly compete with the wheat crop. Through a closer examination of these tariff lines and the main product a 'convergence ratio' emerged which is the ratio of the number of product tariff lines to the raw product (see Table 14).

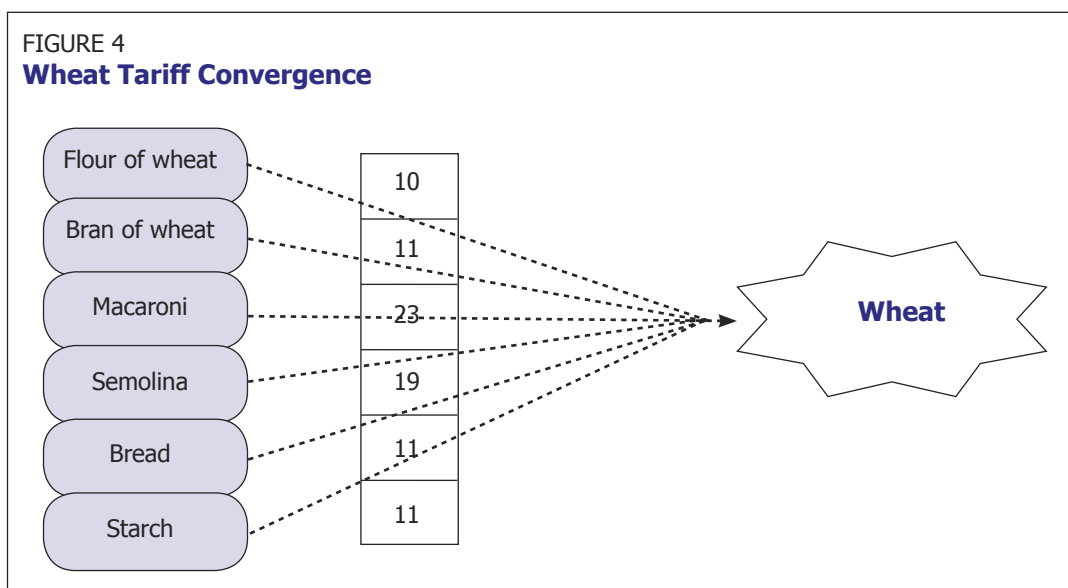


TABLE 14
Estimated 'Convergence Ratio' of Tariff Lines to the Agriculture Commodity

Main product	Convergence ratio
Wheat	16: 1
Rice	12: 1
Barley	9: 1
Maize	11: 1
Rye	5: 1
Oats	4: 1
Millets	2: 1
Sugarcane	13: 1
Oilseed crop	43: 1
Cotton	12: 1
Cattle meat	16: 1
Milk	17: 1

Source: Computed from AMAD and FAOSTAT

Agricultural products involving more processing like oilseed crops and milk have a higher ratio compared to products like oats and millets, which have very low level of differentiation. Import substitution in these products has the higher potential to limit the crop product diversification in the value chain. For example, products from wheat have abundant alternate lines spread in different chapters (Chapter denotes HS-2) through which trade can take place and any protection intended based on limited lines may not serve the development interest. Imports of close substitutes may find a market through the comparative advantage principle (developing countries may

not have the technology and industry supply base to support the value-added products) and through market penetration may reduce competitiveness for the investment and diversification option. Such displacements through diversified imports threaten the future market options for the small and marginal farmers. However, where commodities have a very low convergence, and have few substitutes available, the protection of these few lines will diminish the threat better. In the case of oilseed products any vegetable oil can be substituted easily and any blockage may not effectively shield the crop.

7.2 Tariff Bandings

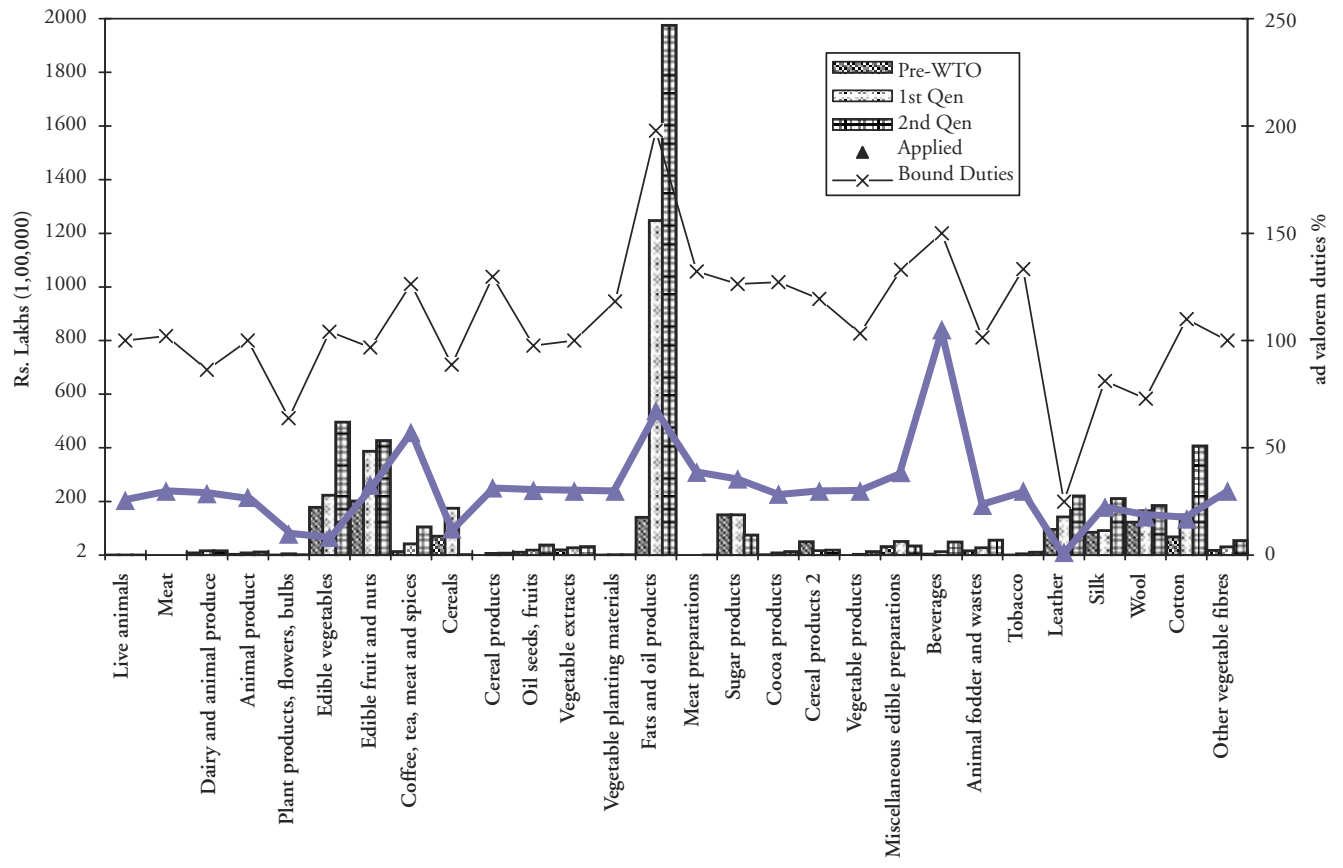
The tariff walls of all countries are set to roll subsequent to the negotiations in the coming days and it is important to understand the implication of these tariff boundaries in India. The present status of market access is that all the listed 680 tariff lines of agriculture are bound and as part of a single undertaking India will have to reduce the tariff walls from the present bound level. As an illustrative exercise, the broad characteristics of the major 672 tariff lines at HS-6 were mapped and presented in Table 15. The average bound tariff of all lines was estimated as 114 percent while the average applied tariffs are lower at 33 per cent which is 30 per cent of the bound level. And if the banded formula is set to take place at the HS-6 level it would need a reduction percentage of over 70 per cent to dry the overhang in tariff. On close examination of the

TABLE 15
Characteristics of Different Agricultural Bands in India

Feature	Band-1 (0-30) TL-29		Band-2 (30-80) TL-71		Band-3 (80-130) TL-324		Band-4(>130) TL-248		All TL-672	
	Bound	Applied	Bound	Applied	Bound	Applied	Bound	Applied	Bound	Applied
Minimum	10	0	35	0	85	0	150	0	10.00	0.00
Maximum	30	40	80	160	100	105	300	182	300	182
Mean	20	10	50	32	100	27	166	45	114	33
Median	25	10	55	30	100	30	150	30	100	30
Coefficient of variation	39	115	24	71	3	61	28	78	46	81

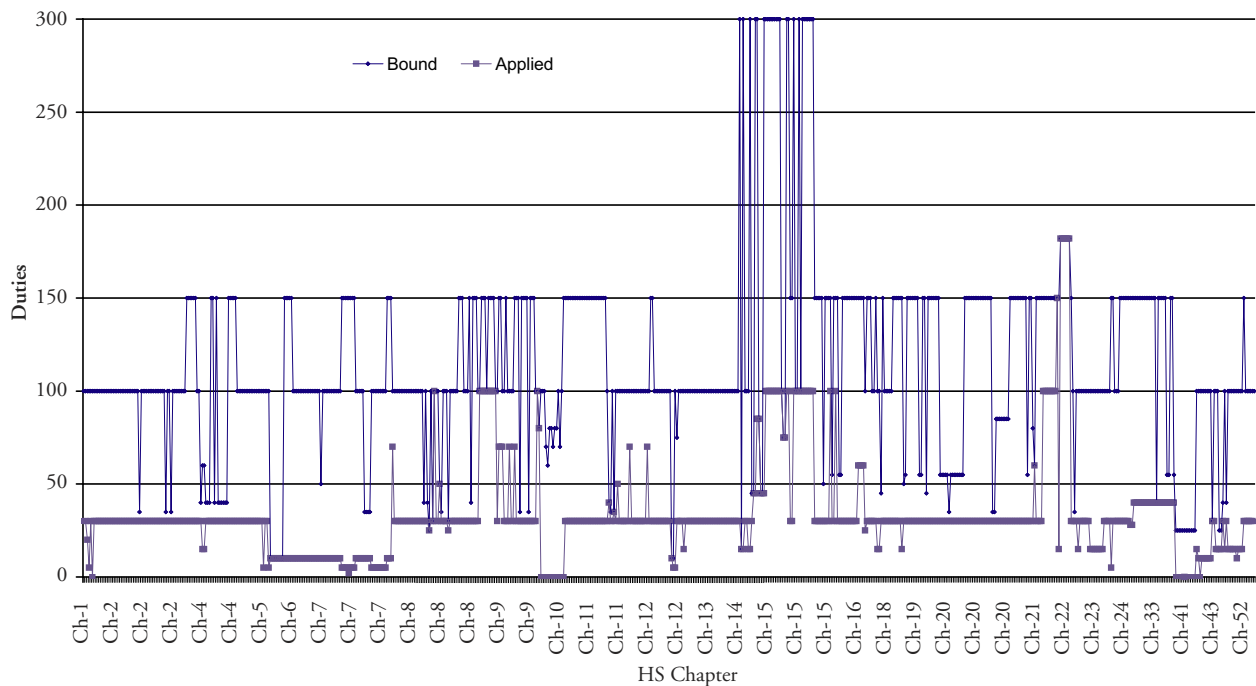
Source: Computed from AMAD and FAO for the 672 tariff lines

FIGURE 5
Bound and Applied Duties and Import Trends Across Different Broad HS-2 Headings



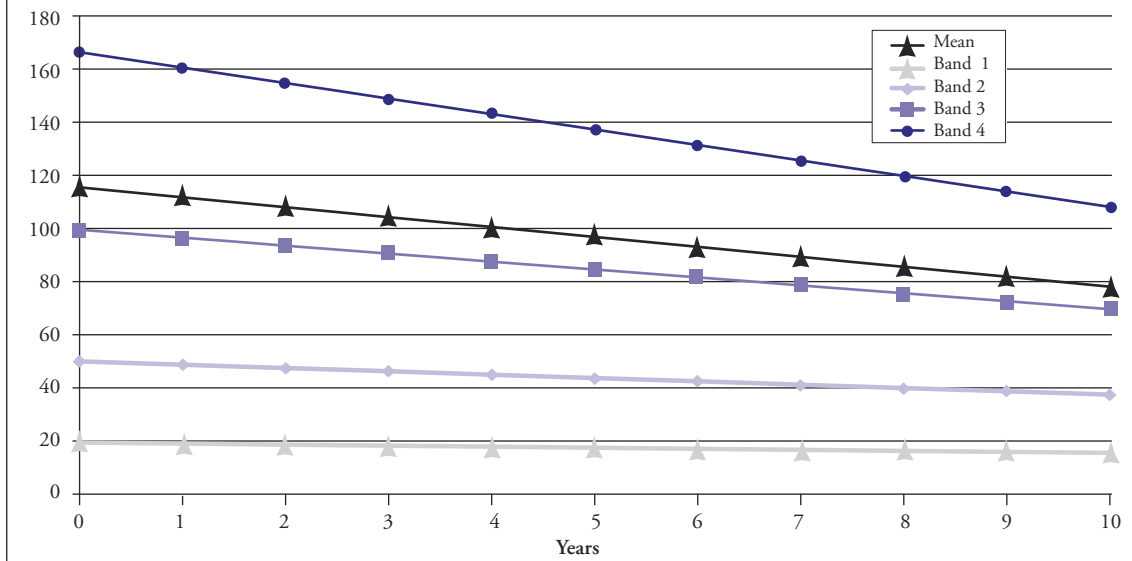
Source: CMIE Database and AMAD database (UNCTAD, FAO, OECD)

FIGURE 6
Bound and Actual Duties by Individual Tariff Lines



Source: AMAD database (UNCTAD, FAO, OECD)

FIGURE 7
Market Access Reduction Commitments at a Moderate Rate



Source: Computed by the authors
Normal reduction percentage :- Band-1:20; Band-2:25; Band-3:30; Band-4:35.
(It assumes an implementation period of ten years starting from 2008 which is yet to be negotiated)

tariff it is observed that most TL would fall in Band 3 and 4 and face higher reductions. And if the caps are fixed in the modalities then a more drastic reduction would be expected in band 4.

Most of the bound tariffs in India fall under the three categories pegged from the ceiling binding, India had classified all tariffs under three main bindings of 100, 150 and 300. The dispersion of the tariff walls illustrates a more uniform spread of tariff duties and a coefficient of variation less than 40 percent for all bands.

In terms of reduction commitment it is evident from Figure 7 that the all bands will be affected by the reduction specifically Band 1 and 2, the former because it already has low bound and applied duties, In case of the latter, Band 2, the 'water' i.e. the gap between the applied and bound duty is least and any reduction can make import further competitive. The recent trends in import have shown that imports have picked up in chapters 7 and 8. In the case of Band 3 and Band 4 the 'water' is high and may not alter the applied duties. In a situation like this, countries will try to select tariff lines where the reduction will be the maximum. However, in designating

the tariff lines as 'special' it is important that the criteria needs to be illustrated.

Open-ended SP and Tiered Reduction

Under normal circumstances if the four-banded reduction takes place it will bring about a mean reduction in all tariffs by 32 percent from 115 to 78. If the special products are accepted based on the G-33 proposal of at least 20 per cent of total agricultural tariff lines and the criteria is left open without any specific guidelines then most countries will either classify the highest bound TL or TL that would face the highest reduction or on lines that have very less 'water'. As an illustrative example, the reductions with and without SP are given in Table 16, which shows that in the first situation the tariff will take a fall of 23 percent, if 20 percent of TL of the highest bound 134 tariff lines is classified as SP. It is assumed that the steepest reduction would be at 35 per cent and the remaining bands reduce five per lower. If the categorisation of special products is prioritised on the overhang of the band, the resulting mean tariffs will fall by 30 percent. In all cases it is assumed that the special products may not be completely free from reduction and will fall by 5 percent.

TABLE 16
Scenarios of Tariff Reduction using Special Products

Parameters	Normal reduction	Reduction incl. SP-1	Reduction incl. SP-2
Mean reduction	32.50	23.03	30.28
Initial tariff	115.51	115.51	115.51
Final tariff	78.14	88.92	80.53
SP reduction	-	5.00	5.00

Source: Computed by the authors
 Normal reduction Band-1:20; Band-2:25; Band-3:30; Band-4:35
 SP1 Scenario where SP falls on Highest Bound Tariffs
 SP2 Scenario where tariffs falls on lowest overhang (lesser reduction on lower tariffs)

Special products are strictly linked to development indicators and may not have the flexibility as sensitive product, which is independent of any criteria and a fixed number of lines.

7.3 SP Designation

Self-designation is a legitimate victory giving flexibility wherein developing country member can select commodities based on the domestic compulsion of food security, livelihood and rural development. As most tariff lines are classified under broad agricultural headings it becomes pertinent to segregate the TL from the band that needs more flexibility as compared to others. From the earlier discussion, it is adequately clear that Indian agriculture is diverse with dependency food security and livelihood security critically spread over a wide region. There is generally a risk of undermining regional development indicators to broad macro-indicators which need to be factored in for countries having high diversity and a large vulnerable farming population. The three broad indicators for classification of SP are inseparable and overlap as presented in the earlier sections. Agriculture products in India have a very low level of processing (level of fruits and vegetables processing is 1.8 per cent while dairy is 37 per cent- [Rabo Report Ministry of Food Processing Industries, GoI, 2005]) and if imports in the form of advanced finished products substitute and enter in the present nascent stage of development it can seriously make investment in food and agri-business unproductive besides threatening livelihood options. Most product TL have a high convergence ratio (product

tariff lines to raw product) indicating that these differentiated lines can disrupt the value chain of the main raw product.

Level of Selection

The level of selection is important when designating the lines as special as all tariff lines are classified in even digits and selection can be made at different level, i.e. HS-4, HS-6 or HS-8. The advantage of classifying the commodity based on a lower level will enlarge the ambit of more commodities, as a higher classification will pull in more broad products into the ambit of the special category. For example, classifying at the four digit 0801 includes all fruit nuts, including coconuts, cashew nuts, broken and shelled, leaving section 0802 with almonds, walnuts and pistachio out of the selection process. But in the process, betel nut is left out and then one risks the chance of excluding a commodity more crucial than brazil nuts. With the extent of dependence and diversity it becomes more critical to touch upon most products and give a balanced picture of the selection criteria. If the classification is extended to a further higher level then there is all likelihood that products will spread to a wider level and, in turn, reduce the risk of exclusion as the tariff coverage will also increase. If the total tariff lines at the HS 4 are 100 then the 20 percent will amount to 20 and if the level of classification increases to HS 6 then the total TL will increase to more than 600 and the SP lines will automatically get elevated to 120 thereby increasing the spread of tariff lines (see Table 17). For example, if the level of selection is made at level two and a mutually

agreed percentage is 1 percent then countries may not be able to classify any product as SP (1 per cent of 33 lines at HS-2 means 0.3 lines which amounts to nil).

TABLE 17
Number of Tariff Lines at Various Level of SP's

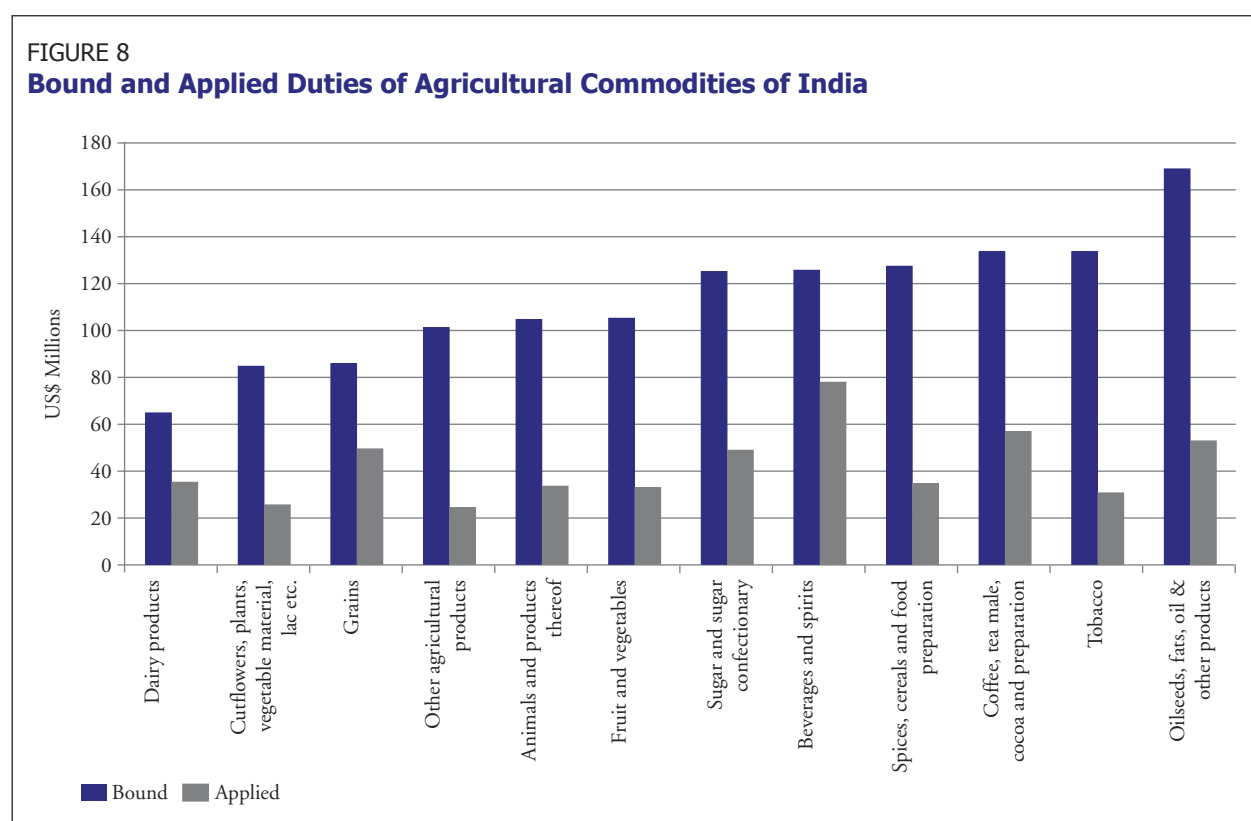
HS Level	HS2	HS4	HS6
No. of TL	33	217	672
% of SP			
1	0.3	2	7
2	1	4	13
5	2	11	34
10	3	22	67
15	5	33	101
20	7	43	134
25	8	54	168
30	10	65	202
40	13	87	269
45	15	98	302
50	17	109	336
55	18	119	370

Source: Computed by the authors based on AMAD and FAOSTAT

Commodity Impacts

As already illustrated, the tariff classification based on major commodities is critical to understanding the implications in terms of the direct linkage with agricultural production. In terms of broad categories of product it is evident that the least bound duties are prevalent on dairy products and the overhang is to the tune of 1.86 percent (see Table 18 and Figure 8). The water on dairy products and cereals is low and the reduction that could dry out the flexibility is at least 50 per cent. If normal reduction takes place assuming the lines would fall in the third or fourth band there are chances that some applied lines may get altered. Beverages and spirits falling in the third and fourth band would see a definite alteration and water in the lines is low. Beverages imports in India have been picking up and in all possibilities may witness a sharp reduction from applied duties on account of the low water level.

The margin of reduction is critical as in the normal mode the tariffs are set to roll and reduction will anyway be above 30 percent per tariff line per year if the G-20 proposal takes shape. If the developed countries agree on a high percentage of cuts close



Source Computed from WTO Report 2005

TABLE 18
Applied and Bound Duties of Broad Group of Commodities

MFN Bound Duties	Bound	Applied	Water
Dairy products	65.00	35.00	1.86
Cutflowers, plants, vegetable material, lac, etc.	85.10	25.90	3.29
Grains	86.30	49.40	1.75
Other agricultural products	101.00	24.60	4.11
Animals and products thereof	105.00	33.00	3.18
Fruit and vegetables	105.40	32.40	3.25
Sugar and sugar confectionary	124.70	48.40	2.58
Beverages & spirits	125.80	78.40	1.60
Spices, cereals and food preparations	126.50	34.60	3.66
Coffee, tea mate, cocoa and preparation	133.10	56.30	2.36
Oilseeds, fats, oil & their products	168.90	52.50	3.22

Source: WTO (2005)

to 90 per cent which is very unlikely it would mean cuts for developing countries as high as 60 per cent. Taking this threshold there is all likelihood that steep reduction can stimulate high imports of important products like dairy, grains, coffee, beverages and spirits and sugar and India needs to carefully examine the trade linked fallouts and mark special lines to give policy space to some of these critical products. Thus, water will be a critical factor in the commodity-wise classification of special products.

Linking Criteria to SPs

Special products is a new instrument giving flexibilities in market access commitments and buying time before trade can alter the domestic production system. In the present negotiation, it is important that the modalities on the special product find a place before the modalities on reduction are set. If the flexibility on special products is outside the normal market reduction, the non-SP tariff lines would face a steeper reduction to match the reduction commitments. Thus it becomes even more critical to link the criteria in a logical manner so that its approach factors in all the concerns and there is less chance of exclusion. The *raison d'être* for special products is to mitigate the risk from imports to the farming system and specifically the interests of the poor farmers in developing countries, so that their food and livelihood dependency are well protected and are not displaced in the principle of

comparative advantage. India has a diverse agrarian interest with a domestic agricultural production system very similar to many least developed countries, where poverty and malnutrition are acute. In terms of numbers, the working population in agriculture in some states of India far exceeds the population of some WTO member countries. And discounting these factors with broad indicators at the macro level will deprive some sections of its population from legitimate welfare.

From the way the negotiations are proceeding the main concern for the Chair of the agriculture session is that a high percentage of Special Products even if it is 20 per cent has the potential of circumventing trade. However, it may be worthwhile to mention that the flexibility demanded by the developing countries is to buy time as the Indian farming system predominated by small farms cropping less than 1 ha clearly outnumber the farming population of many countries put together. And by virtue of the small scale of the operation and dispersion providing aid to compensate may not be feasible on logistic grounds and the obvious choice is to buy more time before irreversibly altering the bound levels. The reason to buy time has more to do with the state of the farming system and the internal barriers to trade which deprives the advantage of trade and development (National Commission on Farmers, 2005).

The present negotiations on SP are set to move along three approaches

1. One approach that has been advocated is selection guided by an “illustrative, non-exhaustive, non-prescriptive, and non-cumulative list of indicators” that take account of the diverse nature of the national and regional agricultural systems in developing country Members. Under this approach, the actual number of products that could be selected would not be limited to any percentage of tariff lines.
2. The second approach would be based on an analysis of, and agreement on, a finite and common set of indicators as pre-requisites. These would then be combined to “filter” or “screen” products that are candidates for the Special Products designation. Such an approach could include a limit to the number of Special Products that could be selected.
3. Finally, the third option would be to limit self-designation to a specific number or proportion of tariff lines, possibly combined with indicators for the criteria.

From the three approaches it may be mentioned forthright that the first option is the best option which accepts the S&D provision of the trade negotiation respecting the domestic concerns of the member countries. The second option of using a filter before any indicators are used could limit the flexibility extraneously and may not serve the interest on two counts. For example (i) small economies with few lines may not be able to classify any lines as SP; (ii) regional products with development significance might lose relevance at the national level. For example; if rice forms the lifeline of Surinam, a small developing economy trading in a few select lines, and if rice cannot be included under the condition of such filter it may be deprived of the legitimate instrument. And products like apple that play a crucial development role in India in temperate pockets may not find significance at the national level. While the last option is the easiest option but it runs the same risk of the second approach not adequately providing the real objectives of development.

Broadly, there are three indicators viz., food security, livelihood and rural development, under which selection can be made. As already indicated, segregation based on products would be extremely difficult by virtue of the diversity and the predominance of small and marginal farmers.

In the present exercise we have restricted our selection criteria to nine indicators:

Food Security

1. Self-Sufficiency: The ratio of consumption of product to production of the particular commodity.
2. Instability in price of food commodities which is measured as the coefficient of variation of wholesale price index of the particular product or the international price of the product
3. The composition of the food commodity value in the household basket at the regional level.

Livelihood

4. Work dependence is the number of farm households in the regional level involved, linked to area of the crop at the regional/national level.
5. Tariff convergence is the ratio of tariff lines of substitutes to main product
6. Value of product is the share of the commodity in the total value of all major groups either agricultural product/livestock product at the regional or national level.

Rural Development

7. Co-operatives: Involvement of co-operatives in the production process of the commodity.
8. Contribution of small and marginal farmers in different crops.
9. Organic farming implies that the product uses less inorganic fertiliser or ingredient input product than the world usage.

Taking into account some of the critical domestic indicators and the problems associated in designation, an attempt has been made through two alternate routes.

In the first option, the product can be given priority, as well as the tariffs linked to the products, as illustrated by ICTSD (2005) by forming a working matrix for identifying the special products. By taking the product in the rows and criteria as columns one can assign the values of the criteria to the different columns and a combined value as scores can be arrived at based on the weights to the different criteria. (see Table 19).

In the present exercise, the weights were calculated based on the five year budget allocation of the government for the different heads which represent food security, livelihood and rural development (see Table 20).

The second alternative is based on assigning dummy scores to the various indicators (illustrated in Table 21). This suits better from the domestic development concerns for the following reasons:

- More diversified products can be included
- Find legitimate space to regional products
- Equity across products and better coverage
- Possibility of using more indicators

This process of assigning scores is very subjective and requires detailed information on the selected industry along with the agricultural product information. Based on the critical levels of distribution of the different criteria an attempt was made to classify all tariff lines based on the criteria (see Table 22).

TABLE 19

Working Matrix of the Selection of the Commodity as Special Product: Option 1

CWP	FS			Livelihood			RD			Total score
	(0.52)			(0.22)			(0.26)			
	SS-ratio	Ins. in p	Food bask	Work dep	Tariff converg.	Val. link to prod.	Co-op. involv.	S&M farmers	Organic farming	
Rice	1	1	0.54	0.22	0.25	0.45	0.35	0.35	0.31	0.60
Wheat	1	0.9	0.44	0.12	0.45	0.34	0.35	0.30	0.21	0.55

Source: Computed by the author

TABLE 20

Government Expenditure on Different Heads

Special product indicators	Quinquennium average ending 2005-06 – budget (Rs Crores)	Share of the component
Food security	23,767	0.520
Livelihood security	9,938	0.217
Rural development	11,995	0.262
Total	45,700	1.000

Source: Economic Survey 2004-05

Note: Food Security refers to expenditure on Buffer stocking and PDS; Livelihood security refers to the expenditure on various welfare schemes by Ministry of agriculture; and rural development refers to all expenditure on all rural development programmes.

TABLE 21

Working Matrix of the Selection of the Tariff Lines as Special Product: Option 2

CWP	FS			Livelihood			RD			Total score
	(0.52)			(0.22)			(0.26)			
	SS-ratio	Ins. in p	Food bask	Work dep	Tariff converg.	Val. link to prod.	Co-op. involv.	S&M farmers	Organic farming	
TL-1	1	1	1	1	1	1	1	1	1	1
TL-2	1	0.5	1	1	1	1	1	1	1	0.912

Source: Illustrative Exercise

TABLE 22

Criteria for Assigning Scores

Criteria	Strong	Medium	Low
Self-sufficiency	The percentage ratio of production is close to 1	If the percentage ratio is less than 0.50 or if it is more than 1.2	Zero /if data is not available
Instability	If the instability index of international prices is more than the domestic prices	If the instability of international prices is less than domestic prices	Zero /if domestic data is not available
Food basket	If the share of the commodity is more than 5 percent of the value of household at regional/state level	If it is less than 5 per cent of the value of consumer basket	If does not figure in the consumption basket
Work dependence	If the commodity is based on cultivation on field/livestock	If the commodity is based on orchard	If domestic figures not available
Tariff convergence	If the ratio is more than 10	If between 0 and 10	If the domestic production figures are not available
Production value	If the production values are more than 10 percent of the total value of production at either regional/state level	If less than 10 per cent or more than 1 percent of value of production at either regional/ state level	If value is less than 1 percent of value of production
Co-operative involvement	If the co-operative structure is involved	If some form of weak co-operative involvement is cited	If domestic information is not available
Small and marginal	If small farmer involves more than 10 percent in production	Less than 10 per cent	If domestic information is not available
Organic farming	If the product uses less fertiliser or inorganic materials	If high input is intensively used	If data not available

Box 4

Scoring Example: Tariff Line 040310-“Yogurt”:

Criteria	Strong = 1	Medium = 0.50	Low = 0
Self-sufficiency		0.50	
Instability	1		
Food basket		0.50	
Work dependence	1		
Tariff convergence	1		
Production value		0.50	
Co-operative involvement	1		
Small and marginal	1		
Organic farming	1		

Exhaustive Scorecard is appended in Annexure 2 and as an illustrative exercise scoring for the tariff line 040310 tariff lines is shown in box 4.

The dummy classification has the added advantage of combining different products keeping the diversity of products, while the risk of product exclusion is minimised considerably. This is important to give adequate policy space to regional and state level interests that may not find any significance at the national level.

Taking the score at its strictest level it clearly demarcates 21 per cent above the minimum prescribed by the G-33 proposal. It is worthwhile to mention that developing countries should be vested with flexibility to demarcate an appropriate percentage of tariff lines to buy time in the process of development.

TABLE 23
Distribution of Tariff Lines and the SP Scores

Scores	No. of TL	Percentage
0.999	140	21
Between 0.900 and 0.999	157	23
0.800 and 0.900	84	13
0.700 and 0.800	79	12
0.500 and 0.700	82	12
< 0.500	130	19

Classified Special Product Tariff Lines

If all scores above 0.800 are included in the special category then around 57 percent of tariff lines need greater flexibility to India to protect its agrarian development interest. For any country, it is important to protect its food security, livelihood and rural development interests adequately. It must be borne in mind that the farming population in India is more than 19 times the working population of the Quad countries (US, EU, Canada and Japan). In the light of this, it is important that development concerns need to be adequately factored in.

Another simulation that was carried out was to assess the impact of the different reduction formulae on the overall reduction of tariff lines (see Table 24).

In the light of the Honk Kong Declaration, India can advocate for a high percentage of tariff lines as special product. This is under the precincts that applied levels are already low and maintaining adequate flexibility keeping in view the development interests of its poor and resource-poor farming systems. The present policy on agri-business and investments flowing into agro-processing sector will critically depend the flexibility and protection endeared to the higher processed products and balancing both high value and raw product may not be easy with a low percentage.

TABLE 24

Simulation with Different Percentage of SP Lines in Overall Reduction Commitments

Features	SP 21		SP 44		SP 57	
	Before	After	Before	After	Before	After
Tariff average of all TL without SP	114	77	114	77	114	77
Tariff average of all TL after SP reduction	114	83	114	90	114	95
Tariff average of all TL without SP reduction	114	84	114	93	114	98
5 Per cent reduction on SP	105	100	108	103	114	108
% TL of all TL	0	21	0	44	0	57

Source: Computed by the author

A high level of SPs would be essential if cuts in the modalities are steep in the banded formula. Subsequently, it can reduce the percentage of the TL categorised under special product. Another option that will be needed is to assess the impact of trade flows and in cases where imports surge causing serious instability in prices, the developing countries should have the flexibility to shift the lines categorised as SP. The provision of special safeguard can take care of surges in imports but in view of the short-term nature and taking into account the farming decisions flexibility, developing countries should be granted the freedom to switch lines in the period of implementation. This is critical if SSM measures are turned inoperational on SP lines.

From the way the negotiations are proceeding the main concern for the Chair of the agriculture session is that a high percentage of Special Products even if it is 20 per cent has the potential of circumventing trade. This argument is baseless and against granting the desired flexibility demanded by the developing countries. Developing countries should be cautious that any limiting criteria or excluding products as proposed by Thailand and Malaysia may dilute the privileges and many countries may not be able to designate a single product. Export interests cannot be the basis of designation as most small farmers in developing countries have a high level of subsistence and livelihood concerns that cannot be sacrificed at the behest of some vested export interest.

The proposal on limiting SPs to a few single digit lines is totally against the interests of a huge and

diverse country like India producing more than 200 products and if one sees how tariff lines are classified in chapters at HS-2 level and there are at least 1 per cent lines critical in each chapter it would mean at least 33 per cent. Thus for countries like India and Brazil, 20 per cent will be a modest figure in real terms.

The treatment to special products as already mentioned will strongly depend on the market access reduction modalities. For India *per se* reduction in tariffs has serious implication as the international prices have remained low on value and high on instability. It is evident that a low level of reduction does not seem to alter the average reduction as compared to the scenario where no reduction carried out on SP such an initiative will be in consonance with the overall market access. However, in terms of decline in average tariffs a significant change is expected if SPs is included which could have serious implications on food security, livelihood and rural development mandate of the country.

If some countries are granted the flexibility of a high percentage, then TRQ can assuage the fears of blocking real trade gain and controlled minimum market access to developing countries can be a viable option. The developing countries should retain the right to self-designate their appropriate level which can be renegotiated subsequently for a staggered phasing out of these provisions a legitimate concern in the process of development.

8. Conclusion

The classification of special products is sacrosanct for Indian agriculture, which is set in a diverse framework. India has a huge chunk of population, close to 60 percent, critically dependent on agriculture. In terms of diversity there is existence of broad crop diversity spread in different regions. The diversity is not just in terms of crops and commodities but also in terms of farm sizes with a predominance of small and marginal farmers who have very few options in terms of occupation and income. The tremendous implication on poverty and welfare is clearly manifest.

In the current round of negotiations, when trade reforms are highest on the agenda, there is an initiative on the part of the whole world to make trade work better in a transparent manner based on set rules and fairness. On the three pillars of agricultural negotiation there have not been effective movements; domestic support to world agriculture production is still common and restricts the actual gains to developing countries by virtue of artificial comparative advantage and suppression of prices. This leaves only market access options as the best alternative to safeguard the domestic agrarian interest.

Tariff reduction is an irreversible process in the context of the AoA, as it is an important component if trade volume has to increase. However, trade volume is not an end in itself and needs to take the interest of the stakeholders affected in the process. It becomes important for developing countries to retain their flexibility in terms of market access restriction. With QR out of the ambit of AoA, the only options left to the developing countries are the sensitive lines and special products.

Developed countries have been pitching for 1-2 percent of sensitive tariff lines and there has been stiff opposition to any reduction or tariff quota expansion. This has to weigh in the context that the developed countries have only around 4 percent

of the population dependent on agriculture and these percentages match well with their pattern of agriculture.

For India, based on the dependence and the substitution factor it comes to light that there are more than 60 percent of lines that can be ranked based on the food security, livelihood and rural development criteria. In the modest argument, if each chapter at HS-2 has at least 1 percent of lines as special then it invariably adds to 33 per cent. From the exercise carried out it shows that there are at least 21 per cent lines that are special in the strictest level of scoring based on the development indicators.

The draft agenda in Hong Kong has given the flexibility in terms of appropriate number of tariff lines based on the above criteria but it would mean further that countries with a huge agrarian interest in terms of poverty and dependence should have the flexibility of assigning a high percentage of lines commensurate with their domestic concerns, from the analysis India has close to 57 per cent as special.

From the way the negotiations are preceding even 20 percent is prescribed as high and posing a threat of circumventing trade. This argument is baseless as for many lines trade does not even take place on account on many non-tariff reasons and the special democratic privilege endorsed cannot be slighted on the pretext of trade. Developing countries should be cautious that any limiting criteria or excluding products as proposed by Thailand and Malaysia may dilute the privilege while many countries may not be able to designate even a single product. Export interests cannot be the basis of designation as most small farmers in developing countries have a high level of subsistence and livelihood concerns that cannot be sacrificed at the behest of some vested export interest.

Proposals of limiting the SP to a few lines was not endorsed in Hong Kong, rather it was a percentage and if things proceed it would be a mockery of the whole process of S&D and member countries need to be given the freedom to protect their domestic development prerogatives.

In terms of average duties it is important to mention that average applied duties in India are lower than bound duties and there is no cause for apprehension in terms of allowing a high percentage as flexibility on the total tariff lines. A high level SP would be essential if cuts in the modalities are steep in the banded formula. Subsequently, it can reduce the percentage of the TL categorised under special product. Another option that will be needed is to assess the impact of trade flows and in cases where imports surge may cause serious instability in prices the developing countries should have the flexibility to shift the lines categorised as SPs. The provision of special safeguard can take care of a surge in imports but in view of the short-term nature and taking into account the farming decisions, an additional flexibility should be granted for developing countries to switch lines in the period of implementation. This is critical if SSM measures are turned inoperational on SP lines.

TRQ's can also serve as alternate viable options in the framework if member countries feel the provisions can be misused or there is threat of circumvention of fair trade.

India is also standing on the threshold of a Brown / Agri-Business revolution and the provision of SP would provide time and policy space in product diversification and in the process agri-business and farm value appreciation will get a fillip.

Thus, the real quest of isolating or demarcating the TL is a difficult task with wide inequities in terms of income and broad development indicators spread across India. If a preconceived percentage is set, there is obvious risk of misinterpretation and the development effort initiated through DDA will be in vain.

The designation of SP product is one of the crucial development instruments in trade for the developing countries and for Indian farmers it is the basic trade-safety net which will go a long way in providing legitimate time and policy space to adjust to the multilateral trading framework.

9. References

- Agricultural Census, 1990-91 Census Division, Ministry of Agriculture, GoI.
- Bhattacharyya, B. and P. Pal (1999), "Opening of Indian Agriculture: Implication for Food Security", submitted to the Department of Agriculture, Government of India, New-Delhi (mimeo).
- Baldwin, Robert E. (2004) "Failure of the WTO Ministerial Conference at Cancun: Reasons and Remedies" Conference Paper University of Wisconsin-Madison, <http://www.fordschool.umich.edu/research/rsie/Conferences/CGP/May2004Papers/Baldwin.pdf>
- Coppock, J. D. (1962), "International Economic Instability", McGraw Hill Publication, London, U.K.
- Chand, Ramesh (2000). "Equity Driven Trade and Marketing Policy Strategies for Improved Performance of Indian Agriculture", Sub Project: Trade Liberalisation, ACIAR-ICAR Collaborative Study, National Centre for Agricultural Economics and Policy Research, New Delhi.
- CSO (2006) "National Accounts Statistics" Central Statistical Organisation, Ministry of Statistics and Planning and Implementation, Government of India.
- Centad (2005) "Agricultural Facts and Figures" Related Information (<http://www.centad.org/relatedinfo9.asp>(visited 2 February 2006)
- Census (2001) "Economic Tables" Census of India 2001
- FAO 1983, Report of the Eighth Session of the Committee on World Food Security, CL83/10.
- FAOSTAT (2005) <http://faostat.fao.org/>(visited 1 February 2006)
- Huda (2005), "Special Products: Options for Negotiating Modalities", International Trade in Agriculture and Sustainable Development, ICTSD.
- IISD, (2003) : "The Development Box", Brief No 5, International Institute for Sustainable Development.
- ICTSD, (2001) Bridges Weekly Vol 5:3, 2001.
- ICTSD, (2003) "Agriculture" Doha Round Briefing Series: Cancun Update Vol 2(2) (August).
- ICTSD (2005) "Special Products and the special safeguard mechanism: Strategic options for developing countries" Issue Paper No-6 December 2005.
- Jales, Mario (2005), "Tariff Reduction, Special Products and Special Safeguards: An Analysis of the Agricultural Tariff Structures of G-33 Countries", Issue Paper No. 2, ICTSD, Geneva, Switzerland.
- Jayne, Thom and Bob Myers (2004), "Managing Food Price Instability and Risk in Low Income Countries: The Problem and Emerging Policy Options" http://www.passlivelikelihoods.org.uk/site_files%5Cfiles%5Creports%5Cproject_id_240%5CFood%20Price%20Risk%20Background%20Overview%20Paper.pdf
- Kumar, P., R.B. Singh and T. Woodhead (2002), "Smallholder Farmers in India: Food Security and Agricultural Policy", FAO, Regional Office for Asia and the Pacific, Bangkok, Thailand
- Majumdar, N.A, and Uma Kapilla (2006), "Indian Agriculture Millennium: Indian Agriculture in the New Millennium: Changing Perception and Development Policy", Academic Foundation.
- Ministry of Finance (2006) "Economic Survey" various issues, Government of India.

- Ministry of Food Processing (2005), "Vision Strategy, Action Plan for Food Processing Industries in India" Prepared by Rabo India Finance Private Ltd, Vol I & II, April 2005.
- Naik, Gopal (2005), "Expiry of Peace Clause in WTO's Agriculture Agreement: Implication", In Ramesh Chand (ed), *India's Agricultural Challenges: Reflections on Policy, Technology and Other Issues*, Centad.
- National Commission on Farmers (2006) "Fourth Report Jai Kissan: A Draft National Policy for Farmers" Serving Farmers and Saving Farmers.
- NSSO (2005), "Situational Assessment Survey of Farmers: Some Aspects of Farming", NSSO Report No 796.
- NSSO (2005), Consumption Expenditure Survey National Sample Survey Organisation various rounds.
- Oxfam (2005), "A Round For Free: How rich countries are getting a free ride on agricultural subsidies at the WTO", Oxfam Briefing Paper 76, 2005.
- Ravallion and Datt (1996), "How important to India's poor is the sectoral composition of economic growth?" *The World Bank Economic Review*, 10(1): 1-25.
- Sehgal, J.L, Mandal, D.K., Vadivelu,S., (1992) "Agro-Ecological Regions of India" Technical Bulletin 19, National Bureau of Soil Survey and Land Use Planning, Oxford and IBH Publishing Co. Pvt. Ltd.
- Sekhar, C.S.C. (2003), "Volatility of Agriculture Prices: An analysis of major international and domestic markets", Indian Council for Research on International Economic Relations, New-Delhi (mimeo).
- Sharma, Ashok (2006) "Bid to import extra wheat hits road block" *The Financial Express* 31 March 2006 http://www.financialexpress.com/fe_full_story.php?content_id=128951 (visited 5 April 2006)
- Suri, K.C. (2006), "Political Economy of Agrarian Distress" *EPW* 41(16):1523-1529.
- United Nations (2005), Secretary General's Report 2005 on Sixteenth Session on Co-operatives in Social Development.
- United Nations Development Programme UNDP (2005), "Human development Report 2005 International co-operation at the crossroads: Aid, trade and security in a unequal world, New York.
- Valdés, Alberto and William Foster (2005), "The New SSM: A Price Floor Mechanism for Developing Countries", Issue Paper No. 1, ICTSD, Geneva, Switzerland.
- Vashishtha, Prem S. and Linu Mathew Philip, (2004) Buffer Stocking Policy for the Tenth Five Year Plan, Background Paper for the Fifth Technical Group on Buffer Stocking of Food grains.
- World Bank (2005), "Agriculture, Rural Development and Pro-Poor Growth - Country Experience in the Post Reform Era", Agriculture and Rural Development Discussion Paper 21.
- World Bank (2005), "Organic Agriculture: A Way Out of Poverty for Small Farmers, According to New Research" Press Release No:2005/349/ESSD. <http://lnweb18.worldbank.org/EAP/eaprural.nsf/PrintFriendly/D92586972AF5CDEF85256FE00049B4B5?Opendocument> (visited 18 February 2006)
- WTO (2002) India's Submission on SDT Document No: G/AG/NG/W/102.
- WTO (2005) "World Trade Report 2005 Exploring the links between trade, standards and the WTO" World Trade Organisation.

Annexures

ANNEXURE 1

Self-sufficiency Ratio by Different Commodity/Commodity Group

Item	Year	Production (mt)	Food (mt)	Self-sufficiency ratio
Cereals				
Cereals - excluding beer	2003	189361899	169357341	1.12
Wheat	2003	65129300	67783637	0.96
Rice (milled equivalent)	2003	86976799	75757874	1.15
Barley	2003	1405800	1077221	1.31
Maize	2003	14720000	5722367	2.57
Millet	2003	13800000	12562861	1.10
Sorghum	2003	7330000	6452447	1.14
Starchy roots	2003	32900000	25960739	1.27
Cassava	2003	7000000	6664603	1.05
Potatoes	2003	25000000	18442095	1.36
Sweet potatoes	2003	900000	854041	1.05
Sugar crops	2003	281600000	12672000	22.22
Sugar cane	2003	281600000	12672000	22.22
Sugar & sweeteners	2003	29109117	25750567	1.13
Sugar, Non-centrifugal	2003	6890000	6545500	1.05
Sugar (Raw equivalent)	2003	22140000	19155145	1.16
Sweeteners, other	2003	27117	4731	5.73
Pulses	2003	13003400	12425891	1.05
Beans	2003	3600000	3443406	1.05
Peas	2003	730000	1260868	0.58
Pulses, other	2003	8673400	7721617	1.12
Treenuts	2003	831000	982964	0.85
Oil crops				
Oilcrops	2003	33820100	6924806	4.88
Soyabeans	2003	6800000	232288	29.27
Groundnuts (shelled eq)	2003	5833100	534566	10.91
Rape and mustard seed	2003	3918000	500000	7.84
Coconuts - incl copra	2003	9300000	5410350	1.72
Sesameseed	2003	800000	239538	3.34
Oilcrops, other	2003	1394000	8064	172.87
Vegetable oils	2003	6902206	10562357	0.65
Soyabean oil	2003	1088000	1798026	0.61
Groundnut oil	2003	1656000	1435292	1.15
Sunflower seed oil	2003	340800	433483	0.79
Rape and mustard oil	2003	1215000	1175568	1.03
Cottonseed oil	2003	420000	434673	0.97
Coconut oil	2003	414000	434202	0.95
Sesameseed oil	2003	155200	139706	1.11
Olive oil	2003		967	0.00
Ricebran oil	2003	1138460	914331	1.25
Maize germ oil	2003	20700	20842	0.99
Oilcrops oil, other	2003	454046	125915	3.61

Annexure 1: Self-sufficiency ratio...(Contd.)

Item	Year	Production (mt)	Food (mt)	Self-sufficiency ratio
Fruits and Vegetables				
Vegetables	2003	79678500	73066590	1.09
Tomatoes	2003	7600000	6836430	1.11
Onions	2003	5500000	4364666	1.26
Vegetables, other	2003	66578500	61865494	1.08
Fruits - excluding wine	2003	46961300	40214898	1.17
Oranges, mandarins	2003	3070000	2708880	1.13
Lemons, limes	2003	1420000	1228219	1.16
Grapefruit	2003	142000	127169	1.12
Citrus, other	2003	88000	73105	1.20
Bananas	2003	16820000	13445130	1.25
Apples	2003	1470000	1317015	1.12
Pineapples	2003	1310000	1308377	1.00
Grapes	2003	1150000	1047415	1.10
Fruits, other	2003	21491300	18765922	1.15
Non-alcoholic beverages				
Stimulants	2003	1120600	731306	1.53
Coffee	2003	275000	52802	5.21
Cocoa beans	2003	8000	12812	0.62
Tea	2003	837600	665692	1.26
Spices				
Spices	2003	3104000	2882218	1.08
Pepper	2003	51000	46986	1.09
Pimento	2003	1100000	961132	1.14
Cloves	2003		15594	0.00
Spices, other	2003	1953000	1858506	1.05
Beverages				
Alcoholic beverages	2003	2474093	1809423	1.37
Wine	2003		177	0.00
Beer	2003	269840	261176	1.03
Beverages, fermented	2003	8931	8904	1.00
Beverages, alcoholic	2003	2195322	1539166	1.43
Meat				
Meat	2003	5940764	5568387	1.07
Bovine meat	2003	2939564	2592777	1.13
Mutton & goat meat	2003	708800	691981	1.02
Pigmeat	2003	490000	489419	1.00
Poultry meat	2003	1662400	1656570	1.00
Meat, other	2003	140000	137639	1.02
Offals, edible	2003	579909	576002	1.01
Animal fats & milk				
Animal fats	2003	2801961	2621054	1.07
Butter, ghee	2003	2555050	2557945	1.00
Fats, animals, raw	2003	246871	63109	3.91
Milk - excluding butter	2003	91100000	72439213	1.26
Eggs	2003	2371000	1930745	1.23

Source: FAO Statistics 2003

ANNEXURE 2
SP Score Card

Chapter	Item	HS 6 Tariff Line	Bound	Applied	Score
Ch-6	Bulbs, tubers, tuberous roots, corms, crowns and rhizomes, dormant	060110	10	10.00	0.999
Ch-6	Bulbs, tubers, tuberous roots, corms, crowns and rhizomes, in growth or in flower; chicory plants and roots	060120	10	10.00	0.999
Ch-6	Edible fruit or nut trees, shrubs and bushes, grafted or not	060220	10	10.00	0.999
Ch-6	Mushroom spawn	060291	10	10.00	0.999
Ch-7	Tomatoes, fresh or chilled	070200	100	10.00	0.999
Ch-7	Onions and shallots	070310	100	10.00	0.999
Ch-7	Garlic	070320	100	10.00	0.999
Ch-7	Leeks and other alliaceous vegetables	070390	100	10.00	0.999
Ch-7	Cauliflowers and headed broccoli	070410	100	10.00	0.999
Ch-7	Other	070490	100	10.00	0.999
Ch-7	Cabbage lettuce (head lettuce)	070511	100	10.00	0.999
Ch-7	Other	070519	100	10.00	0.999
Ch-7	Other	070529	100	10.00	0.999
Ch-7	Carrots and turnips	070610	100	10.00	0.999
Ch-7	Other	070690	100	10.00	0.999
Ch-7	Cucumbers and gherkins, fresh or chilled	070700	100	10.00	0.999
Ch-7	Peas (pisum sativum)	070810	50	10.00	0.999
Ch-7	Beans (vigna spp., phaseolus spp.)	070820	100	10.00	0.999
Ch-7	Other leguminous vegetables	070890	100	10.00	0.999
Ch-7	Asparagus	070920	100	10.00	0.999
Ch-7	Celery other than celeriac	070940	100	10.00	0.999
Ch-7	Fruits of the genus capsicum or of the genus pimenta	070960	100	10.00	0.999
Ch-7	Potatoes	071010	150	5.00	0.999
Ch-7	Beans (vigna spp., phaseolus spp.)	071022	150	5.00	0.999
Ch-7	Other	071029	150	5.00	0.999
Ch-7	Mixtures of vegetables	071090	150	5.00	0.999
Ch-7	Onions	071110	100	10.00	0.999
Ch-7	Cucumbers and gherkins	071140	100	10.00	0.999
Ch-7	Other vegetables; mixtures of vegetables	071190	100	10.00	0.999
Ch-7	Potatoes whether or not cut or sliced but not further prepared	071210	35	10.00	0.999
Ch-7	Onions	071220	35	10.00	0.999
Ch-7	Mushrooms and truffles	071230	35	10.00	0.999
Ch-7	Other vegetables; mixtures of vegetables	071290	35	10.00	0.999
Ch-7	Peas (pisum sativum)	071310	100	5.00	0.999
Ch-7	Chickpeas (garbanzos)	071320	100	5.00	0.999
Ch-7	Beans of the species vigna mungo (L.) hepper or vigna radiata (L.) wilczek	071331	100	5.00	0.999

Annexure 2: SP Score card (Contd.)

Chapter	Item	HS 6 Tariff Line	Bound	Applied	Score
Ch-7	Kidney beans, including white pea beans (<i>phaseolus vulgaris</i>)	071333	100	5.00	0.999
Ch-7	Lentils	071340	100	5.00	0.999
Ch-7	Broad beans (<i>vicia faba</i> var. <i>major</i>) and horse beans (<i>vicia faba</i> var. <i>equina</i> , <i>Vicia faba</i> var. <i>minor</i>)	071350	100	5.00	0.999
Ch-7	Other	071390	100	5.00	0.999
Ch-7	Manioc (cassava)	071410	150	10.00	0.999
Ch-7	Other	071490	150	10.00	0.999
Ch-8	Dried	080620	100	105.00	0.999
Ch-8	Papaws (papayas)	080720	100	30.00	0.999
Ch-8	Apples	080810	50	50.00	0.999
Ch-8	Pears and quinces	080820	35	30.00	0.999
Ch-8	Apricots	080910	100	30.00	0.999
Ch-8	Peaches, including nectarines	080930	100	30.00	0.999
Ch-8	Strawberries	081010	100	30.00	0.999
Ch-9	Not decaffeinated	090111	100	100.00	0.999
Ch-9	Decaffeinated	090112	150	100.00	0.999
Ch-9	Not decaffeinated	090121	150	100.00	0.999
Ch-9	Decaffeinated	090122	150	100.00	0.999
Ch-9	Other green tea (not fermented)	090220	150	100.00	0.999
Ch-9	Crushed or ground	090412	150	70.00	0.999
Ch-9	Fruits of the genus <i>capsicum</i> or of the genus <i>pimenta</i> , dried or crushed or ground	090420	100	70.00	0.999
Ch-10	Durum wheat	100110	100	100.00	0.999
Ch-10	Other, excluding spelt	100190	80	100.00	0.999
Ch-10	Rye	100200	100	0.00	0.999
Ch-10	Barley	100300	100	0.00	0.999
Ch-10	Seed	100510	70	0.00	0.999
Ch-10	Other	100590	60	0.00	0.999
Ch-10	Rice in the husk (paddy or rough)	100610	80	0.00	0.999
Ch-10	Husked (brown) rice	100620	80	0.00	0.999
Ch-10	Semi-milled or wholly milled rice, whether or not polished or glazed	100630	70	0.00	0.999
Ch-10	Broken rice	100640	80	0.00	0.999
Ch-10	Millet	100820	70	0.00	0.999
Ch-11	Wheat or meslin flour	110100	150	30.00	0.999
Ch-11	Rye flour	110210	150	30.00	0.999
Ch-11	Maize (corn) flour	110220	150	30.00	0.999
Ch-11	Rice flour	110230	150	30.00	0.999
Ch-11	Other	110290	150	30.00	0.999
Ch-11	Of wheat	110311	150	30.00	0.999
Ch-11	Of oats	110312	150	30.00	0.999
Ch-11	Of maize (corn)	110313	150	30.00	0.999
Ch-11	Of rice	110314	150	30.00	0.999
Ch-11	Of other cereals	110319	150	30.00	0.999

Annexure 2: SP Score card (Contd.)

Chapter	Item	HS 6 Tariff Line	Bound	Applied	Score
Ch-11	Of wheat	110321	150	30.00	0.999
Ch-11	Of other cereals	110329	150	30.00	0.999
Ch-11	Of barley	110411	150	30.00	0.999
Ch-11	Of oats	110412	150	30.00	0.999
Ch-11	Of other cereals	110419	150	30.00	0.999
Ch-11	Of barley	110421	150	30.00	0.999
Ch-11	Of oats	110422	150	30.00	0.999
Ch-11	Of maize (corn)	110423	150	30.00	0.999
Ch-11	Of other cereals	110429	150	30.00	0.999
Ch-11	Germ of cereals, whole, rolled, flaked or ground	110430	150	30.00	0.999
Ch-11	Flour and meal	110510	150	30.00	0.999
Ch-11	Flakes	110520	150	30.00	0.999
Ch-11	Flour and meal of the dried leguminous vegetables of heading No 0713	110610	150	30.00	0.999
Ch-11	Flour and meal of sago, roots or tubers of heading No 0714	110620	150	30.00	0.999
Ch-11	Flour, meal and powder of the products of chapter 8	110630	100	30.00	0.999
Ch-11	Not roasted	110710	40	40.00	0.999
Ch-11	Roasted	110720	35	30.00	0.999
Ch-11	Wheat starch	110811	100	30.00	0.999
Ch-11	Maize (corn) starch	110812	35	50.00	0.999
Ch-11	Potato starch	110813	100	30.00	0.999
Ch-11	Manioc (cassava) starch	110814	100	50.00	0.999
Ch-12	In shell	120210	100	30.00	0.999
Ch-12	Copra	120300	100	70.00	0.999
Ch-12	Linseed, whether or not broken	120400	100	30.00	0.999
Ch-12	Rape or colza seeds, whether or not broken	120500	100	30.00	0.999
Ch-12	Sunflower seeds, whether or not broken	120600	100	30.00	0.999
Ch-12	Palm nuts and kernels	120710	100	30.00	0.999
Ch-12	Cotton seeds	120720	100	30.00	0.999
Ch-12	Castor oil seeds	120730	100	30.00	0.999
Ch-12	Sesamum seeds	120740	100	30.00	0.999
Ch-12	Mustard seeds	120750	100	30.00	0.999
Ch-12	Safflower seeds	120760	100	30.00	0.999
Ch-12	Of soya beans	120810	150	30.00	0.999
Ch-12	Other	120890	100	30.00	0.999
Ch-12	Sugar cane	121292	100	30.00	0.999
Ch-18	Cocoa beans, whole or broken, raw or roasted	180100	100	30.00	0.999
Ch-18	Cocoa shells, husks, skins and other cocoa waste	180200	100	30.00	0.999
Ch-18	Not defatted	180310	100	30.00	0.999
Ch-18	Cocoa butter, fat and oil	180400	100	30.00	0.999
Ch-18	Cocoa powder, containing added sugar or other sweetening matter	180610	150	30.00	0.999

Annexure 2: SP Score card (Contd.)

Chapter	Item	HS 6 Tariff Line	Bound	Applied	Score
Ch-18	Other preparations in block slabs or bars weighing more than 2 kg or in liquid, paste, powder, granular or other bulk form in containers or immediate packings, of a content exceeding 2 kg	180620	150	30.00	0.999
Ch-18	Filled	180631	150	30.00	0.999
Ch-18	Not filled	180632	150	30.00	0.999
Ch-20	Onions	200120	150	30.00	0.999
Ch-20	Tomatoes, whole or in pieces	200210	150	30.00	0.999
Ch-20	Mushrooms	200310	55	30.00	0.999
Ch-20	Potatoes	200410	55	30.00	0.999
Ch-20	Potatoes	200520	35	30.00	0.999
Ch-20	Peas (pisum sativum)	200540	55	30.00	0.999
Ch-20	Beans, shelled	200551	55	30.00	0.999
Ch-20	Other	200559	55	30.00	0.999
Ch-20	Asparagus	200560	55	30.00	0.999
Ch-20	Other vegetables and mixtures of vegetables	200590	55	30.00	0.999
Ch-20	Fruit, nuts, fruitpeel and other parts of plants, preserved by sugar (drained, glaze or crystallised)	200600	150	30.00	0.999
Ch-20	Citrus fruit	200791	150	30.00	0.999
Ch-20	Groundnuts	200811	150	30.00	0.999
Ch-20	Other, including mixtures	200819	150	30.00	0.999
Ch-20	Pineapples	200820	150	30.00	0.999
Ch-50	Silkworm cocoons suitable for reeling	500100	25	30.00	0.999
Ch-50	Raw silk (not thrown)	500200	100	30.00	0.999
Ch-50	Not carded or combed	500310	100	15.00	0.999
Ch-50	Other	500390	100	15.00	0.999
Ch-7	Brussels sprouts	070420	100	10.00	0.963
Ch-7	Sweet corn	071040	150	5.00	0.963
Ch-7	Other vegetables	071080	150	5.00	0.963
Ch-8	Cashew nuts	080130	100	30.00	0.963
Ch-8	In shell	080211	100	30.00	0.963
Ch-8	Shelled	080212	100	30.00	0.963
Ch-8	Shelled	080222	100	30.00	0.963
Ch-8	In shell	080231	100	30.00	0.963
Ch-8	Shelled	080232	100	30.00	0.963
Ch-8	Bananas, including plantains, fresh or dried	080300	100	30.00	0.963
Ch-8	Dates	080410	100	30.00	0.963
Ch-8	Figs	080420	100	30.00	0.963
Ch-8	Pineapples	080430	100	30.00	0.963
Ch-8	Avocados	080440	100	30.00	0.963
Ch-8	Guavas, mangoes and mangosteens	080450	100	30.00	0.963
Ch-8	Oranges	080510	40	30.00	0.963
Ch-8	Mandarins (including tangerines and satsumas); clementines, wilkings and similar citrus hybrids	080520	100	30.00	0.963

Annexure 2: SP Score card (Contd.)

Chapter	Item	HS 6 Tariff Line	Bound	Applied	Score
Ch-8	Lemons (citrus limon, citrus limonum) and limes (citrus aurantifolia)	080530	40	30.00	0.963
Ch-8	Grapefruit	080540	25	30.00	0.963
Ch-8	Other	080590	100	30.00	0.963
Ch-8	Fresh	080610	30	40.00	0.963
Ch-8	Melons (including watermelons)	080710	100	30.00	0.963
Ch-8	Cherries	080920	100	30.00	0.963
Ch-8	Plums and sloes	080940	30	25.00	0.963
Ch-9	Coffee husks and skins	090130	100	100.00	0.963
Ch-9	Coffee substitutes containing coffee	090140	150	100.00	0.963
Ch-10	Oats	100400	100	0.00	0.963
Ch-10	Other cereals	100890	150	0.00	0.963
Ch-12	Ginseng roots	121120	100	30.00	0.963
Ch-18	Wholly or partly defatted	180320	100	30.00	0.963
Ch-18	Cocoa powder, not containing added sugar or other sweetening matter	180500	150	30.00	0.963
Ch-18	Other	180690	150	15.00	0.963
Ch-20	Sweet corn (Zea mays var. saccharata)	200580	55	30.00	0.963
Ch-23	Flours, meals and pellets, of fish or of crustaceans, molluscs or other aquatic invertebrates	230120	35	30.00	0.963
Ch-23	Of maize (corn)	230210	100	30.00	0.963
Ch-23	Of rice	230220	100	15.00	0.963
Ch-23	Of wheat	230230	100	30.00	0.963
Ch-23	Of other cereals	230240	100	30.00	0.963
Ch-23	Of cotton seeds	230610	100	15.00	0.963
Ch-24	Tobacco, not stemmed/stripped	240110	100	30.00	0.963
Ch-24	Tobacco, partly or wholly stemmed/stripped	240120	100	30.00	0.963
Ch-24	Tobacco refuse	240130	100	30.00	0.963
Ch-4	Of a fat content, by weight, not exceeding 1%	040110	100	30.00	0.955
Ch-4	Of a fat content, by weight, exceeding 1% but not exceeding 6%	040120	100	30.00	0.955
Ch-4	Of a fat content, by weight, exceeding 6%	040130	40	30.00	0.955
Ch-4	In powder, granules or other solid forms, of a fat content, by weight, not exceeding 1.5%	040210	60	15.00	0.955
Ch-4	Not containing added sugar or other sweetening matter	040221	60	15.00	0.955
Ch-4	Not containing added sugar or other sweetening matter	040291	40	30.00	0.955
Ch-4	Yogurt	040310	150	30.00	0.955
Ch-4	Whey, whether or not concentrated or containing added sugar or other sweetening matter	040410	40	30.00	0.955
Ch-4	Other	040490	150	30.00	0.955
Ch-4	Butter and other fats and oils derived from milk	040500	40	30.00	0.955
Ch-4	Fresh cheese (including whey cheese), not fermented, and curd	040610	40	30.00	0.955
Ch-4	Processed cheese, not grated or powdered	040630	40	30.00	0.955

Annexure 2: SP Score card (Contd.)

Chapter	Item	HS 6 Tariff Line	Bound	Applied	Score
Ch-4	Birds' eggs, in shell, fresh, preserved or cooked	040700	150	30.00	0.955
Ch-4	Other	040819	150	30.00	0.955
Ch-4	Natural honey	040900	100	30.00	0.955
Ch-4	Edible products of animal origin, not elsewhere specified or included	041000	100	30.00	0.955
Ch-6	Unrooted cuttings and slips	060210	10	10.00	0.955
Ch-9	Green tea (not fermented) in immediate packings of a content not exceeding 3 kg	090210	150	100.00	0.955
Ch-15	Crude oil, whether or not degummed	150710	45	45.00	0.955
Ch-15	Other	150890	45	85.00	0.955
Ch-15	Virgin	150910	45	45.00	0.955
Ch-15	Other	150990	45	45.00	0.955
Ch-15	Other oils and their fractions, obtained solely from olives, whether or not refined, but not chemically modified, including blends of these oils or fractions with oils or fractions of heading No 1509	151000	300	45.00	0.955
Ch-15	Other	151190	300	100.00	0.955
Ch-15	Other	151229	300	100.00	0.955
Ch-15	Crude oil	151321	300	100.00	0.955
Ch-15	Other	151329	45	100.00	0.955
Ch-15	Crude oil	151410	75	75.00	0.955
Ch-15	Other	151490	75	75.00	0.955
Ch-15	Crude oil	151511	300	100.00	0.955
Ch-15	Other	151529	100	100.00	0.955
Ch-15	Castor oil and its fractions	151530	100	100.00	0.955
Ch-15	Tung oil and its fractions	151540	300	100.00	0.955
Ch-15	Sesame oil and its fractions	151550	100	100.00	0.955
Ch-15	Jojoba oil and its fractions	151560	300	100.00	0.955
Ch-15	Other	151590	300	100.00	0.955
Ch-19	Sweet biscuits; waffles and wafers	190530	45	30.00	0.955
Ch-19	Rusks, toasted bread and similar toasted products	190540	150	30.00	0.955
Ch-20	Cucumbers and gherkins	200110	150	30.00	0.955
Ch-20	Other	200190	150	30.00	0.955
Ch-20	Other	200290	150	30.00	0.955
Ch-20	Truffles	200320	55	30.00	0.955
Ch-20	Other vegetables and mixtures of vegetables	200490	55	30.00	0.955
Ch-20	Homogenised vegetables	200510	55	30.00	0.955
Ch-20	Other	200799	150	30.00	0.955
Ch-20	Citrus fruit	200830	150	30.00	0.955
Ch-20	Pears	200840	150	30.00	0.955
Ch-20	Apricots	200850	150	30.00	0.955
Ch-20	Peaches	200870	150	30.00	0.955
Ch-20	Strawberries	200880	150	30.00	0.955
Ch-20	Mixtures	200892	150	30.00	0.955

Annexure 2: SP Score card (Contd.)

Chapter	Item	HS 6 Tariff Line	Bound	Applied	Score
Ch-20	Other	200899	150	30.00	0.955
Ch-20	Frozen	200911	35	30.00	0.955
Ch-20	Other	200919	35	30.00	0.955
Ch-20	Grapefruit juice	200920	85	30.00	0.955
Ch-20	Juice of any other single citrus fruit	200930	85	30.00	0.955
Ch-20	Pineapple juice	200940	85	30.00	0.955
Ch-20	Grape juice (including grape must)	200960	85	30.00	0.955
Ch-20	Apple juice	200970	85	30.00	0.955
Ch-20	Mixtures of juices	200990	85	30.00	0.955
Ch-21	Soya sauce	210310	150	30.00	0.955
Ch-7	Other	070190	100	10.00	0.927
Ch-7	Witloof chicory (<i>Cichorium intybus</i> var. <i>foliosum</i>)	070521	100	10.00	0.927
Ch-8	Coconuts	080110	100	70.00	0.927
Ch-8	Raspberries, blackberries, mulberries and loganberries	081020	100	30.00	0.927
Ch-11	Other starches	110819	100	30.00	0.927
Ch-12	Poppy seeds	120791	100	70.00	0.927
Ch-12	Other	120799	150	30.00	0.927
Ch-12	Vegetable seeds	120991	10	5.00	0.927
Ch-12	Locust beans, including locust bean seeds	121210	100	30.00	0.927
Ch-12	Cereal straw and husks, unprepared, whether or not chopped, ground, pressed or in the form of pellets	121300	100	30.00	0.927
Ch-23	Of leguminous plants	230250	100	30.00	0.927
Ch-12	Seeds of herbaceous plants cultivated principally for their flowers	120930	10	30.00	0.919
Ch-12	Liquorice roots	121110	100	30.00	0.919
Ch-15	Crude oil	151211	300	100.00	0.919
Ch-20	Cherries	200860	150	30.00	0.919
Ch-20	Tomato juice	200950	85	30.00	0.919
Ch-23	Oilcake and other solid residues, whether or not ground or in the form of pellets, resulting from the extraction of soyabean oil	230400	100	15.00	0.919
Ch-23	Of rape or colza seeds	230640	100	15.00	0.919
Ch-23	Other	230690	100	30.00	0.919
Ch-24	Cigars, cheroots and cigarillos, containing tobacco	240210	150	30.00	0.919
Ch-24	Cigarettes containing tobacco	240220	150	30.00	0.919
Ch-35	Egg albumin	350210	150	40.00	0.919
Ch-8	Other	081090	100	30.00	0.912
Ch-8	Strawberries	081110	150	30.00	0.912
Ch-8	Other	081190	150	30.00	0.912
Ch-8	Cherries	081210	100	30.00	0.912
Ch-8	Other	081290	100	30.00	0.912
Ch-8	Apricots	081310	150	30.00	0.912
Ch-8	Prunes	081320	40	30.00	0.912
Ch-8	Apples	081330	150	30.00	0.912

Annexure 2: SP Score card (Contd.)

Chapter	Item	HS 6 Tariff Line	Bound	Applied	Score
Ch-8	Mixtures of nuts or dried fruits of this chapter	081350	150	30.00	0.912
Ch-9	Nutmeg	090810	100	30.00	0.912
Ch-9	Cardamoms	090830	150	70.00	0.912
Ch-9	Seeds of coriander	090920	150	30.00	0.912
Ch-9	Seeds of cumin	090930	35	30.00	0.912
Ch-9	Seeds of caraway	090940	150	30.00	0.912
Ch-9	Ginger	091010	150	30.00	0.912
Ch-9	Saffron	091020	150	30.00	0.912
Ch-9	Turmeric (curcuma)	091030	35	30.00	0.912
Ch-9	Curry	091050	150	30.00	0.912
Ch-9	Mixtures referred to in Note 1 (b) to this Chapter	091091	150	30.00	0.912
Ch-12	Soya beans, whether or not broken	120100	100	30.00	0.912
Ch-12	Shelled, whether or not broken	120220	100	30.00	0.912
Ch-51	Shorn wool	510111	25	15.00	0.912
Ch-51	Other	510119	25	15.00	0.912
Ch-51	Shorn wool	510121	40	30.00	0.912
Ch-7	Mushrooms	070951	100	10.00	0.912
Ch-7	Other	070990	100	10.00	0.912
Ch-7	Peas (<i>Pisum sativum</i>)	071021	150	5.00	0.912
Ch-7	Small red (<i>Adzuki</i>) beans (<i>Phaseolus</i> or <i>Vigna angularis</i>)	071332	100	5.00	0.912
Ch-7	Other	071339	100	5.00	0.912
Ch-7	Sweet potatoes	071420	150	10.00	0.912
Ch-9	Neither crushed nor ground	090411	150	70.00	0.912
Ch-10	Grain sorghum	100700	80	0.00	0.912
Ch-23	Flours, meals and pellets, of meat or meat offal; greaves	230110	100	30.00	0.891
Ch-23	Oilcake and other solid residues, whether or not ground or in the form of pellets, resulting from the extraction of groundnut oil	230500	100	15.00	0.891
Ch-23	Of linseed	230620	100	15.00	0.891
Ch-11	Inulin	110820	100	30.00	0.883
Ch-12	Other	120999	100	5.00	0.883
Ch-12	Hop cones, neither ground nor powdered nor in the form of pellets	121010	75	30.00	0.883
Ch-15	Crude oil	151311	300	100.00	0.883
Ch-19	Tapioca and substitutes therefor prepared from starch, in the form of flakes, grains, pearls, siftings or similar forms	190300	150	30.00	0.883
Ch-19	Other	190590	150	30.00	0.883
Ch-8	Black, white or red currants and gooseberries	081030	100	30.00	0.876
Ch-8	Strawberries	081220	100	30.00	0.876
Ch-8	Other fruit	081340	150	30.00	0.876
Ch-7	Aubergines (eggplants)	070930	100	10.00	0.876
Ch-7	Truffles	070952	100	10.00	0.876

Annexure 2: SP Score card (Contd.)

Chapter	Item	HS 6 Tariff Line	Bound	Applied	Score
Ch-8	Other	080290	100	30.00	0.876
Ch-9	Black tea (fermented) and partly fermented tea, in immediate packings of a content not exceeding 3 kg	090230	150	100.00	0.876
Ch-9	Other black tea (fermented) and other partly fermented tea	090240	100	100.00	0.876
Ch-9	Cloves (whole fruit, cloves and stems)	090700	100	70.00	0.876
Ch-12	Sugar beet seed	120911	100	30.00	0.876
Ch-19	Mixes and doughs for the preparation of bakers' wares of heading No1905	190120	55	30.00	0.876
Ch-23	Brewing or distilling dregs and waste	230330	100	30.00	0.876
Ch-33	Of bergamot	330111	150	40.00	0.876
Ch-33	Of orange	330112	150	40.00	0.876
Ch-33	Of lemon	330113	150	40.00	0.876
Ch-33	Of lime	330114	150	40.00	0.876
Ch-33	Other	330119	150	40.00	0.876
Ch-33	Of geranium	330121	150	40.00	0.876
Ch-33	Of jasmin	330122	150	40.00	0.876
Ch-33	Of lavender or of lavandin	330123	150	40.00	0.876
Ch-33	Of other mints	330125	150	40.00	0.876
Ch-33	Of vetiver	330126	150	40.00	0.876
Ch-4	Dried	040811	150	30.00	0.869
Ch-15	Other	150790	300	45.00	0.869
Ch-15	Crude oil	150810	300	85.00	0.869
Ch-15	Crude oil	151110	300	100.00	0.869
Ch-15	Other	151219	300	100.00	0.869
Ch-15	Other	151319	300	100.00	0.869
Ch-15	Other	151519	300	100.00	0.869
Ch-15	Crude oil	151521	300	100.00	0.869
Ch-20	Juice of any other single fruit or vegetable	200980	85	30.00	0.869
Ch-21	Tomato ketchup and other tomato sauces	210320	150	30.00	0.869
Ch-21	Mustard flour and meal and prepared mustard	210330	150	30.00	0.869
Ch-22	Mineral waters and aerated waters	220110	150	30.00	0.869
Ch-6	Other	060299	10	10.00	0.868
Ch-19	Prepared foods obtained by the swelling or roasting of cereals or cereal products	190410	55	30.00	0.868
Ch-20	Palm hearts	200891	150	30.00	0.868
Ch-41	Other hides and skins of bovine animals, otherwise preserved	410130	25	0.00	0.868
Ch-23	Residues of starch manufacture and similar residues	230310	100	30.00	0.854
Ch-12	Other	120919	100	30.00	0.847
Ch-12	Other	121299	100	30.00	0.847
Ch-23	Of sunflower seeds	230630	100	15.00	0.847
Ch-23	Of coconut or copra	230650	100	15.00	0.847
Ch-23	Of palm nuts or kernels	230660	100	15.00	0.847

Annexure 2: SP Score card (Contd.)

Chapter	Item	HS 6 Tariff Line	Bound	Applied	Score
Ch-24	Other	240290	150	30.00	0.847
Ch-24	Smoking tobacco, whether or not containing tobacco substitutes in any proportion	240310	150	30.00	0.847
Ch-24	"Homogenised" or "reconstituted" tobacco	240391	150	30.00	0.847
Ch-8	Cranberries, bilberries and other fruits of the genus Vaccinium	081040	100	30.00	0.840
Ch-8	Raspberries, blackberries, mulberries, loganberries, black, white or red currants and gooseberries	081120	150	30.00	0.840
Ch-11	Wheat gluten, whether or not dried	110900	100	30.00	0.840
Ch-12	Hop cones, ground, powdered or in the form of pellets; lupulin	121020	100	30.00	0.840
Ch-12	Other	121190	100	15.00	0.840
Ch-12	Apricot, peach or plum stones and kernels	121230	100	30.00	0.840
Ch-12	Shea nuts (karite nuts)	120792	100	30.00	0.839
Ch-19	Containing eggs	190211	150	30.00	0.839
Ch-33	Other	330190	40	40.00	0.839
Ch-41	Whole	410121	25	0.00	0.839
Ch-21	Other	210390	150	30.00	0.833
Ch-22	Vinegar and substitutes for vinegar obtained from acetic acid	220900	150	30.00	0.833
Ch-8	Brazil nuts	080120	100	30.00	0.832
Ch-33	Of peppermint (<i>Mentha piperita</i>)	330124	150	40.00	0.832
Ch-35	Other	350190	150	40.00	0.832
Ch-8	Peel of citrus fruit or melons (including watermelons), fresh, frozen, dried or provisionally preserved in brine, in sulphur water or in other preservative solutions	081400	100	30.00	0.826
Ch-9	Seeds of anise or badian	090910	150	30.00	0.826
Ch-9	Other	091099	100	30.00	0.826
Ch-6	Fresh	060310	150	10.00	0.825
Ch-9	Vanilla	090500	100	30.00	0.825
Ch-9	Neither crushed nor ground	090610	150	30.00	0.825
Ch-9	Crushed or ground	090620	100	30.00	0.825
Ch-9	Mace	090820	100	30.00	0.825
Ch-9	Seeds of fennel or juniper	090950	150	30.00	0.825
Ch-41	Hides and skins of equine animals	410140	25	0.00	0.824
Ch-17	Chewing gum, whether or not sugarcoated	170410	45	30.00	0.803
Ch-24	Other	240399	150	30.00	0.803
Ch-35	Casein	350110	150	40.00	0.803
Ch-15	Crude oil, whether or not gossypol has been removed	151221	300	100.00	0.796
Ch-41	Butts and bends	410122	25	0.00	0.796
Ch-41	Other	410129	25	0.00	0.796
Ch-19	Gingerbread and the like	190520	150	30.00	0.796
Ch-8	In shell	080221	100	30.00	0.790
Ch-51	Other	510129	100	15.00	0.789

Annexure 2: SP Score card (Contd.)

Chapter	Item	HS 6 Tariff Line	Bound	Applied	Score
Ch-15	Other, including synthetic glycerol	152090	150	30.00	0.789
Ch-22	Waters, including mineral waters and aerated waters, containing added sugar or other sweetening matter or flavoured	220210	150	30.00	0.789
Ch-7	Globe artichokes	070910	100	10.00	0.788
Ch-4	Other	040229	40	30.00	0.782
Ch-4	Other	040299	40	30.00	0.782
Ch-4	Other	040390	150	30.00	0.782
Ch-4	Grated or powdered cheese, of all kinds	040620	40	30.00	0.782
Ch-17	Cane sugar	170111	150	60.00	0.782
Ch-6	Fresh	060491	150	10.00	0.781
Ch-17	Containing added flavouring or colouring matter	170191	150	60.00	0.781
Ch-19	Preparations for infant use, put up for retail sale	190110	50	30.00	0.781
Ch-21	Extracts, essences and concentrates, of tea or mate, and preparations with a basis of these extracts, essences or concentrates, or with a basis of tea or mate	210120	150	30.00	0.781
Ch-21	Roasted chicory and other roasted coffee substitutes, and extracts, essences and concentrates thereof	210130	150	30.00	0.781
Ch-21	Prepared baking powders	210230	150	30.00	0.781
Ch-22	Other	220190	150	30.00	0.781
Ch-22	Spirits obtained by distilling grape wine or grape marc	220820	150	182.00	0.781
Ch-19	Other	190190	150	30.00	0.767
Ch-19	Other	190219	150	30.00	0.767
Ch-19	Other	190490	55	30.00	0.767
Ch-12	Other	120929	100	30.00	0.760
Ch-23	Beetpulp, bagasse and other waste of sugar manufacture	230320	100	30.00	0.760
Ch-12	Lucerne (alfalfa) seed	120921	100	30.00	0.760
Ch-12	Other	121490	100	30.00	0.760
Ch-17	Other	170490	150	30.00	0.760
Ch-20	Sauerkraut	200530	55	30.00	0.760
Ch-35	Peptones and their derivatives; other protein substances and their derivatives, not elsewhere specified or included; hide powder, whether or not chromed	350400	55	40.00	0.760
Ch-10	Canary seed	100830	100	0.00	0.753
Ch-15	Vegetable fats and oils and their fractions	151620	300	100.00	0.753
Ch-7	Spinach, New Zealand spinach and orache spinach (garden spinach)	071030	150	2.00	0.752
Ch-41	With wool on	410210	25	0.00	0.752
Ch-33	Resinoids	330130	150	40.00	0.752
Ch-35	Dextrins and other modified starches	350510	55	40.00	0.752
Ch-6	Roses, grafted or not	060240	10	10.00	0.746
Ch-21	Extracts, essences and concentrates, of coffee, and preparations with a basis of these extracts, essences or concentrates or with a basis of coffee	210110	150	30.00	0.745

Annexure 2: SP Score card (Contd.)

Chapter	Item	HS 6 Tariff Line	Bound	Applied	Score
Ch-21	Active yeasts	210210	150	30.00	0.745
Ch-21	Inactive yeasts; other single cell microorganisms, dead	210220	150	30.00	0.745
Ch-21	Soups and broths and preparations thereof	210410	55	30.00	0.745
Ch-21	Other	210690	60	160.00	0.745
Ch-8	Pistachios	080250	100	30.00	0.745
Ch-33	Other	330129	150	40.00	0.745
Ch-14	Bamboos	140110	100	30.00	0.739
Ch-14	Rattans	140120	100	30.00	0.739
Ch-14	Kapok	140210	100	30.00	0.739
Ch-14	Other	140299	100	30.00	0.739
Ch-9	Thyme; bay leaves	091040	150	30.00	0.738
Ch-52	Cotton, not carded or combed	520100	100	10.00	0.738
Ch-52	Yarn waste (including thread waste)	520210	100	15.00	0.738
Ch-52	Garnetted stock	520291	100	15.00	0.738
Ch-52	Other	520299	100	15.00	0.738
Ch-52	Cotton, carded or combed	520300	150	30.00	0.738
Ch-53	Flax, raw or retted	530110	100	30.00	0.738
Ch-53	Broken or scutched	530121	100	30.00	0.738
Ch-53	Other	530129	100	30.00	0.738
Ch-53	Flax tow and waste	530130	100	30.00	0.738
Ch-53	True hemp, raw or retted	530210	100	30.00	0.738
Ch-53	Other	530290	100	30.00	0.738
Ch-21	Protein concentrates and textured protein substances	210610	80	30.00	0.738
Ch-22	Compound alcoholic preparations of a kind used for the manufacture of beverages	220810	150	182.00	0.738
Ch-22	Whiskies	220830	150	182.00	0.738
Ch-15	Other animal fats and oils and their fractions, whether or not refined, but not chemically modified	150600	45	30.00	0.723
Ch-19	Stuffed pasta, whether or not cooked or otherwise prepared	190220	150	30.00	0.723
Ch-19	Crispbread	190510	150	30.00	0.723
Ch-35	Other	350290	150	40.00	0.723
Ch-7	Seed	070110	100	10.00	0.710
Ch-7	Capers	071130	100	10.00	0.709
Ch-22	Undenatured ethyl alcohol of an alcoholic strength by volume of 80% vol or higher	220710	150	150.00	0.709
Ch-17	Glucose and glucose syrup, containing in the dry state at least 20% but less than 50% by weight of fructose	170240	150	30.00	0.708
Ch-13	Lac	130110	100	30.00	0.702
Ch-13	Gum Arabic	130120	100	30.00	0.702
Ch-51	Waste of coarse animal hair	510330	100	15.00	0.702
Ch-41	Whole hides and skins of bovine animals, of a weight per skin not exceeding 8 kg when simply dried, 10 kg when drysalted, or 14 kg when fresh, wetsalted or otherwise preserved	410110	25	0.00	0.702

Annexure 2: SP Score card (Contd.)

Chapter	Item	HS 6 Tariff Line	Bound	Applied	Score
Ch-22	Other	220290	150	30.00	0.702
Ch-23	Wine lees; argol	230700	100	30.00	0.701
Ch-4	Other cheese	040690	40	30.00	0.695
Ch-4	Dried	040891	150	30.00	0.695
Ch-4	Other	040899	150	30.00	0.695
Ch-14	Other	140190	100	30.00	0.695
Ch-14	Broomcorn (Sorghum vulgare var. technicum)	140310	100	30.00	0.695
Ch-6	Other	060499	150	10.00	0.695
Ch-21	Homogenised composite food preparations	210420	150	30.00	0.695
Ch-21	Ice cream and other edible ice, whether or not containing cocoa	210500	150	30.00	0.695
Ch-17	Other, including invert sugar	170290	150	30.00	0.680
Ch-19	Other pasta	190230	150	30.00	0.680
Ch-12	Lucerne (alfalfa) meal and pellets	121410	100	30.00	0.673
Ch-17	Other	170199	150	60.00	0.673
Ch-17	Other	170390	100	15.00	0.673
Ch-17	Beet sugar	170112	150	60.00	0.673
Ch-7	Spinach, New Zealand spinach and orache spinach (garden spinach)	070970	100	10.00	0.672
Ch-17	Glucose and glucose syrup, not containing fructose or containing in the dry state less than 20% by weight of fructose	170230	150	30.00	0.672
Ch-17	Chemically pure fructose	170250	100	30.00	0.672
Ch-20	Olives	200570	55	30.00	0.672
Ch-51	Fine animal hair	510210	100	15.00	0.666
Ch-51	Coarse animal hair	510220	100	15.00	0.666
Ch-51	Noils of wool or of fine animal hair	510310	100	15.00	0.666
Ch-51	Other waste of wool or of fine animal hair	510320	100	15.00	0.666
Ch-15	Animal fats and oils and their fractions	151610	300	100.00	0.666
Ch-22	Beer made from malt	220300	150	100.00	0.665
Ch-22	Sparkling wine	220410	150	100.00	0.665
Ch-22	In containers holding 2L or less	220421	150	100.00	0.665
Ch-22	Other	220429	150	100.00	0.665
Ch-22	Other grape must	220430	150	100.00	0.665
Ch-22	In containers holding 2L or less	220510	150	100.00	0.665
Ch-22	Other	220590	150	100.00	0.665
Ch-22	Gin and Geneva	220850	150	182.00	0.665
Ch-22	Other	220890	150	182.00	0.665
Ch-41	Pickled	410221	25	0.00	0.665
Ch-41	Of goats or kids	410310	25	0.00	0.665
Ch-41	Of reptiles	410320	25	0.00	0.665
Ch-6	Rhododendrons and azaleas, grafted or not	060230	10	10.00	0.659
Ch-9	Mate	090300	100	30.00	0.659
Ch-13	Of hops	130213	100	30.00	0.659

Annexure 2: SP Score card (Contd.)

Chapter	Item	HS 6 Tariff Line	Bound	Applied	Score
Ch-14	Other	140390	100	30.00	0.652
Ch-17	Cane molasses	170310	100	15.00	0.637
Ch-22	Ethyl alcohol and other spirits, denatured, of any strength	220720	150	15.00	0.637
Ch-10	Buckwheat	100810	100	0.00	0.636
Ch-15	Other	151790	300	100.00	0.630
Ch-51	Carbonised	510130	40	30.00	0.630
Ch-35	Glues	350520	150	40.00	0.630
Ch-22	Other fermented beverages (for example, cider, perry, mead); mixture of fermented beverages and mixtures of fermented beverages and nonalcoholic beverages not elsewhere specified or included	220600	150	100.00	0.629
Ch-41	Other	410229	25	0.00	0.629
Ch-41	Other	410390	25	0.00	0.629
Ch-14	Cotton linters	140420	100	30.00	0.623
Ch-12	Seaweeds and other algae	121220	100	30.00	0.622
Ch-14	Vegetable hair	140291	100	30.00	0.608
Ch-14	Other	140490	300	30.00	0.594
Ch-15	Other	150590	300	15.00	0.593
Ch-22	Rum and taffia	220840	150	182.00	0.593
Ch-35	Gelatin (including gelatin in rectangular (including square) sheets, whether or not surface worked or coloured) and gelatin derivatives; isinglass; other glues of animal origin, excluding casein glues of heading No 3501	350300	150	40.00	0.593
Ch-13	Of pyrethrum or of the roots of plants containing rotenone	130214	100	30.00	0.586
Ch-16	Sausages and similar products, of meat, meat offal or blood; food preparations based on these products	160100	150	100.00	0.586
Ch-17	Lactose and lactose syrup	170210	100	25.00	0.586
Ch-15	Vegetable waxes	152110	150	30.00	0.579
Ch-38	Sorbitol other than that of subheading No 2905.44	382360	55	40.00	0.579
Ch-7	Olives	071120	100	10.00	0.578
Ch-12	Sugar beet	121291	100	30.00	0.572
Ch-13	Of liquorice	130212	100	30.00	0.571
Ch-6	Mosses and lichens	060410	150	10.00	0.565
Ch-13	Other	130190	100	30.00	0.564
Ch-19	Couscous	190240	150	30.00	0.564
Ch-23	Acorns and horsechestnuts	230810	100	30.00	0.556
Ch-23	Other	230890	100	30.00	0.556
Ch-13	Pectic substances, pectinates and pectates	130220	100	30.00	0.550
Ch-15	Margarine, excluding liquid margarine	151710	300	100.00	0.543
Ch-14	Raw vegetable materials of a kind used primarily in dyeing or tanning	140410	100	30.00	0.543

Annexure 2: SP Score card (Contd.)

Chapter	Item	HS 6 Tariff Line	Bound	Applied	Score
Ch-13	Mucilages and thickeners, whether or not modified, derived from locust beans, locust bean seeds or guar seeds	130232	100	30.00	0.543
Ch-16	Homogenised preparations	160210	55	30.00	0.543
Ch-12	Rye grass (<i>Lolium multiflorum</i> Lam., <i>Lolium perenne</i> L.) seed	120925	100	30.00	0.536
Ch-2	Pig fat free of lean meat and poultry fat (not rendered), fresh, chilled, frozen, salted, in brine, dried or smoked	020900	150	30.00	0.535
Ch-13	Other	130219	100	30.00	0.535
Ch-6	Other	060390	150	10.00	0.521
Ch-15	Lard; other pig fat and poultry fat, rendered, whether or not pressed or solvent extracted	150100	15	30.00	0.507
Ch-15	Fats of bovine animals, sheep or goats, raw or rendered, whether or not pressed or solvent extracted	150200	300	15.00	0.506
Ch-16	Of bovine animals	160250	150	30.00	0.506
Ch-12	Timothy grass seed	120926	100	30.00	0.500
Ch-15	Glycerol (glycerine), crude; glycerol waters and glycerol lyes	152010	150	30.00	0.500
Ch-13	Opium	130211	100	30.00	0.499
Ch-16	Of turkeys	160231	150	100.00	0.499
Ch-16	Hams and cuts thereof	160241	55	30.00	0.499
Ch-16	Shoulders and cuts thereof	160242	55	30.00	0.499
Ch-16	Other, including mixtures	160249	150	30.00	0.499
Ch-23	Dog or cat food, put up for retail sale	230910	150	5.00	0.470
Ch-15	Animal or vegetable fats and oils and their fractions, boiled, oxidised, dehydrated, sulphurised, blown, polymerised by heat in vacuum or in inert gas or otherwise chemically modified, excluding those of heading No 1516; inedible mixtures or preparations	151800	300	100.00	0.463
Ch-15	Acid oils from refining	151920	150	30.00	0.463
Ch-15	Degras; residues resulting from the treatment of fatty substances or animal or vegetable waxes	152200	150	30.00	0.463
Ch-16	Of liver of any animal	160220	150	30.00	0.463
Ch-16	Extracts and juices of meat, fish or crustaceans, molluscs or other aquatic invertebrates	160300	150	30.00	0.463
Ch-17	Other fructose and fructose syrup, containing in the dry state more than 50% by weight of fructose	170260	100	30.00	0.463
Ch-12	Clover (<i>Trifolium</i> spp.) seed	120922	100	30.00	0.456
Ch-15	Oleic acid	151912	150	30.00	0.456
Ch-16	Shrimps and prawns	160520	150	30.00	0.449
Ch-2	Of fowls of the species <i>Gallus domesticus</i>	020741	100	30.00	0.448
Ch-13	Other	130239	100	30.00	0.427
Ch-15	Lard stearin, lard oil, oleostearin, oleoil and tallow oil, not emulsified or mixed or otherwise prepared	150300	100	30.00	0.420
Ch-15	Tall oil fatty acids	151913	150	30.00	0.420
Ch-29	Mannitol	290543	150	28.00	0.419

Annexure 2: SP Score card (Contd.)

Chapter	Item	HS 6 Tariff Line	Bound	Applied	Score
Ch-29	Dglucitol (sorbitol)	290544	150	28.00	0.419
Ch-2	Poultry not cut in pieces, fresh or chilled	020710	100	30.00	0.412
Ch-8	Chestnuts (<i>castanea</i> spp.)	080240	100	30.00	0.412
Ch-15	Stearic acid	151911	150	30.00	0.412
Ch-15	Other	152190	150	30.00	0.412
Ch-17	Maple sugar and maple syrup	170220	150	30.00	0.412
Ch-16	Other crustaceans	160540	150	30.00	0.405
Ch-4	Blueveined cheese	040640	40	30.00	0.399
Ch-13	Agaragar	130231	100	30.00	0.390
Ch-15	Other	151919	150	30.00	0.384
Ch-23	Other	230990	150	30.00	0.383
Ch-15	Fats and oils and their fractions, of marine mammals	150430	100	30.00	0.376
Ch-15	Wool grease, crude	150510	100	15.00	0.376
Ch-16	Other, including preparations of blood of any animal	160290	150	30.00	0.369
Ch-38	With a basis of amylaceous substances	380910	150	40.00	0.369
Ch-2	Fowls of the species <i>Gallus domesticus</i>	020721	35	30.00	0.362
Ch-2	Other	020629	100	30.00	0.340
Ch-15	Industrial fatty alcohols	151930	50	30.00	0.340
Ch-16	Lobster	160530	150	30.00	0.333
Ch-16	Other	160590	150	30.00	0.333
Ch-2	Meat of bovine animals	021020	150	30.00	0.326
Ch-2	Other, including edible flours and meals of meat or meat offal	021090	150	30.00	0.326
Ch-16	Other	160239	150	30.00	0.326
Ch-12	Fescue seed	120923	100	30.00	0.326
Ch-2	Poultry livers, frozen	020750	100	30.00	0.318
Ch-2	Ducks, geese and guinea fowls	020723	100	30.00	0.304
Ch-16	Crab	160510	150	30.00	0.289
Ch-2	Hams, shoulders and cuts thereof, with bone in	020322	100	30.00	0.275
Ch-2	Boneless	020423	100	30.00	0.275
Ch-2	Meat of goats	020450	100	30.00	0.275
Ch-2	Bellies (streaky) and cuts thereof	021012	150	30.00	0.239
Ch-2	Other	021019	150	30.00	0.239
Ch-12	Kentucky blue grass (<i>Poa pratensis</i> L.) seed	120924	100	30.00	0.239
Ch-2	Boneless	020230	100	30.00	0.231
Ch-2	Carcases and half carcasses of lamb, fresh or chilled	020410	100	30.00	0.231
Ch-2	Of bovine animals, fresh or chilled	020610	100	30.00	0.231
Ch-2	Boneless	020130	100	30.00	0.203
Ch-2	Carcases and half carcasses	020210	100	30.00	0.203
Ch-2	Other cuts with bone in	020220	100	30.00	0.203
Ch-2	Meat of horses, asses, mules or hinnies, fresh, chilled or frozen	020500	100	30.00	0.203

Annexure 2: SP Score card (Contd.)

Chapter	Item	HS 6 Tariff Line	Bound	Applied	Score
Ch-43	Of lamb, the following Astrakhan, Broadtail, Caracul, Persian and similar lamb, Indian, Chinese, Mongolian or Tibetan lamb, whole, with or without head, tail or paws	430130	100	0.00	0.173
Ch-2	Carcases and halfcarcases Bovine	020110	100	30.00	0.159
Ch-2	Other cuts with bone in	020120	100	30.00	0.159
Ch-2	Carcases and halfcarcases	020311	100	30.00	0.159
Ch-2	Hams, shoulders and cuts thereof, with bone in	020312	100	30.00	0.159
Ch-2	Other	020319	100	30.00	0.159
Ch-2	Carcases and halfcarcases	020321	100	30.00	0.159
Ch-2	Other	020329	100	30.00	0.159
Ch-2	Carcases and halfcarcases	020421	100	30.00	0.159
Ch-2	Other cuts with bone in	020422	100	30.00	0.159
Ch-2	Carcases and halfcarcases of lamb, frozen	020430	100	30.00	0.159
Ch-2	Carcases and halfcarcases	020441	35	30.00	0.159
Ch-2	Other cuts with bone in	020442	100	30.00	0.159
Ch-2	Boneless	020443	100	30.00	0.159
Ch-2	Tongues	020621	100	30.00	0.159
Ch-2	Of swine, fresh or chilled	020630	100	30.00	0.152
Ch-2	Hams, shoulders and cuts thereof, with bone in	021011	150	30.00	0.152
Ch-43	Other furskins, whole, with or without head, tail or paws	430180	100	10.00	0.124
Ch-43	Heads, tails, paws and other pieces or cuttings, suitable for furriers' use	430190	100	10.00	0.124
Ch-1	Purebred breeding animals	010111	100	30.00	0.109
Ch-1	Other	010119	100	30.00	0.109
Ch-1	Asses, mules and hinnies	010120	100	20.00	0.109
Ch-1	Pure-bred breeding animals	010210	100	5.00	0.109
Ch-1	Other	010290	100	30.00	0.109
Ch-1	Purebred breeding animals	010310	100	0.00	0.109
Ch-1	Weighing less than 50 kg	010391	100	30.00	0.109
Ch-1	Weighing 50 kg or more	010392	100	30.00	0.109
Ch-1	Sheep	010410	100	30.00	0.109
Ch-1	Goats	010420	100	30.00	0.109
Ch-1	Fowls of the species Gallus domesticus	010511	100	30.00	0.109
Ch-1	Other	010519	100	30.00	0.109
Ch-1	Fowls of the species Gallus domesticus	010591	100	30.00	0.109
Ch-1	Other	010599	100	30.00	0.109
Ch-1	Other live animals	010600	100	30.00	0.109
Ch-2	Other, fresh or chilled	020680	100	30.00	0.080
Ch-2	Of ducks, geese or guinea fowls	020743	100	30.00	0.080
Ch-5	Human hair, unworked, whether or not washed or scoured; waste of human hair	050100	100	30.00	0.080
Ch-5	Pigs', hogs' or boars' bristles and hair and waste thereof	050210	100	30.00	0.080

Annexure 2: SP Score card (Contd.)

Chapter	Item	HS 6 Tariff Line	Bound	Applied	Score
Ch-5	Other	050290	100	30.00	0.080
Ch-5	Horsehair and horsehair waste, whether or not put up as a layer with or without supporting material	050300	100	30.00	0.080
Ch-5	Guts, bladders and stomachs of animals (other than fish), whole and pieces thereof	050400	100	30.00	0.080
Ch-5	Feathers of a kind used for stuffing; down	050510	100	30.00	0.080
Ch-5	Other	050590	100	30.00	0.080
Ch-5	Ossein and bones treated with acid	050610	100	30.00	0.080
Ch-5	Other	050690	100	30.00	0.080
Ch-5	Ivory; ivory powder and waste	050710	100	30.00	0.080
Ch-2	Livers	020622	100	30.00	0.072
Ch-2	Other	020649	100	30.00	0.072
Ch-43	Of fox, whole, with or without head, tail or paws	430160	100	10.00	0.044
Ch-43	Of seal, whole, with or without head, tail or paws	430170	100	10.00	0.044
Ch-2	Fatty livers of geese or ducks	020731	35	30.00	0.036
Ch-43	Of mink, whole, with or without head, tail or paws	430110	100	15.00	0.036
Ch-2	Livers	020641	100	30.00	0.000
Ch-2	Other, frozen	020690	100	30.00	0.000
Ch-2	Turkeys	020722	100	30.00	0.000
Ch-2	Other	020739	100	30.00	0.000
Ch-2	Of turkeys	020742	100	30.00	0.000
Ch-2	Of rabbits or hares	020810	100	30.00	0.000
Ch-2	Frogs' legs	020820	100	30.00	0.000
Ch-2	Other	020890	100	30.00	0.000
Ch-5	Other	050790	100	30.00	0.000
Ch-5	Coral and similar materials, unworked or simply prepared but not otherwise worked; shells of molluscs, crustaceans or echinoderms and cuttlebone, unworked or simply prepared but not cut to shape, powder and waste thereof	050800	100	30.00	0.000
Ch-5	Natural sponges of animal origin	050900	100	30.00	0.000
Ch-5	Ambergris, castoreum, civet and musk; cantharides; bile, whether or not dried; glands and other animal products used in the preparation of pharmaceutical products, fresh, chilled, frozen or otherwise provisionally preserved	051000	100	5.00	0.000
Ch-20	Homogenised preparations	200710	150	30.00	0.999
Ch-5	Bovine semen	051110	100	30.00	0.000
Ch-5	Products of fish or crustaceans, molluscs or other aquatic invertebrates; dead animals of Chapter 3	051191	100	30.00	0.000
Ch-5	Other	051199	100	5.00	0.000
Ch-43	Of rabbit or hare, whole, with or without head, tail or paws	430120	100	10.00	0.000
Ch-43	Of beaver, whole, with or without head, tail or paws	430140	100	10.00	0.000
Ch-43	Of muskrat, whole, with or without head, tail or paws	430150	100	10.00	0.000

Centre for Trade and Development (Centad) is an independent, not-for-profit think tank that carries out policy research and advocacy on issues around trade and development, with a principal focus on South Asia.

Centad

Centre for Trade & Development

406, Bhikaiji Cama Bhavan

Bhikaiji Cama Place

New Delhi - 110066

Tel: + 91 - 11 - 41459226

Fax: + 91 - 11 - 41459227

Email: centad@centad.org

Web: www.centad.org