ISSN: 2455-8834

Volume: 04, Issue:03 "March 2019"

## IMPACT OF WTO REFORMS ON INDIAN CARDAMOM

Dr. Jaimol James

, Asst Professor, Department of Economics, St.Dominic's College, Kanjirappally

#### **ABSTRACT**

Cardamom, the queen of spices, is native to the Evergreen forest of Western India. Until the mid of 1980's, India has the monopoly in cardamom trade. However, after that its exports as well as production started declining. Once the leading producer and exporter of cardamom, India now struggles to stand in the field of trade. Cardamom economy in Kerala confronted many challenges both in production and in price front. Media in the country and also the growers and traders of the crop argued that the trade liberalization policy adopted by India put the cardamom economy in to its present situation. So this study made an attempt to analyze the various provisions under W.T.O relates to cardamom economy and how it affects this sector. India should take the advantage of the different provisions of the W.T.O. agreements related to spices trade and for that, an efficient bureaucracy and enlightened farmers and traders should emerge.

**Keywords**: AoA (Agreement on Agriculture), TRIPS (Trade Related Intellectual Property Rights) GIS (Geographical Indications), CBD (Convention On Biological Diversity), TRIMS (Trade Related Investment Measures) SPS (Sanitary and Phyto-Sanitary measures).

## IMPACT OF WTO REFORMS ON INDIAN CARDAMOM

Cardamom economy was one of the major foreign exchange earner and served as the main lively hood for the farmers of Western Ghat. However, by the end of 1980's and especially after 1990's this sector faces may set backs especially in the field of export and export earnings. This in turn severely affect all the players in the field notably farmers and traders. Mass and media alleged the liberal trade policy of the Government of India as the main culprit. Therefore, the study focused its attention on the impact of various provisions of WTO agreements with special reference to cardamom economy and examined the impact of various regulations related to cardamom economy.

Cardamom economy was one in all the most important exchange wage earner and served because the main lively hood for the farmers of Western Ghat. However, by the end

ISSN: 2455-8834

Volume: 04, Issue:03 "March 2019"

of 1980's and particularly once 1990's this sector faces might set backs especially within the field of export and export earnings. This successively severely have an effect on all the players within the field notably farmers and traders. Mass and media alleged the liberal national trading policy of the Government of India as the main perpetrator. Therefore, the study centered its attention on the impact of assorted provisions of international organization agreements with special relation to cardamom economy and examined the impact of various laws associated with cardamom economy.

India, as the signing member of the W.T.O, is mandated to abide by the framework and rules of the WTO. The Agreement on Agriculture (AOA) and the other Regional Trade Agreements forced India to move rapidly in the direction of Free trade. The consequence of such a policy is that now Indian agriculture is placed in the vortex of global competition. The study attempts to evaluate the impact of W.T.O reforms on spices trade with special reference to cardamom in Kerala. Natural habitat of Kerala is most suitable for cultivation cardamom especially in the Western Ghats. The superior quality small cardamom comes from here.

Till 1986, India was the world leader in the production and export of cardamom. Afterwards Guatemala, a Latin American country snatched that position. In spite of the good work of Spices Board of India, what happens to the commodity today is of great concern to all stakeholders in this field. A number of studies are available in this area and majority of them attribute the liberalized policy of the government for the present predicament of cardamom sector. Here we try to relook the whole thing vis-à-vis the WTO Agreements that directly or indirectly related to Cardamom trade. These are examined under the following headings: India, being the member of the W.T.O, is remitted to abide by the framework and rules of the WTO. The Agreement on Agriculture (AOA) and also the alternative Regional Trade Agreements forced India to maneuver quickly within the direction of trade. The consequence of such a policy is that currently Indian agriculture is placed within the vortex of world competition. The study makes an attempt to judge the impact of W.T.O reforms on spices trade with special respect to cardamom in Kerala. Natural environment of Kerala is best suited for cultivation cardamom particularly within the Western Ghats. The superior quality tiny cardamom comes from here. Till 1986, India was the global leader within the production and export of cardamom. Later Central American nation, Guatemala snatched that position. In spite of the great work of Spices Board of India, what happens to the trade goods these days is of nice concern to any or all stakeholders during this field. Variety of studies are out there during this space and majority of them attribute the liberalized policy of the govt for the current quandary of cardamom sector. Here we tend to attempt to relook the full issue vis-à-vis the WTO Agreements that directly or indirectly associated with Cardamom trade. These are examined beneath the subsequent headings.

AOA (Agreement on Agriculture)

ISSN: 2455-8834

Volume: 04, Issue:03 "March 2019"

TRIPS (Trade Related Intellectual Property Rights)
GIs (Geographical Indications) & its impact on Cardamom
CBD (Convention on Biological Diversity) & Cardamom
TRIMs (Trade Related Investment Measures) and its impact on cardamom industry.
Trade Agreements & Its Impact on cardamom Trade

## (I) AOA: (AGREEMENT ON AGRICULTURE):

The aim of AOA is "to establish a fair and market-oriented agriculture trading system". In order to achieve this objective the member countries should abolish all types' subsidies and tariff progressively within an agreed period of time. But by recognizing the peculiar condition of the poor and less developed countries, special provisions are made in the decision on measures concerning the possible negative effects of the reform programme on these countries.

The important provisions of AOA affecting spices trade are included under the following clauses. They are;

Market access

Domestic support

Export competition

Sanitary and Phytosanitary Measures (SPS)

- 1) Market Access: Based on these, members agreed to convert all their existing non-tariff measures into tariff measures. They also agreed not to maintain any measures, which can be converted into ordinary customs duties. Again, they are not allowed for a further increase in the tariff resulting from fortification on agricultural goods. So market access for agricultural goods is now governed entirely by tariffs. The move to replace Non-Tariff barriers like quotas with price based tariff barriers is a welcome measure. Based on these, members united to convert all their existing non-tariff measures into tariff measures. They conjointly united to not maintain any measures, which may be reborn into normal customs duties. Again, they're not allowed for an additional increase within the tariff ensuing from fortification on agricultural product. Thus market access for agricultural product is currently ruled entirely by tariffs. The move to switch Non-Tariff barriers like quotas with value primarily based tariff barriers could be a welcome live
- 2) **Domestic Support**: It imposes a ceiling on the domestic support to agricultural producers by the respective country. It is otherwise known as total aggregate Measurement of support (AMS). It is calculated as the sum of all AMS for basic agricultural products and all other equivalent measures of support. A major positive impact of WTO is that

ISSN: 2455-8834

Volume: 04, Issue:03 "March 2019"

countries have now started moving from Market Price support to less distorting Direct Income Payments known as "Green Box Measures". Though not completely trade neutral, they have a much lesser distorting impact on world trade and there Indian plantation producers can hope to have a level playing field.

It imposes a ceiling on the domestic support to agricultural producers by the several countries. It's otherwise referred to as total combination activity of support (AMS). It's calculated because the add of all AMS for basic agricultural merchandise and every one alternative equivalent measures of support. A significant positive impact of global organization is that countries have currently started moving from market value support to less distorting Direct financial gain Payments referred to as "Green Box Measures".although not utterly trade neutral, they need a far lesser distorting impact on world trade and there Indian plantation producers will hope to possess A level enjoying field.

3). Export Competition: Members of W.T.O are required to reduce their export subsidies within a stipulated time period. Subsidies are categorized into different coloured boxes according to their influence on trade; the amber box (contains highly trade-distorting subsidies that need to be removed), the blue box (holds mildly trade-distorting subsidies that need to be controlled) and the green box (has allowable non-trade distorting subsidies). However, due to the apparent lack of clarity countries shift their subsidies from one box to the other to make them allowable, though in practice they may remain trade distorting. The export subsidies coming under this clause are, direct subsidies to the export by government, subsidies on cost and freight charges, subsidies on agricultural products for their incorporation in exported categories. The clause of export subsidies do not apply to most developing and underdeveloped countries, as they were never rich enough to subsidize their exports. A major impact has been that of export subsidies. Export subsidies have been considerably capped in terms of both volume and value. Countries who were earlier not giving subsidies were barred from giving subsidies. This aspect has been significant in the case of plantation crops such as cardamom. Another major impact of WTO is that countries have now started moving from Market Price support to less distorting Direct Income Payments known as "Green Box Measures". Though not completely trade neutral, they have a much lesser distorting impact on world trade and there Indian plantation producers can hope to have a level playing field.

Members of W.T.O are needed to scale back their export subsidies at intervals a stipulated period. Subsidies are classified into completely different colored boxes consistent with their influence on trade; the amber box (contains extremely trade-distorting subsidies that require to be removed), the blue box (holds gently trade-distorting subsidies that require to be controlled) and also the inexperienced box (has allowable non-trade distorting subsidies). However, thanks to the apparent lack of clarity countries shift their subsidies from one box to the opposite to form

ISSN: 2455-8834

Volume: 04, Issue:03 "March 2019"

them allowable, tho' in apply they'll stay trade distorting. The export subsidies returning below this clause are, direct subsidies to the export by government, subsidies on value and freight charges, subsidies on agricultural merchandise for his or her incorporation in exported classes. The clause of export subsidies don't apply to most developing and underdeveloped countries, as they were never made enough to subsidize their exports. A serious impact has been that of export subsidies. Export subsidies are significantly capped in terms of each volume and price. Countries United Nations agency were earlier not giving subsidies were barred from giving subsidies. This side has been important within the case of plantation crops like cardamom. Another major impact of World Trade Organization is that countries have currently started moving from value support to less distorting Direct financial gain Payments referred to as "Green Box Measures". Tho' not fully trade neutral, they need a way lesser distorting impact on world trade and their Indian plantation producers will hope to possess tier enjoying field.

4. Agreement on Sanitary and Phyto-sanitary measures (SPS): This clause deals with the application of food safety and animal and plant health regulation. Government of the respective country has the right to adopt relevant measures, but it obliges governments not to adopt the measures merely to cut the foreign import. SPS is any measure (a) to protect animal or plant life or health from risk from the entry of disease carrying or causing organism (b) to protect human or animal life from risk arising from, additives, contaminants, toxicant or any other disease causing organism in food, beverages or food shifts. (c) to protect human life or health from risk of diseases carried by animals, plants, or products or from their entry. The measures set by the member country should be in accordance with the Annex A of the AOA. But the members can introduce new measures, if it is scientifically justified.

This clause deals with the appliance of food safety and animal and plant health regulation. Government of the various country has the proper to adopt relevant measures, however it obliges governments to not adopt the measures simply to chop the import. SPS is any live (a) to shield animal or vegetation or health from risk from the entry of unwellness carrying or inflicting organism (b) to protect human or animal life from risk arising from, additives, contaminants, poisonous or the other unwellness inflicting organism in food, beverages or food shifts. (c) to shield human life or health from risk of diseases carried by animals, plants, or product or from their entry. The measures set by the member country ought to be in accordance with the Annex A of the AOA. however the members will introduce new measures, if it's scientifically even.

### The impact of AOA on cardamom

(Most Favoured Nations (MFN) and Generalized System of Preferences (GSP) tariff schedules of DCs showed higher tariff for ground and processed spices. Therefore, a reduction in these will bring competitive advantage for spice producing countries. Generally, it is believed that

ISSN: 2455-8834

Volume: 04, Issue:03 "March 2019"

developing countries, labor's cost is cheap and they can reap the benefit by taking advantage of low cost. But in the case of plantation crops in Kerala, especially cardamom, labour cost is very high (more than 60% in the total production cost). The peculiarity of the product is that it is a highly labour intensive commodity and mechanization is not an easy task as far as the cultivation pattern is concerned. Most spice producing countries have been exporting spices under GSP, which allows preferential treatment to LDCs, and so the impact of agreement on market access for spices may not be significant. Again, another clause is to reduce the value of direct export subsidies. LDCs are exempt from this obligation.

With regard to SPS, the strict limits on pesticide residues could have create an increased demand for the product and so there is no harm in introducing SPS in spice sector. The application of strict SPS measures not only makes our product competitive in the international market, but also protects our environment and human life and health. The hazardous use and effect of pesticides in one plantation sector especially spice growing areas is a major threat to the very existence of human life.

(Most Favoured Nations (MFN) and Generalized System of Preferences (GSP) tariff schedules of DCs showed higher tariff for ground and processed spices. Therefore, a discount in these can bring competitive advantage for spice manufacturing countries. Generally, it's believed that developing countries, labor's price is reasonable and that they will reap the profit by taking advantage of low cost. however in the case of plantation crops in Kerala, particularly cardamom, labour price is incredibly high (more than sixty within the total production cost). The peculiarity of the merchandise is that it's an extremely labour-intensive trade goods and mechanization isn't a straightforward task as so much because the cultivation pattern is anxious. Most spice manufacturing countries are mercantilism spices underneath GSP, that permits discriminatory treatment to LDCs, and then the impact of agreement on market access for spices might not be vital. Again, another clause is to cut back the worth of direct export subsidies. LDCs are exempt from this obligation.

With reference to SPS, the strict limits on chemical residues may have produce Associate in Nursing magnified demand for the merchandise and then there's no damage in introducing SPS in spice sector. The applying of strict SPS measures not solely makes our product competitive within the international market, however additionally protects the environment and human life and health. The venturous use and impact of pesticides in one plantation sector particularly spice growing areas could be a major threat to the terribly existence of human life.

### II. TRADE RELATED INTELLECTUAL PROPERTY RIGHTS (TRIPS):

It is mainly related to patents and sui-generis protection. There are three ways for protection. They are (a) registered designation of origin (b) registered geographical indication (c) issue and

ISSN: 2455-8834

Volume: 04, Issue:03 "March 2019"

registration of certificates of specific character. There are diverse genetic material contained in the traditional varieties & modern cultivars grown by farmers in cardamom cultivation in Kerala. However, proper documentation for protection is absent. Since medicinal and other properties of cardamom is high, it is the need of the time to take initiative for applying for the patent right. It is in the main associated with patents and sui–generis protection. There are 3 ways for cover. They're (a) registered designation of origin (b) registered geographical indication (c) issue and registration of certificates of specific character. There are numerous genetic material contained within the ancient varieties & fashionable cultivarsgrownup by farmers in cardamom cultivation in Kerala. However, correct documentation for cover is absent. Since medicative and alternative properties of cardamom is high, it's the requirement of the time to require initiative for applying for the legal right.

**Article 27.3(b) of the TRIPS:** It stands for protection of plant varieties by patents or an effective sui-generic system. Members are free to devise protection for plant varieties by means of patents by an "effective" *sui generis* system or combination of both. The main concerns regarding the establishment of an IPR system merely based on patents correspond to what was previously stated in relation to concerns regarding the introduction of IP regimes in general. The patent rights are deemed too restrictive and discriminating as to the needs of non-industrial breeders, farmers and indigenous communities (mostly located in developing countries) relying on the unrestricted use and exploitation of plant materials.

The "effective *sui generis* system" referred to in Article 27.3(b) of the TRIPS Agreement is clearly intended to be an alternative to the patent system. In this connection, it is useful to recall that the UPOV system was also established, in 1961, as a special form of protection, in lieu of the patent system, covering only plant varieties and specifically adapted to plant varieties. In this sense, the UPOV system was already conceived in 1961 as a *sui generis* form of protection, alternative to the patent system

Advantages of a sui generis system: The patenting of living materials or products thereto related is inevitably linked with substantial ambiguities, which warrant a *sui generis* system. A substantial improvement to the patent system is the extreme flexibility, which the *sui generis* approach would offer in designing a legal means of protection. Such a system could incorporate elements aimed at strengthening the conservation of biodiversity, recognizing the contribution made by farmers and indigenous communities to the improvement of non-commercial plant varieties, and would facilitate the introduction of a sharing of benefits mechanism.

The FAO Commission on Genetic Resources for Food and Agriculture (CGRFA) is the only permanent United Nations inter-governmental forum dealing specifically with matters related to

ISSN: 2455-8834

Volume: 04, Issue:03 "March 2019"

the conservation and utilization of genetic resources for food and agriculture, and related technologies. FAO Conference Resolution 5/89, unanimously adopted, recognized Farmers' Rights as the "rights arising from the past, present and future contributions of farmers in conserving, improving and making available plant genetic resources, particularly those in the canters of diversity/origin".

It stands for cover of plant varieties by patents or a good sui-generic system. Members are engaged to devise protection for plant varieties by means that of patents associate in Nursing "effective" single system or combination of each. The most considerations relating to the institution of Associate in Nursing informatics system just supported patents correspond to what was antecedent expressed in regard to concerns regarding the introduction of IP regimes normally. The patent rights are deemed too restrictive and discriminating on the wants of nonindustrial breeders, farmers and autochthonal communities (mostly settled in developing countries) hoping on the unrestricted use and exploitation of plant materials. The "effective single system" mentioned in Article twenty-seven.3(b) of the journeys Agreement is clearly meant to be another to the legal system. During this affiliation, it'helpful to recall that the UPOV system was conjointly established, in 1961, as a special type of protection, in part of the legal system, covering solely plant varieties and specifically custom-made to plant varieties. During this sense, the UPOV system was already formed in 1961 as a single type of protection, different to the legal system Advantages of a single system: The patenting of living materials or merchandise to that connected is inevitably connected with substantial ambiguities, that warrant a single system. A considerable improvement to the legal system is that the extreme flexibility that the single approach would provide in planning a legal means that of protection. Such a system might incorporate components geared toward strengthening the conservation of multifariousness, recognizing the contribution created by farmers and autochthones communities to the development of non-commercial plant varieties, and would facilitate the introduction of a sharing of advantages mechanism. The FAO Commission on Genetic Resources for Food and Agriculture (CGRFA) is that the solely permanent international organization inter-governmental forum dealing specifically with matters associated with the conservation and utilization of genetic resources for food and agriculture, and connected technologies. FAO Conference Resolution 5/89, unanimously adopted, recognized Farmers' Rights because the "rights arising from the past, gift and future contributions of farmers in protective, up and creating offered plant genetic resources, significantly those within the canters of diversity/origin"

## Impact of TRIPS on cardamom

As far as the Cardamom cultivation is concerned the innovation, technological advancement, development of the latest selection, everything happened in India solely. We've got organized

ISSN: 2455-8834

Volume: 04, Issue:03 "March 2019"

cardamom farmers cluster, exporter's cluster and particularly the Spices Board to watch and serving to the farming community. The chief challenger Guatemala, haven't any such background. Therefore, Indian Cardamom community will use the chance for its profit.

## III. GEOGRAPHICAL INDICATIONS (GIS) & ITS IMPACT ON CARDAMOM

A product's quality, reputation or other characteristics can be determined by where it comes from. Geographical indications are place names used to identify products that come from these places and have these characteristics. Protection required under the TRIPS Agreement is defined in two articles. All products are covered by <a href="Article 22">Article 22</a>, which defines a standard level of protection. This says geographical indications have to be protected in order to avoid misleading the public and to prevent unfair competition. <a href="Article 23">Article 23</a> provides a higher or enhanced level of protection for geographical indications for wines and spirits. Geographical indications are generally traditional products, produced by rural communities over generations that have gained a reputation on the markets for their specific qualities. The recognition and protection on the markets of the names of these products allows the community of producers to invest in maintaining the specific qualities of the product on which the reputation is built. It may also allow them to invest together in promoting the reputation of the product.

The Geographical Indications of Goods (Registration and Protection) Act, 1999 (GI Act) is a <u>sui generis</u> Act of the <u>Parliament of India</u> for protection of <u>geographical indications</u> in India. India, as a member of the <u>World Trade Organization</u> (WTO), enacted the Act to comply with the <u>Agreement on Trade-Related Aspects of Intellectual Property Rights</u>. The GI tag ensures that none other than those registered as authorized users are allowed to use the popular product name. <u>Darjeeling tea</u> became the first <u>GI tagged</u> product in India, in 2004–05, since then 193 goods had been added to the list as of March 2013. "Coorg Green Cardamom" has the GIs status in 2008. In Kerala, we have the "Njallani" variety developed by Sebastain Joseph, more than 90 percent of cultivating variety in Idukki district, which contributes more than 80 percent of total cardamom in India. Another variety "Thiruthali" invented by T.P.Joseph, another high yielding variety, also used by many farmers. Even though both won national awards for their contribution, nothing was done making the variety in to the patent category. To protect the interest of the farming community, we need a strong and efficient government and bureaucracy. Then the farmers can gain the benefit from the GIs provision of WTO.

A product's quality, name or different characteristics will be determined by wherever it comes from. Geographical indications are place names wont to establish product that come back from these places and have these characteristics. Protection needed beneath the journeys Agreement is outlined in 2 articles. All product is lined by Article twenty-two, that defines a regular level of protection. This says geographical indications must be protected to avoid deceptive

ISSN: 2455-8834

Volume: 04, Issue:03 "March 2019"

the public and to forestall unfair competition. Article twenty-three provides a better or increased level of protection for geographical indications for wines and spirits. Geographical indications are typically ancient product, made by rural communities over generations that have gained a name on the markets for his or her specific qualities. The popularity and protection on the markets of the names of this product permits the community of producers to speculate in maintaining the particular qualities of the merchandise on that the name is constructed. it's going to additionally enable them to speculate along in promoting the name of the merchandise. The Geographical Indications of products (Registration and Protection) Act, 1999 (GI Act) could be a single Act of the Parliament of India for cover of geographical indications in India. India, as a member of the planet Trade Organization (WTO), enacted the Act to go with the Agreement on Trade-Related Aspects of property Rights. The GI tag ensures that none apart from those registered as licensed users are allowed to use the favored product name. Darjeeling tea became the primary GI labeled product in India, in 2004-05, since then 193 merchandise had been additional to the list as of March 2013. "Coorg Green Cardamom" has the GIs standing in 2008. In Kerala, we've the "Njallani" selection developed by Sebastain Joseph, quite ninety p.c of cultivating selection in Idukki district, that contributes quite eighty p.c of total cardamom in India. Another selection "Thiruthali" invented by T.P. Joseph, another high yielding selection, additionally employed by several farmers. While each won national awards for his or her contribution, nothing was done creating the range in to the patent class. To safeguard the interest of the farming community, we'd like a robust and economical government and forms. Then the farmers will gain the have the benefit of the GIs provision of WTO.

### IV. CONVENTION ON BIOLOGICAL DIVERSITY (CBD) & CARDAMOM

Global concern about loss of species and eco-systems found expression in the International Convention on Biological Diversity (CBD). This treaty that aims at acting in complementarities with TRIPs and the Convention on Bio-diversity is a significant step in the direction of sharing benefits from the use of plant genetic material and conserving the same in the plantation sector. The CBD, one of the key agreements adopted during the Earth Summit held in Rio de Janeiro in 1992, is the first comprehensive global agreement, which addresses all aspects relating to biodiversity. The CBD, which has near universal membership 193 countries as its Parties, sets out commitments for maintaining the world's ecological underpinnings, while pursuing economic development. The objectives of the Convention on Biological Diversity are the conservation of biological diversity; the sustainable use of its components; and the fair and equitable sharing of the benefits arising out of the use of genetic resources (Article 1). The sharing of the benefits from the use of genetic resources is defined to include, *inter alia*, the "appropriate transfer of relevant technologies, taking into account all rights ... to technologies" (Article 1). Thus, technology transfer is highlighted as a method for achieving one of the Convention's three

ISSN: 2455-8834

Volume: 04, Issue:03 "March 2019"

principal objectives, and IPR are identified as a significant aspect of technology transfer. Intellectual property rights are important under both the Convention on Biological Diversity and the TRIPs Agreement, but the two agreements approach them from very different perspectives.

India is a Party to the CBD. The Convention, while reaffirming sovereign rights of nations over their biological resources, establishes three main goals: the conservation of biological diversity, the sustainable use of its components, and the fair and equitable sharing of the benefits from the use of genetic resources. India successfully hosted the eleventh meeting of the Conference of the Parties (COP 11) to the Convention on Biological Diversity (CBD) held from 8-19 October 2012, in Hyderabad, India, following the sixth Meeting of the Parties to the Cartagena Protocol on Bio-safety (COP/MOP 6). The event provided India with an opportunity to consolidate, scaleup and showcase our strengths on biodiversity. The meetings were presided over by the Minister for Environment and Forests, India as the President of CoP-11. The Prime Minister of India inaugurated the High Level Segment. The Prime Minister at COP-11 launched the 'Hyderabad Pledge', wherein he announced that the Government of India has decided to earmark a sum of US \$ 50 million during India's Presidency of COP (Conference Of the Parties) to strengthen institutional mechanism, enhance the technical and human capabilities for biodiversity conservation in India, and to promote similar capacity building in other developing countries. By keeping the sustainability criteria and bio-diversity, Indian cardamom farmers could able to utilize the patent right provision of both CBD & TRIPS. ICH(Indian Cardamom Hills), which is most suitable for the cardamom cultivation, and is the natural habitat of cardamom (small), Kerala cardamom growers can exercise the those provisions in international front and will able to reap the so called comparative advantage of trade.

# V. TRADE RELATED INVESTMENT MEASURES (TRIMS) AND IT'S IMPACT ON CARDAMOM INDUSTRY.

TRIMs are defined as a mechanism to curb the tendencies of many countries to overly regulate and stifle Foreign Direct Investments (FDI) in a variety of areas. This can be true of investments even in the plantation sector. The TRIMS was introduced to solve that problem. The unacceptable TRIMs are generally known as prohibited TRIMs. One of the major prohibited TRIMs is Local Content Requirement. Such requirements force the foreign investor to procure a major portion of this input requirement from local sources. Another restricted TRIM is that of linking imports to the volume-exported .Finally, we may have a situation in which some governments may insist that a certain proportion of employees should be local people. These provisions are of great benefit to the cultivators. The government on November 2015, allowed 100 per cent FDI in five plantation crops, mainly coffee, rubber, cardamom, palm oil tree and

ISSN: 2455-8834

Volume: 04, Issue:03 "March 2019"

olive oil tree via automatic route, a move hailed by the industry. At present, 100 per cent FDI is allowed only in tea plantation through the government approval route. Opening up FDI in plantation sector bring in new technologies and more funds. But precaution should be taken by the Government of India ,while allowing FDI, the above provisions of TRIMS should be introduced if the plantations like cardamom has regain its strength.

TRIMs are outlined as a mechanism to curb the tendencies of the many countries to a fault regulate and stifle Foreign Direct Investments (FDI) in an exceedingly style of areas. This may be true of investments even within the plantation sector. The TRIMS was introduced to resolve that drawback. The unacceptable TRIMs are typically called prohibited TRIMs. One amongst the most important prohibited TRIMs is native Content demand. Such necessities force the foreign capitalist to obtain a serious portion of this input demand from native sources. Another restricted TRIM is that of linking imports to the volume-exported. Finally, we tend to might have a scenario within which some governments may insist that a particular proportion of staff ought to be native individuals. These provisions are of nice profit to the cultivators. The Government on November 2015, allowed a hundred per cent FDI in 5 plantation crops, primarily occasional, rubber, cardamom, oil tree and vegetable oil tree via automatic route, a move hailed by the business. At present, a hundred per cent FDI is allowed solely in tea plantation through the govt approval route. Gap up FDI in plantation sector herald new technologies and additional funds. However, precaution ought to be taken by the Govt of India, while permitting FDI, the on top of provisions of TRIMS ought to be introduced if the plantations like cardamom has regained its strength.

### VI. TRADE AGREEMENTS AND ITS IMPACT ON CARDAMOM TRADE

Trade agreements within WTO are seemed to be contradictory, because they pose a challenge to the principle of the establishment of WTO i.e. Most Favored Nations treatment for all trading countries. But a General Council Committee on regional trade was appointed by WTO which would take in to consideration the matters related to regional trading with a view to enhance the world trade through the promotion of the economic activity in the region. India has signed a number of FTAs with its neighboring countries. Until 2015, India has signed 11 such agreements.

Trade agreements inside WTO are appeared to be contradictory, as a result of the cause a challenge to the principle of the institution of WTO i.e. Most Favored Nations treatment for all commerce countries. However a General Council Committee on regional trade was appointed by WTO which might absorb to think the matters associated with regional commerce with a read to reinforce the globe trade through the promotion of the economic activity within the region. India has signed variety of FTAs with its neighboring countries. Until 2015, India has signed eleven such agreements. They are:

ISSN: 2455-8834

Volume: 04, Issue:03 "March 2019"

- 1. India- Sri Lanka FTA on 01/03/2000
- 2. India Thailand FTA on 01/09/2004
- 3. India Singapore CECA on 01/08/2005
- 4. Agreement on SAFTA ON 01/01/2006
- 5. India-Bhutan Agreement on Trade, Commerce & Transit on 29/07/2006
- 6. Revised India- Nepal Treaty of trade on 27/10/2009
- 7. India ASEAN trade in Good agreement signed on 13/08/2009
- 8. India South Korea CECA on 01/01/2010
- 9. India Japan CEPA on 1/8/2011
- 10. India Malaysia CECA on 1/7/2011
- 11. India- ASEAN services and investment agreement on 1/7/2015

Similarly, preferential trade agreements entered by India with other countries till 2015 are the following:

- 1. APTA (Asia Pacific Trade Agreement on July 1975 & revised agreement on 02/11/2005
- 2. Global System of Trading Preference (GSTP) on 13/04/1998
- 3. India Afghanistan PTA ON 06/03/2003
- 4. India –MERCOSUR PTA on 25/01/2004
- 5. India- Chile PTA on 08/03/2006

As much as a result of the trade of cardamom is upset, India is that the leader among the upper than questionable commerce partners. The cardamom producing countries among the commerce partners are Ceylon, state & association countries like India, Laos, Indonesia, Vietnam, & state. but these countries can't wear down Indian little cardamom, that's quality-wise and production wise supreme from its counterparts and conjointly the full production of all the upper than countries represent exclusively a tiny low amount & couldn't cause a challenge to the Indian cardamom on quality wise or production wise. Again, except in Sri Lanka, other countries specializing in large cardamom, that's taken into consideration to less demand inside the international market. One issue raised by cardamom growers and traders is that the import of the Guatemalan cardamom through Nepal & Singapore where there's no tariff for spice trade. However, it contributes a minor quantity. Another grievance is that the low quality cardamom from abroad with our cardamom and here what we'd like is a cost-effective body mechanism to curb such tendency. Among the agreements signed, those with state, Sri Lanka, and Singapore might have some effects on cardamom business. Singapore isn't a spice producing country, but it's tariff free for spice. so countries like Guatemala can enter in to Indian market below the FTA between India & Singapore & those with state and Ceylon, but the quantity foreign isn't sufficiently huge to influence the house market. Second inside the globe within the production of

ISSN: 2455-8834

Volume: 04, Issue:03 "March 2019"

cardamom with its superior quality, Indian cardamom can capture the world market. India can utilize the FTA for promoting her spice trade. For maintaining the high quality, and to have a sustainable and environment friendly output, government should insist and promote the growers to follow an organic, environment friendly method of cultivation.

Spices are a key ingredient in trade among nations for many years. As Jack Turner delineate in his 2004 book, "Spices: The History of a Temptation," ships were launched, expeditions were supported, empires were designed, fortunes were created and lives were lost – beat the desire for spices. Therefore, India can do miracles in spice trade, as a results of she is that the globe richest provider of spices significantly in cardamom, that's that the "queen of spices."

#### **BIBLIOGRAPHY**

- Bullion, A (2003), Globalization, South Asian Agriculture and the W.TO. South Asian Economic Journal, 4(1):1-17,
- Chanda, G.K. (2003). WTO and the Indian Economy, New Delhi: Deep & Deep Publications.
- Damodaran, A.(2000) WTO agreements on agriculture, implication for Indian plantation sector, Spice India, Journal, May.
- Hema, M. and Ranjit, Kumar (2007). *Production and Trade performance of major spices grown in Western Ghat Region in India*, Indian Journal of Agricultural Marketing
- Jose Anithottam, (2002). WTO Agreements and subsidies, Rubbermithram, December.
- Jose, K.P and Roy, C.M., (2000) Geographical differences in spice use, Spice India, August Vol.V111 pp 16-18
- Kizhakkayil, Jaleel, Thomas Elizabeth Zacharia, John, Syamkumar S and Sasikumar B, (2006). A comparative quality appraisal of exported cardamom of India, Sri Lanka and Guatemala, Natural Product Radiance Vol. 5, P. 361-365.
- Madan Lal, (2004). "Impact of SPS measures on agro-products", Spice India, November.
- Madan M.S and Kannan S, "Import Liberalization and Indian spice Economy". Spice India, 2002, Vol. XV, March.
- Mathur, Vibha (2005). WTO and India- Development Agenda for the 21<sup>st</sup> century, New Delhi: New Century Publications.
- Maya.R(1985) *A Study of Cardamom Production and Trade: The Indian Experience'*, M. Phil Dissertation submitted to JNU, New Delhi

ISSN: 2455-8834

Volume: 04, Issue:03 "March 2019"

- Narayanan.C.S(1986) Comparative Studies on Quality Factors on India and Guatemalan Cardamom, Cardamom Journal, 19(5), May
- Swaminathan, S.(1985) *Trends in the area, production and export price of cardamom in Kerala, Tamil Nadu and Karnataka*, M. Phil Thesis, Madurai: Madurai Kamaraj University,
- Vibha ,Mathur, (2005). WTO and India- Development Agenda for the 21stcentury, New Delhi, New Century Publications,