

**GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA**

UNSTARRED QUESTION NO:6995
ANSWERED ON:13.05.2002
AGRICULTURE TRADE REFORMS
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Will the Minister of AGRICULTURE be pleased to state:

- (a) whether a survey conducted by the National Council on Applied Economic Research has indicated that agricultural trade reforms are likely to push up prices of cereals as compared to other grains;
- (b) if so, the other points made in the survey report;
- (c) whether the Union Government have considered the survey report; and
- (d) if so, the action being taken thereon?

Answer

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE (SHRI HUKUMDEO NARAYAN YADAV)

(a) to (d): National Council on Applied Economic Research (NCAER) has conducted a study on the likely impact of agriculture trade reforms on the consumption expenditure of the poor.

Based on the nominal protection or effective protection co-efficients used in a study published in 1998, one of the findings of the present study is that trade liberalization in agriculture may lead to increase in prices of cereals and decline in prices of pulse, edible oil and arhar.

However, the conclusions in the study are based on the following assumption:

1. Distribution of consumption expenditure across commodities is of the period 1994-95;
2. Nominal or effective protection co-efficients are taken from a study published in 1998; and
3. The results are based on partial equilibrium frame work which does not take into account income gains resulting from liberalization.

The other main finding of the survey is that the role of Public Distribution System (PDS) may become more important in this scenario.

As can be seen, this is a study constrained in its findings due to the overbearing assumptions.

The import of agricultural products is being closely monitored by the Government so that the trade liberalization do not cause any adverse impact either on consumers or on producers. The Government has been undertaking various schemes in order to increase the production of cereals, pulses and oilseeds.