

Report on

**Ascertaining the Impact of Trade and Trade
Agreements on the Informal Sector**

Undertaken by

**Indian Academy for Self Employed Women
(IASEW) and CUTS International**

for

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Executive Summary

The international trading system is as much about fairer trade, as it is about freer trade. Trade and trade policy cannot be considered in isolation from other socio-economic factors. Beyond the aggregate gains in terms of greater merchandise and services trade, what are the impacts of trade policies and trade agreements on different parts of the economy? Who gains, and who loses? Is this division into winners and losers from trade liberalisation a natural consequence of the economic dynamics, or is it better explained by structural inequities in terms of geographical location, gender, income levels, skill and education levels? Can these impacts be estimated in any meaningful manner?

This report touches upon all these aspects. It attempts to analyse the potential impacts of trade agreements and policies, and examines how to enhance the positive effects of trade liberalisation while mitigating its negative spill overs and reducing adjustment costs. The objective is to help make trade more inclusive, by making trade policies more responsive to any iniquitous distributional impacts. The path towards this is by amplifying the voice of the informal sector stakeholders in trade policy negotiations, and coordinating the sharing of ground-level knowledge to inform trade and investment regimes.

Through a combination of analysis based upon primary surveys, qualitative and quantitative methods, this study has attempted to show that there may be subtle implications of trade policies and trade agreements, particularly on the informal sector, which are not adequately researched. While it is difficult to find causal links between specific trade agreements/trade policies and specific groups, sectors and geographies, certain aggregate trends can be observed. Significantly more data, in combination with qualitative research, is required to draw any conclusive links about specific impacts of trade and trade agreements on specific groups.

In terms of findings and policy recommendations, it is found that there is a clear, widespread gap in terms of awareness of trade-related issues. There is thus a need to design programmes and training to raise awareness on such issues amongst the grassroot stakeholders. These need to be complemented by efforts to connect producers with export-oriented networks, in order to build export linkages. Further, there is a need to conceptualise and develop a framework for robust data collection, which will be the backbone of evidence-based policy making. One of the main reasons for limited research in the area of ascertaining the impact of trade agreements on disaggregated groups and sectors is the unavailability of relevant datasets. Finally, trade adjustment programmes need to be formulated in order to handhold those who are most vulnerable to the adverse distributional impacts of trade liberalisation, at least in the short term. These need to be specifically targeted at those who do not have the capacity, labour mobility or requisite wherewithal to bear the adjustment costs that arise due to trade liberalisation.

Chapter 1: Background and Introduction

Trade, in its most basic understanding, is the exchange of goods and services in order to match supply and demand. This could be between individuals, firms, states or provinces, and countries. Trade policies are those rules and regulations that govern these exchanges, by providing a legal framework within which such trade has to be carried out. Trade policies are applicable at different levels - the firm level, district, state, national, and international levels. International trade policies are negotiated between countries, and they determine the framework of rules that apply to international trade. This framework percolates down to countries, states and provinces.

While trade is the action, trade policy is the enabling framework. The manner in which international trade policy is structured affects international trade flows. Based on economic theories of comparative advantage and aggregate welfare gains, trade between nations is seen as a key pillar of economic growth. Accordingly, over the decades, there have been various efforts to liberalise international trading rules, i.e., to make international trade “freer” and more market-oriented. The establishment of the World Trade Organisation (WTO) in 1995 marked a historic landmark in this effort. Ever since then, there have been additional efforts towards greater trade liberalisation, including the emergence of preferential trade agreements and large mega-regional trade agreements.

At the outset, it is important to note that the rules-based international trading system does not consider freer trade as an end in itself, but only as a means to a larger end. This is best captured in the Preamble to the WTO Agreement, which provides that the parties recognise that, *“relations in the field of trade and economic endeavour should be conducted with a view to raising standards of living, ensuring full employment and a large and steadily growing volume of real income and effective demand, and expanding the production of and trade in goods and services, while allowing for the optimal use of the world’s resources in accordance with the objective of sustainable development, seeking both to protect and preserve the environment and to enhance the means for doing so in a manner consistent with their respective needs and concerns at different levels of economic development.”* When seen from this lens, the international trading system is as much about *fairer* trade, as it is about *freer* trade.

As we enter the realm of *fairness* in trading relations, we need to then consider facets beyond just those of economic efficiency, tariff and non-tariff reductions, and the trading rules themselves. An entire gamut of issues then emerges, all of which can be broadly thought of as asking one central question - *what are the implications of trade liberalisation on trade-related issues?* Trade and trade policy cannot be considered in clinical isolation from other socio-economic factors.

As we think deeper about the question of *fairness* in trading relations, we realise the need to enquire about the distributional effects of trade policies.¹ Beyond the aggregate gains in terms of greater merchandise and services trade, what are the impacts of trade policies and trade agreements on different parts of the economy? Who gains, and who loses? Is this division into winners and losers from trade liberalisation a natural consequence of the economic dynamics, or is it better explained by structural inequities in terms of geographical location, gender, income levels, technical skills and education levels, etc.? Can these impacts be estimated in any meaningful manner?

These questions lead us to a fundamental point - trade negotiations and the resultant policies have multi-dimensional impacts, going much beyond just the simple regulation of importation and exportation procedures. In a very real sense, they affect all our lives. But, how far are we equipped to understand the full range of the potential impacts of trade policies? What are the levels of our involvement in trade policy formulation? Do we have adequate technical knowledge to be able to contribute as stakeholders in the trade policy formulation process?

Today, it has become more important than ever to examine these questions in detail. India, like other parts of the world, is still only slowly recovering after the human toll and economic devastation caused by the pandemic. Moreover, in sync with a renewed vision for export-oriented growth, India is currently in the process of negotiating a spate of preferential trade agreements with its trading partners.² Further, modern trade agreements are highly complex, and their coverage extends to a wide range of trade-related issues, such as chapters/provisions on trade and gender, labour, natural resources and energy, consumer rights, competition policy, among others.

It is therefore an opportune moment to begin focussed research on the potential impacts of international trade agreements and policies, particularly on those who are most vulnerable and have the least capacity to absorb adjustment costs. The overall aim is simple – to study the potential impacts of trade agreements and policies, both before they are implemented, and after; to enhance the positive effects of trade liberalisation; and to mitigate its negative spill overs and reduce adjustment costs.

It is in this context that Self-Employed Women's Association (SEWA) is executing the Global Centre for Learning on Future of Work (GCLFW) initiative, which attempts to ascertain the impact of trade and trade agreements on the informal sector. This project, supported by the Ford Foundation, aims to amplify the voice of the informal sector stakeholders in trade policy

¹ Michael Gasiorek, Julia Garrett and Ilona Serwicka, [*Winners and Losers from International Trade: What Do We Know and What Are the Implications for Policy?*](#), 2019, UK Trade Policy Observatory.

² Since 2021, India has signed preferential trade agreements (PTAs) with Mauritius in February 2021, United Arab Emirates (UAE) in February 2022, and Australia in April 2022. As of May 2022, as per publicly available information, negotiations are underway with Canada, United Kingdom (UK) and Gulf Cooperation Council (GCC), among others.

negotiations, and coordinate the sharing of ground-level knowledge to inform trade and investment regimes. The Centre will serve as a knowledge hub for sharing the impacts and knowledge about trade and investment agreements, from local to the global level and vice-versa. Towards this end, the Indian Academy for Self Employed Women (IASEW) – the research wing of SEWA – has partnered with CUTS International, a leading global think and action tank, for capacity-building on trade and investment areas.

The main objective of this collaboration was to coordinate with IASEW for undertaking capacity-building activities for IASEW units in designing methodology and analysing data for impact analysis of trade agreements in agriculture, dairy and textile and garment sectors.

Chapter 2: Objectives of the Study

The specific objective of the study is to conduct ex-ante and ex-post impact analysis of trade agreements on informal workers. The purpose is to understand the possible effects of impending trade agreements on informal workforce and the impact experienced from the trade agreements already in force.

The two sectors identified for the study purposes were those with large informal frameworks, namely, dairy and textile and garment sector. These are the sectors wherein female informal workforce is largely engaged.

The insights gained from this study are to be shared with knowledge and advocacy institutions such as the Global Fairness Initiative (GFI), policymakers, and other relevant stakeholders in trade policymaking processes. This will lead to the creation of a network of informed institutions advocating for a more inclusive trade policymaking process. The ultimate goal is to nudge the trade policymaking process to fully factor in the potential impacts of trade liberalisation on the vulnerable sections of the economy, and to conceptualise mitigation strategies in case detrimental impacts are found to exist.

In this regard, two trade agreements were chosen viz., India-Sri Lanka Free Trade Agreement (ISFTA) for the ex-post analysis and the Australia-India Comprehensive Economic Cooperation Agreement (AI-CECA) for ex-ante analysis. The premise of the selection is the predominance of cotton farming, dairy farming and textile and garment industry in the study locations.

The ex-post analysis of ISFTA tries to capture the impact of this trade agreement on the Indian domestic sector. From the export data, top exported products were identified and linked with the level of technological skills required and hence, formed a link with the informal sector.

Similarly, the ex-ante analysis of AI-CECA was conducted to forecast the impact of implementation of this agreement in the Indian domestic industry and how the implementation would affect the export-import pattern for certain sectors in India. Through a simulation exercise, the study identified the broad impact on the sector and its products.

Chapter 3: Methodology

This project has been executed in multiple stages. This chapter describes the methodology and approach towards each stage in separate sections.

3.1. Training and capacity-building programme for IASEW researchers

The project commenced with a training and capacity-building programme on trade and trade-related issues for the IASEW research team. A week-long training programme was held by CUTS for the IASEW team in November 2021, covering the basics of the legal and economic aspects of the global trading system. The thematic areas included basics of the economics of international trade, WTO and Preferential Trade Agreements (PTAs), tariff and non-tariff measures, the linkages of trade with poverty and gender, and estimating the impacts of trade liberalisation through *ex-ante* and *ex-post* analyses. Following this, the IASEW research team conducted similar training for grassroots researchers.

3.2 Primary Survey

The study involved primary data collection through a questionnaire-based survey with female informal workers in select sectors and focus group discussions (FGDs) with various actors in the value chain of select products. For this, a list of women-stakeholders in the agriculture, dairy, and home-based textiles sectors were identified. The sampling method adopted was purposive sampling. The survey was conducted with 273 primary respondents. These include 190 respondents from the agriculture and dairy sector and 80 respondents from garment and textile sector. The study was conducted in nine districts of Gujarat, namely, Ahmedabad, Anand, Aravalli, Bodelli, Gandhinagar, Kutch, Mahesana, Patan, and Sundernagar.

All of the identified stakeholders were contacted through grassroots researchers during November, 2021-February, 2022. Additionally, ten FGDs and ten key informant interviews (KII) were conducted with key informants and other stakeholders playing key roles in dairy and textile value chains by the IASEW research team for greater clarity.

The data and inputs collected from these surveys, FGDs and KIIs form the basis of the primary analysis undertaken in this report. The information from FGDs were used for triangulation and vetting the primary data.

3.3 *Ex-post* and *ex-ante* analysis

This is based on secondary research and quantitative data analysis. The data has been extracted from World Integrated Trade Statistics (WITS) database, developed by World Bank. The export data for dairy and textile sectors of India and Sri Lanka has been analysed accordingly for *ex-post* analysis. For the export trend analysis, the data has been obtained in HS 2017 at 6-digit-level from the year 1998 to 2019. However, for the product analysis, the data has been obtained at Standard International Trade Classification (SITC) revision 2 at 3-digit-level to provide accurate product technical description of the exports for the year 2019.

For *ex-ante* analysis, the export data for dairy and textile sectors of India and Australia has been analysed. The data has been obtained in HS 2017 at 6-digit-level for the year 2019.

3.4 Simulation exercise

To understand the impact of tariff reduction post-implementation of the India-Australia preferential trade agreement, a simulation exercise has been conducted using WITS SMART (Single Market Partial Equilibrium Simulation Tool). The simulation exercise helps to understand the impact of tariff reduction or elimination by Australia on its imports of dairy and textile sector products from India. This tool quantifies the consequences of tariff cuts/tariff elimination, and gives us indicative figures of India's exports of processed food to Australia in the times to come.

3.5. Limitations of the study

3.5.1. One of the major limitations of this study has been the difficulty in the identification of a cause-effect relationship between trade liberalisation and its grassroots impact, disaggregated by regions, sector, and groups.

3.5.2. There were significant limitations in terms of the availability and access to relevant data and methods.

3.5.3. Due to India's involvement in a large number of trade agreements, there is a high degree of overlap between these trade agreements and the policies that arise due to these agreements. Therefore, the actual, disaggregated impact of a specific trade agreement/trade policy is difficult to capture.

3.5.4. The general lack of awareness about trade agreements and trade policies amongst the stakeholders in this study also made it difficult to ascertain the impacts of trade agreements on their daily lives. In many places, anecdotal evidence and observations had to be used in the place of data-backed evidence.

Chapter 4: *Ex-post* analysis of India-Sri Lanka Free Trade Agreement

The India-Sri Lanka FTA (ISFTA) is one of the historical milestones of Sri Lanka. ISFTA was the first bilateral trade agreement signed by the government of Sri Lanka. The agreement was signed in December 1998 and came into force in March 2000. The agreement is under full implementation as both the contracting parties have completed their commitments and phase-out programmes under the trade liberalisation programme. Apart from the products in India's negative list and under tariff-rate quotas, all the products from Sri Lanka enjoy duty-free access in the Indian market. Similarly, Indian origin goods enjoy duty-free access in the Sri Lankan market except for the goods categorised under Sri Lanka's negative list.

How did the entry into force of ISFTA alter trade flows between India and Sri Lanka? This Chapter seeks to analyse the impacts of this trade agreement on the bilateral trade in two specific sectors – dairy, and textile and readymade garments. The *ex-post* impacts of ISFTA in these sectors are analysed in two sub-sections below. An *ex-post* impact analysis of a preferential trade agreement attempts to estimate the impacts of a trade agreement which is in force, on the trade flows between the countries which are parties to the trade agreement.

Rationale for Selecting the ISFTA

The ISFTA has been in force for over two decades now. A significant period of time has elapsed since the agreement's entry into force. The trends in bilateral trade flows over this period, and a comparison with the period before the entry into force of the agreement, will reveal the impacts of this agreement on the selected sectors. Thus, the ISFTA is a fit case for an *ex-post* analysis of the impacts of a trade agreement.

Further, the Sri Lankan textiles sector, in particular, is highly competitive. Given the present research objective of identifying the broad impact of trade agreements on the textiles and garment sector, an *ex-post* analysis of the ISFTA will be useful towards that end.

4.1. Dairy sector

India and Sri Lanka's dairy industries are complementary to each other. India is a milk-surplus country while Sri Lanka is a milk-deficient country. This, in turn, has made conditions favourable for bilateral trade in dairy. The Indian export to Sri Lanka can be observed in Figure 4.1. It is to be noted that due to Sri Lanka being a milk-deficient country, it does not export milk to the Indian market.

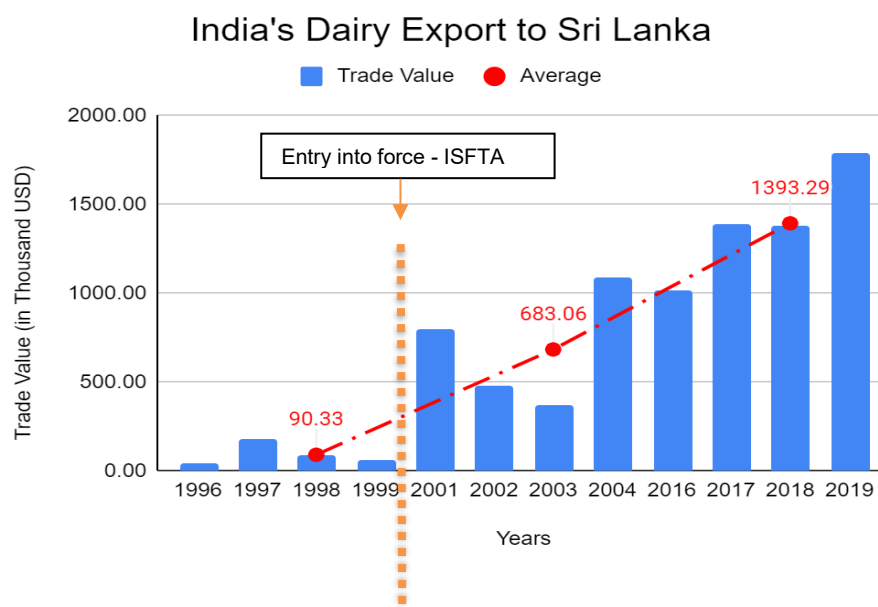


Figure 4.1: India's Dairy Exports to Sri Lanka

From the above figure, it can be observed that India's dairy exports to Sri Lanka have been increasing after coming into force of ISFTA. A trend line on India's average dairy exports, average on the exports of three time periods (1996-98, 1999-2003, and 2003-2019), is fitted in this figure. This trend line depicts that India's dairy sector has experienced a continuous growth in exports to Sri Lanka.

Highly traded export products of India to Sri Lanka in the dairy sector are presented in Table 4.1 below. To identify these products, India's dairy exports to Sri Lanka at SITC (Rev. 2) 3-digit level for the last four years (2016-2019) were tracked, and their time average was made to get the product-specific average exports. As in Table 4.1, it is found that cheese and curd, butter, and milk and cream are three key dairy items India exported to Sri Lanka in this period.

Table 4.1: Top products exported by India to Sri Lanka in the dairy category (average for 2016-2019)

S.No.	SITC (Rev. 2) 3-digit code	Product Description
1	024	Cheese and Curd
2	023	Butter
3	022	Milk and Cream

These three products can be consumed as final products by consumers, or can be used as raw materials in some processed food products, most likely in the bakery industry. Lall (2000)³ classified these three products as primary products. These products are not very technology-intensive. Their production is highly dependent on agro-based resources.

The case of dairy co-operatives in India is a good illustration of this.

In India, many small and medium sized husbandry firms, producing milk and milk-based products, are a part of co-operatives. Under a marketing brand (such as Amul), these co-operatives, through dairies, are able to sell their products directly to both Indian consumers and many overseas markets.

This analysis reveals that the ISFTA has created high demand for many Indian dairy products in the Sri Lankan market. Indian small and medium husbandry firms are indirectly benefiting due to this. However, it has also been observed that many firms, mostly marginal and some small firms have failed to link themselves with the co-operative structures. These firms and other individual farmers are unable to sell dairy directly to consumers, and are being exploited by middlemen. The inclusion of such firms into the formal, institutionalised production and distribution system is very important to have a more equitable distribution of the welfare gains of ISFTA to all sections of the producer communities.

For Sri Lanka, this implies that Indian dairy exports would directly affect Sri Lanka's domestic market of these products. Such impact may be adverse for the domestic producers, as they now face an increased level of competition in the domestic market. Another outcome would be an increase in the variety of products available to Sri Lankan consumers for final consumption – a net positive impact on Sri Lankan consumers.

³ Lall, Sanjaya,(2000), The Technological Structure and Performance of Developing Country Manufactured Exports, 1985-1998, QEH Working Paper Series, Working Paper Number 44

4.2. Textile and Garment (T&G) Sector

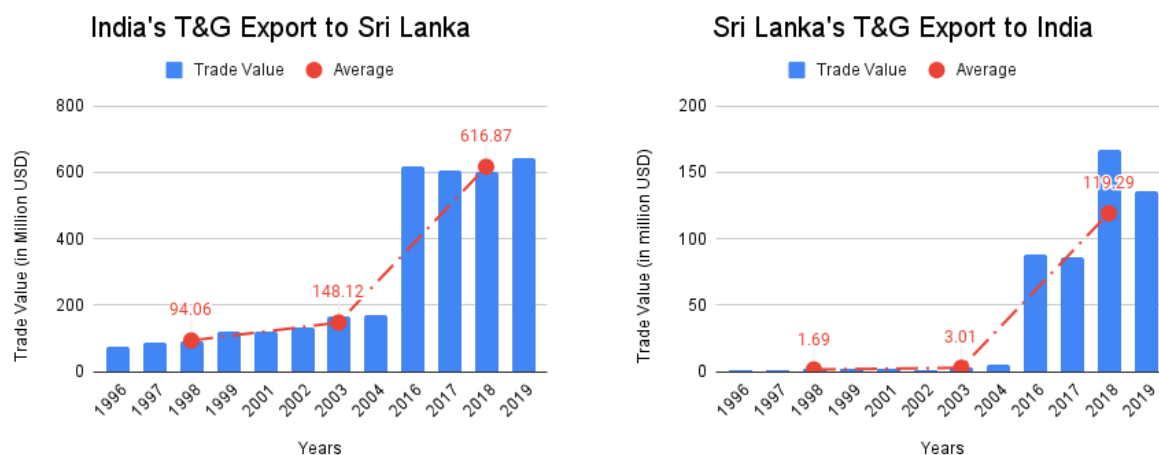


Figure 4.2: Textile and Garment Export between India and Sri Lanka

The textiles and garment sector is a crucial sector for developing economies. From Figure 4.2, it can be observed that India's exports as well as imports in textile and garment products with Sri Lanka, post-signing of the trade agreement, have increased significantly. Trends of both average exports and imports have shown that there is a significant jump in both exports and imports between periods 2001-2004 and 2016-2019.

As done for the dairy sector above, ten key export items of textile and readymade garment industry have been identified. These ten top traded export items are listed in below Table 4.2. Most of the products are intermediate in nature, used for further processing in the readymade garment industry.

Table 4.2: Top ten products exported by India to Sri Lanka in the textile and garment category (2019-20)

S.No	SITC (3-digit)	Product Description
1	652	Cotton fabrics, woven
2	655	Knitted or crocheted fabrics
3	651	Textile yarn
4	653	Fabrics, woven, of man-made fibres
5	657	Special textile fabrics and related products

6	843	Outer garments,women's,of textile fabrics
7	842	Outer garments,men's,of textile fabrics
8	846	Under garments,knitted or crocheted
9	844	Under garments of textile fabrics
10	658	Made-up articles,wholly/chiefly of text.materials

An intra-industry trade (IIT) index has been measured to see the existing intensity of vertical specialisation within the textile and readymade garment industry. IIT is the Grubel-Lloyd (G-L) index introduced by Grubel and Lloyd (1975).

Intra-Industry Trade (IIT) occurs when there is simultaneous import and export of differentiated goods within an industry between countries. This IIT index captures that, and measures the overlap of imports and exports at a given aggregation level. Here, it has been measured using data for India's exports to and imports from Sri Lanka at HS (2017) 4 digit level data for the year 2019. TradeSift software has been used to measure this index.

IIT varies between zero (no simultaneous import and export of products within an industry) and one (complete overlap between the level of imports and exports). In case of trade between India and Sri Lanka, it has been found that this IIT index value is moderately high at 0.348 in textile and readymade garment industry. This means that there is value chain activity in this sector between these two countries. The ISFTA can further enhance this activity.

The presence of value chain activity can also be understood by observing the key import items of India from Sri Lanka in this sector. As in Table 4.3, a complete overlap is seen in the export and import of some key products.

Table 4.3: Top ten import products of India from Sri Lanka in the textile and garment category (2019-20)

S.No	SITC (3-digit)	Product Description
1	655	Knitted or crocheted fabrics
2	846	Under garments, knitted or crocheted
3	267	Other man-made fibres suitable for spinning & waste
4	848	Art. of apparel & clothing accessories, no textile

5	843	Outer garments, women's,of textile fabrics
6	656	Tulle,lace,embroidery, ribbons,& other small wares
7	845	Outer garments and other articles,knitted
8	657	Special textile fabrics and related products
9	651	Textile yarn
10	847	Clothing accessories of textile fabrics

Hinloopen and Marrewijk have classified the internationally tradable products at SITC (rev. 2) 3-digit level, based on factor intensity required to produce them. Lall (2000) classified the export products at similar SITC (rev.2) 3-digit level based on the level of technological sophistication required to produce them. Similarly, India's top ten export items to Sri Lanka have been classified below according to factor intensity and technological sophistication requirements, using their products classifications.

Table 4.4: Product Classification of Key Export Items of India to Sri Lanka

S.No	SITC (3-digit)	Product Description	Hinloopen and Marrewijk	Lall (2000)
1	652	Cotton fabrics,woven	Unskilled-labour intensive	Low technology
2	655	Knitted or crocheted fabrics	Unskilled-labour intensive	Low technology
3	651	Textile yarn	Unskilled-labour intensive	Low technology
4	653	Fabrics,woven,of man-made fibres	Unskilled-labour intensive	Medium technology (process)
5	657	Special textile fabrics and related products	Unskilled-labour intensive	Low technology
6	843	Outer garments,women's,of textile fabrics	Unskilled-labour intensive	Low technology
7	842	Outer garments,men's,of textile fabrics	Unskilled-labour intensive	Low technology

8	846	Under garments, knitted or crocheted	Unskilled-labour intensive	Low technology
9	844	Under garments of textile fabrics	Unskilled-labour intensive	Low technology
10	658	Made-up articles, wholly/chiefly of text. materials	Unskilled-labour intensive	Low technology

As in Table 4.4, it can be observed that all the key export items from India to Sri Lanka fall under low technology and unskilled labour-intensive products, except for one medium technology product (i.e., Woven fabrics under SITC 653).

Therefore, there are huge opportunities for marginal, small, and medium entrepreneurs in the textiles and garments sector to respond to this high demand for these products in the Sri Lankan market. However, lack of awareness about the international trade process, inability to create a good network with exporters in India or importers in Sri Lanka, among other challenges, make it difficult for them to tap such international opportunities and markets.

4.3. Conclusion

The ISFTA was the first preferential trade agreement signed by the government of Sri Lanka. It came into full implementation in early 2000, and has been in force for the last two decades. While any direct impacts of the agreement cannot be empirically observed from the analysis, an analysis of the export-import trends and top products traded provides a glimpse into the impacts.

For the dairy sector, it was observed that the Sri Lankan dairy manufacturers are not supplying dairy products to the Indian market. However, Indian dairy manufacturers have identified their market in the Sri Lankan economy. The dairy export from India is steadily rising over the years after the implementation of the agreement. Furthermore, the dairy product analyses have shown that exported dairy products are majorly final consumption goods, while a few are utilised as feeders in the processed food industry. Hence, dairy products are giving direct competition to the domestic manufacturers in Sri Lanka.

In the analysis of the textile sector, it was observed that both India and Sri Lanka are trading textile products with each other. It was also seen that Sri Lanka has built its capacity in the textile sector and has increased its export over the last two decades from the implementation of the agreement. Analysing the top traded products in both countries, it was found that the intra-industry trade index value is moderately high at 0.348 in the textile and readymade garment industry, which is a sign of robust value chain activity in this sector between these two countries.

Additionally, there is also a degree of trade complementarity between the two countries in this sector. India is exporting intermediate products such as cotton yarn and woven cotton fabric. These products are the part of textile supply chain and can be augmented to create final goods. The analysis of Sri Lankan imports to the Indian market shows that Sri Lanka is exporting final goods in the Indian market. These products need no further value addition, and can be used in their current form. Hence, Indian textile exports have the potential to create job opportunities in the Sri Lankan market, while Sri Lanka's exports are raising fair competition in the Indian textile market. This can further push Indian manufacturers to become competitive and raise product quality.

Therefore, the ISFTA has been a relative success for both the Indian and Sri Lankan economies. From the analysis of dairy and textile industries, it can be said that the bilateral free trade agreement has raised the potential and capacity of both countries.

Chapter 5: Primary Analysis

Primary data is often instrumental in linking theory and secondary research with lived experiences. As discussed briefly in the introduction, a key motivation of this study is to study the impact of trade and trade policies in a manner which goes beyond the macro-level economic efficiency concerns. While trade liberalisation may stimulate overall levels of national exports, open up markets and increase consumer choices, what are its distributional effects? There is no gainsaying that trade and trade policies generate both winners and losers. But what really are the distributional effects of trade policies? Can trade policies be directly linked to positive or detrimental impacts on levels of poverty and employment? Primary research can help inform certain qualitative aspects of these questions, which, in combination with the quantitative methods employed in the previous Chapter, can help arrive at some overall conclusions.

This Chapter presents the insights gained from the primary research, Focus Group Discussions (FGDs) and surveys, conducted in Gujarat, India. The objective of these exercises was to ascertain the level of awareness amongst the ground level stakeholders about trade, trade policies, trade agreements and their impacts. The primary research was conducted in the agricultural and textile sectors.

A total of twenty FGDs were conducted, including key informant interviews (KIIs) with the value chain actors in the textile and garment sector. These FGDs were conducted with farmers, dairy husbandry workers, and home-based textile workers. The insights gained from these interviews shed some light on the perspectives of ground-level workers about trade and trade agreements, and how they saw their role in international trade. These interviews also shed light on the plight of women farmers in the agricultural landscape.

The surveys were conducted through purposive sampling. A list of women-stakeholders among the agriculture, dairy, and home-based textiles workers was identified. The survey was conducted on 273 stakeholders in these sectors. 190 responses were collected from the agriculture and dairy sector; and 83 responses were collected from garment and textile sector.

This Chapter is divided into two sub-sections, namely, Agriculture and Dairy sector, and Garment and Textile sector.

5.1. Agriculture and Dairy sector

A total of 190 responses were collected in surveys on farmers, agricultural workers, and dairy owners and workers. It should be noted that only 30 respondents out of 190 respondents did not have any cattle. The key takeaways from the surveys on agricultural and dairy sectors are as follows:

The survey was conducted on female farmers, agricultural labourers, and dairy workers. The respondents were majorly from the age bracket of 30 to 60 years. Reflecting on the rural landscape, it was observed that most of the participants only had primary education, that is, from standard first to eighth. The family dynamics of the respondents were such that they generally had large families, with the least number of household members being one, and the highest fifteen (15). On average, households contained five members.

Occupational Characteristics

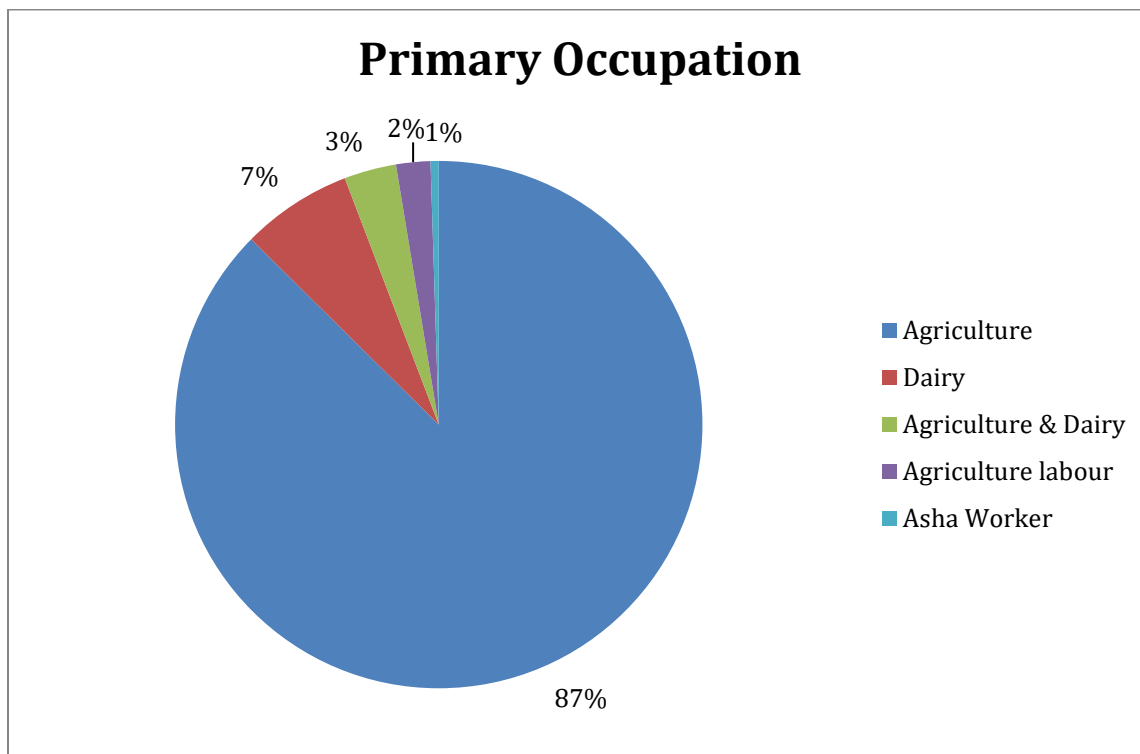


Figure 5.1: Primary Occupation of the Respondents

From Figure 5.1, it can be observed that the primary occupation of the majority of the respondents is agriculture, that is, 87 per cent of the total respondents are engaged in agriculture services. This is followed by dairy at 7 per cent.

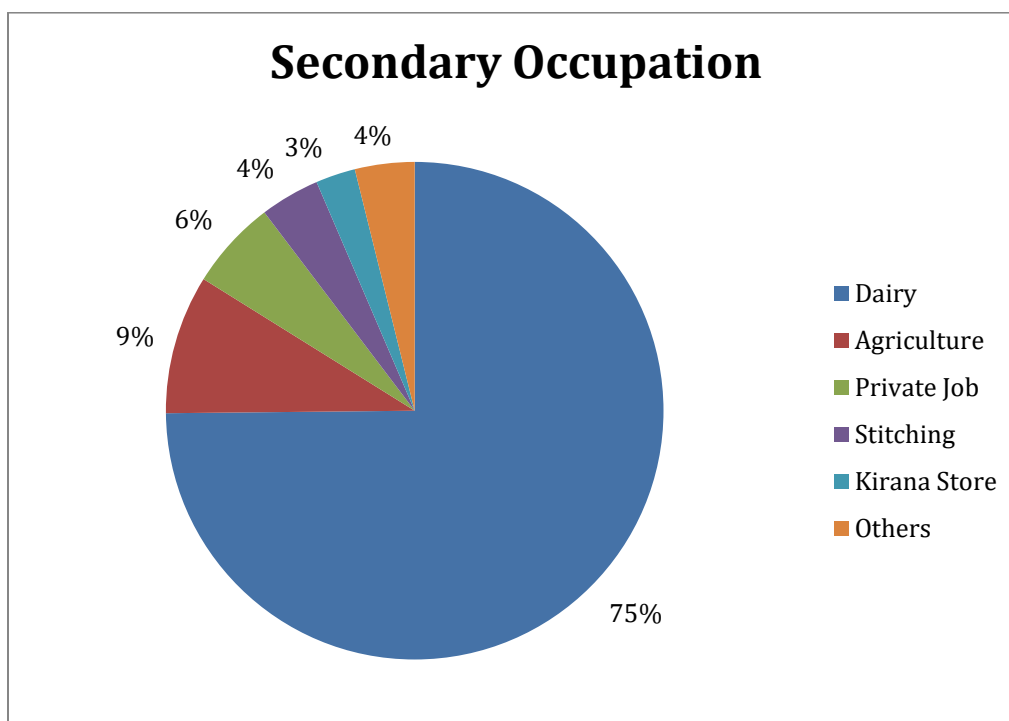


Figure 5.2: Secondary Occupation of the Respondents

From Figure 5.2, it can be seen that dairy is the secondary occupation amongst the respondents of the survey. It can be observed that the secondary occupation for three-fourth of the respondents (75 per cent) is dairy work, followed by agriculture, working in private sector, stitching, and working at Kirana stores (at 9 per cent, 6 per cent, 4 per cent and 3 per cent respectively). Others include occupation such as agricultural labour, Accredited Social Health Activist (ASHA) worker, casual labour, snack making, and working with SEWA.

To get more information about the earning dynamics of the respondents, the numbers of earners in a family were analysed. The Figure 5.3 describes the earning member dynamics classified by gender for urban households.

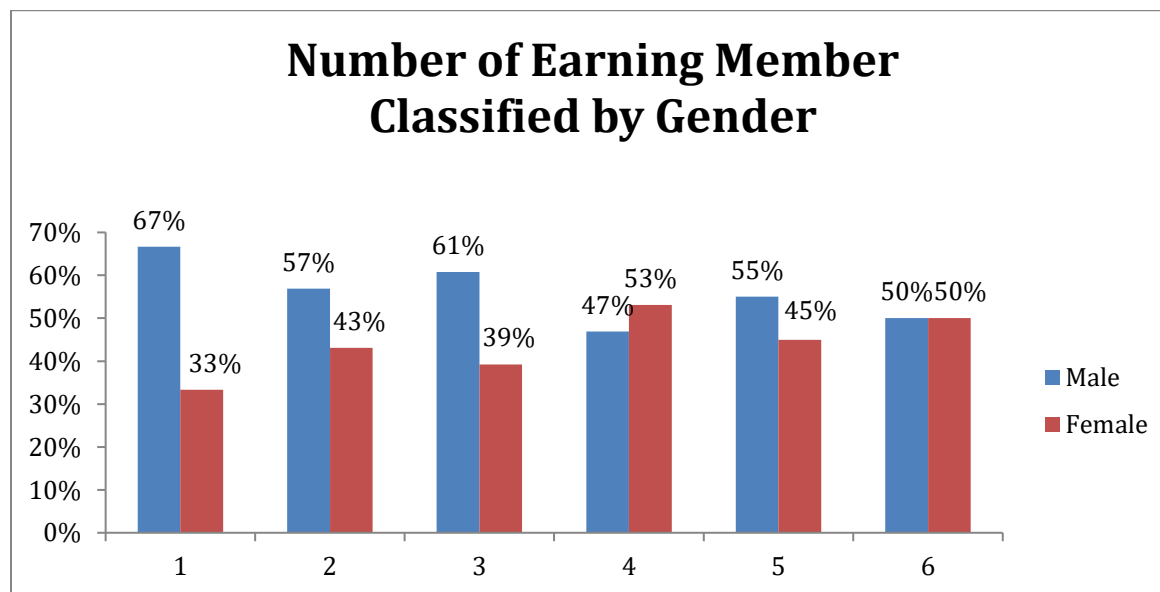


Figure 5.3: Number of Earning Member (Classified by Gender)

From the above chart, it can be observed that for the agriculture and dairy sector the earning member status is male dominated. Apart from four-earning-members and six-earning-member households, the ratio of female earning members is lower than the share of male earning members. This reflects male dominance in the agriculture and dairy sector.

Further analysis of agriculture and dairy sector can be found in section 5.1 and 5.2 respectively.

5.1.1. Agriculture Sector

Family Dynamics

From the above two figures, it is clear that the main occupation of the respondents is agriculture, followed by dairy work. To get more information, data regarding earning members of the family were analysed. It was observed that most of the respondents had a two-earning-member family dynamic. Furthermore, the data for their total monthly income was analysed.

From Table 5.1, it can be observed that the average monthly income of the respondents is INR 10,117. The monthly income of the respondents ranged from INR 900 to INR 70,000. Additionally, the modal monthly income is INR 5000, which refers to the amount that most respondents received as their monthly incomes.

Table 5.1: Analysis of Total Monthly Family Income of the Respondents

Analysis Techniques	Primary Monthly Income	Secondary Monthly Income	Total Monthly Income
Mean	6716.20	5632.17	10117
Median	5000.00	3000.00	8000
Mode	5000	3000	5000
Minimum	1000	500	900
Maximum	20000	30000	70000

The total monthly income of the family showcased the socio-economic conditions of the family. Additionally, the contribution of respondents' monthly income in the family income has been observed to ascertain the importance of the respondent's monthly income in the family. The respondents' contribution has been used as proxy for respondents' position in the family.

Table 5.2: Analysis of Respondent's Contribution in Monthly Family Income

Analysis Techniques	Respondent contribution in family
Mean	56.35
Median	56.23
Minimum	3
Maximum	95

Table 5.2 showcases the respondent's contribution in monthly income. It can be observed that on average, respondents contribute to almost half of the monthly family income. It also showcases the female contribution in the household. The contribution of the respondents ranged from 3 per cent to 95 per cent of the total monthly family income.

Due to agriculture being the primary occupation and hence, the main source of income in the respondent's family, a thorough analysis of the agricultural land, inputs, crop pattern, extent of sale of crops at minimum support price (MSP), contract farming, and related aspects, was undertaken to assess the socio-economic conditions of the farmers. Questions were also posed regarding their awareness of trade and trade agreements, and their perspectives on international trade and its impacts.

Land Size

Size of landholdings is one of the important factors to be considered while categorising farmers. The larger the landholding of the farmer, the higher is their position in the agricultural hierarchy.

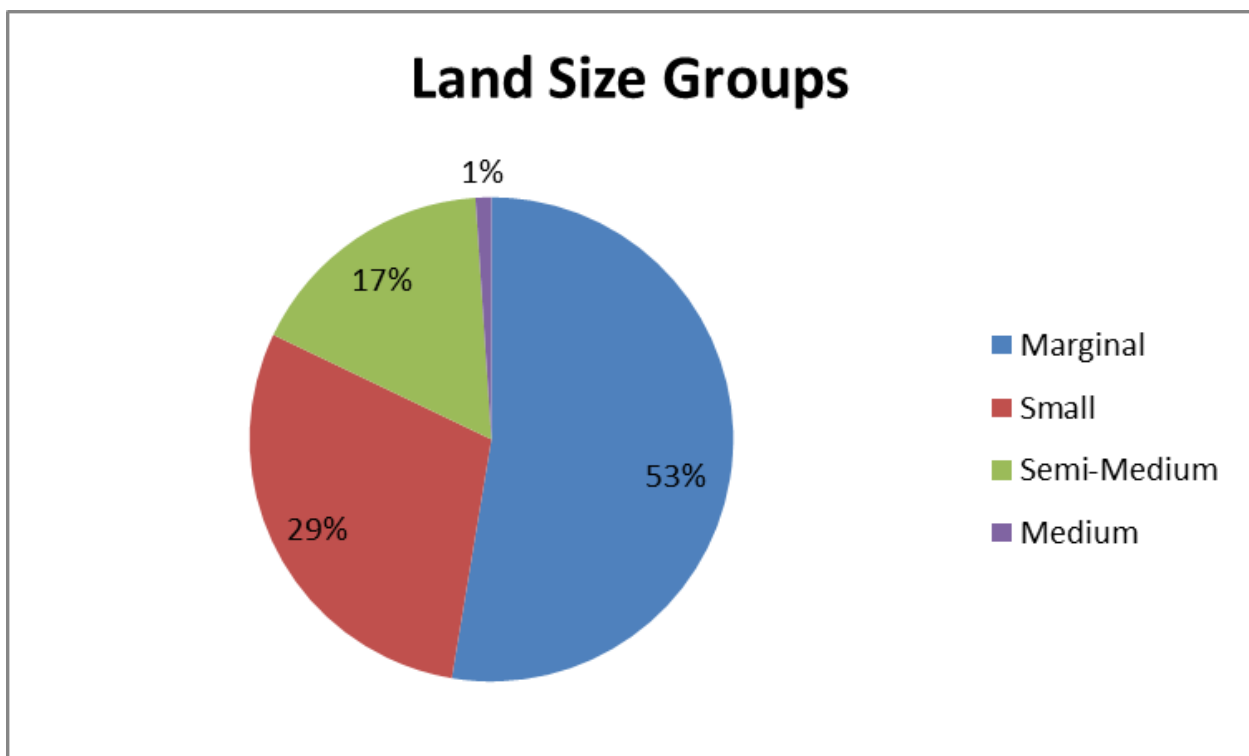


Figure 5.4: Categorisation of farmers based on the land size groups

From Figure 5.4, it can be observed that more than half of the respondents surveyed (53 per cent) have a marginal landholding. This is followed by people with small and semi-medium land holdings (29 per cent and 17 per cent respectively). However, the participation of the people with medium land holdings is very low (one per cent).

Technology

This subsection analysed the inputs and new practises and approaches employed by the farmers in the last decade.

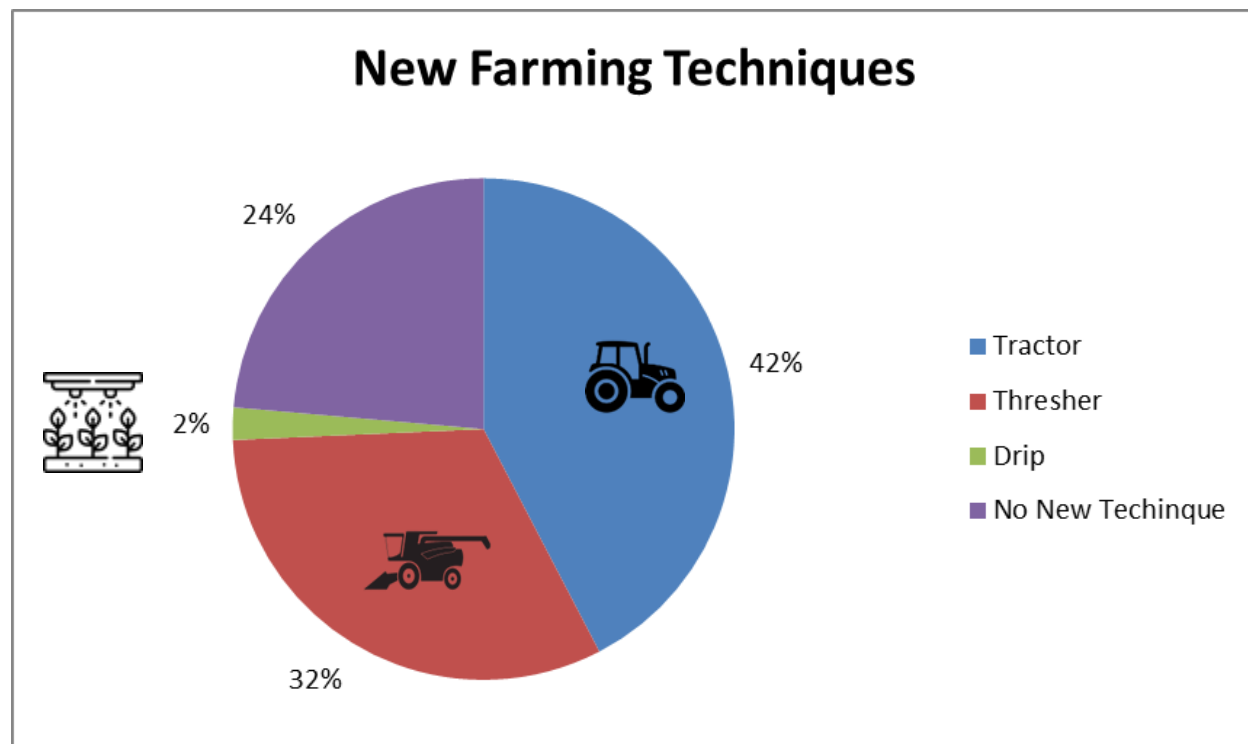


Figure 5.5: Analysis of New Farming Techniques

Figure 5.5 showcases the new farming techniques and practices employed by the farmers in the last decade. It can be observed that usage of tractors has increased, followed by threshers in the agricultural landscape by the small and medium-size farmers. It was also observed that a sizeable chunk (24 per cent) of farmers have not incorporated new practices. Finally, few farmers (2 per cent) have adopted the drip irrigation technique in the regions surveyed.

From the FGDs, it was also gathered that farmers with large landholdings tend to employ greater degrees of automation in their farming, than small and medium-scale farmers. The farmers have also incorporated various agricultural machines in their operation such as tractors, threshers, harvesters, farmland drilling machines, rotary drilling machines, Electric Fence (*Jhatka Machines*), Shredder, and Pesticide Sprayer. The FGDs also mentioned the subsidy in machine purchase based on the land size. Therefore, this creates a barrier for small and marginal farmers in accessing subsidies for agriculture machinery.

Crop Pattern

This sub-section analysed the crop patterns in the surveyed region. It focused on the number of crops sown and the extent to which farmers were a part of any export-oriented linkages with India's agriculture exports.

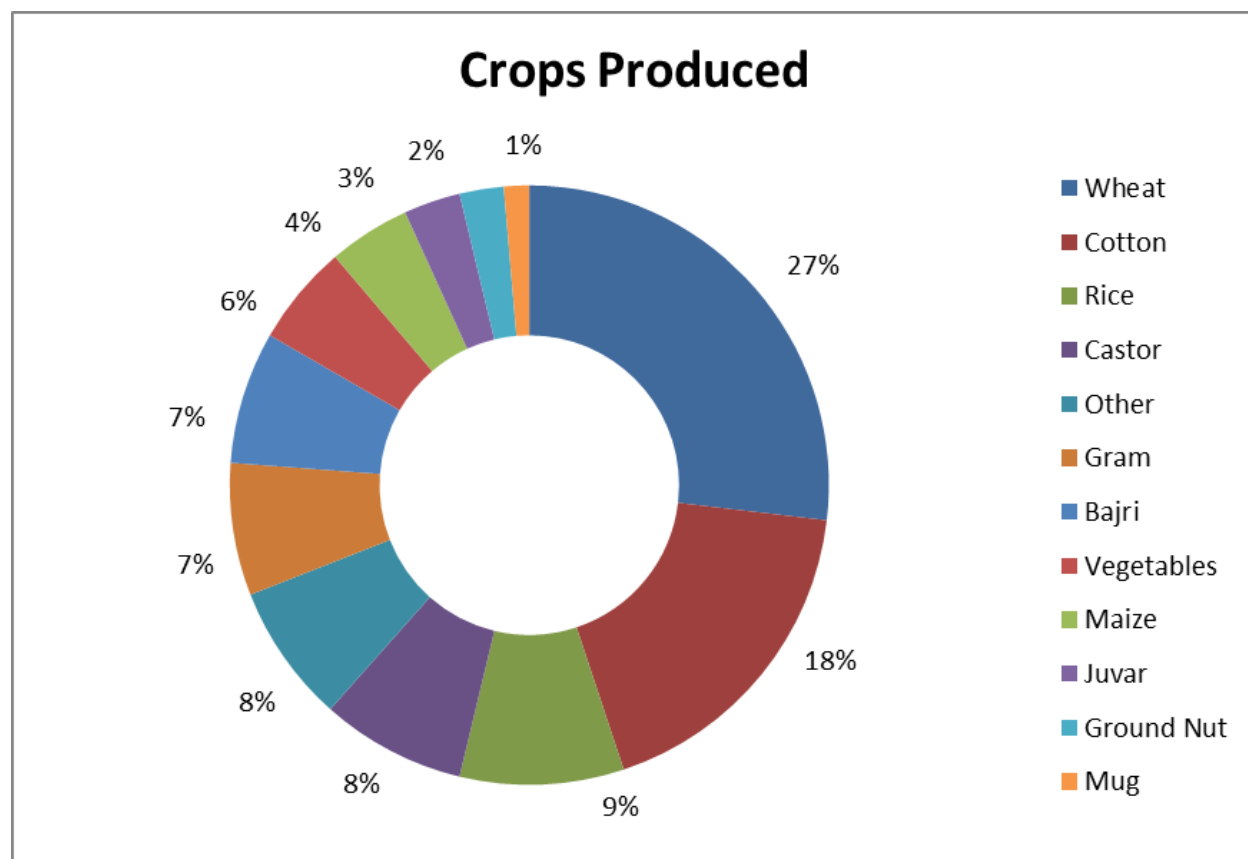


Figure 5.6: Crops Produced by the Respondents

The above figure shows the crop produced by the respondents. It can be observed that a significant chunk of the respondents (27 per cent) grow wheat in their farms, followed by cotton (18 per cent), rice (9 per cent), and castor (8 per cent). Other crops sown by the respondents include tobacco, *rai*, *urad*, sesame, aniseeds, pomegranate, mustard, corn, and cumin. There is a huge diversity in the crops produced by the respondents - from vegetables to grains and spices. This diversity in crop pattern was also reflected in the FGD reports, where women farmers had pointed out that the crop pattern has changed over the years, in order to be in sync with evolving market needs.

Minimum Support Price (MSP)

This subsection deals with the sale of the produce by the farmers in the surveyed areas. It ascertains the levels of crop sales in the region at MSP, as set by the Indian government.

Additionally, this section tries to identify if these prices affect the cropping decisions of the farmers.

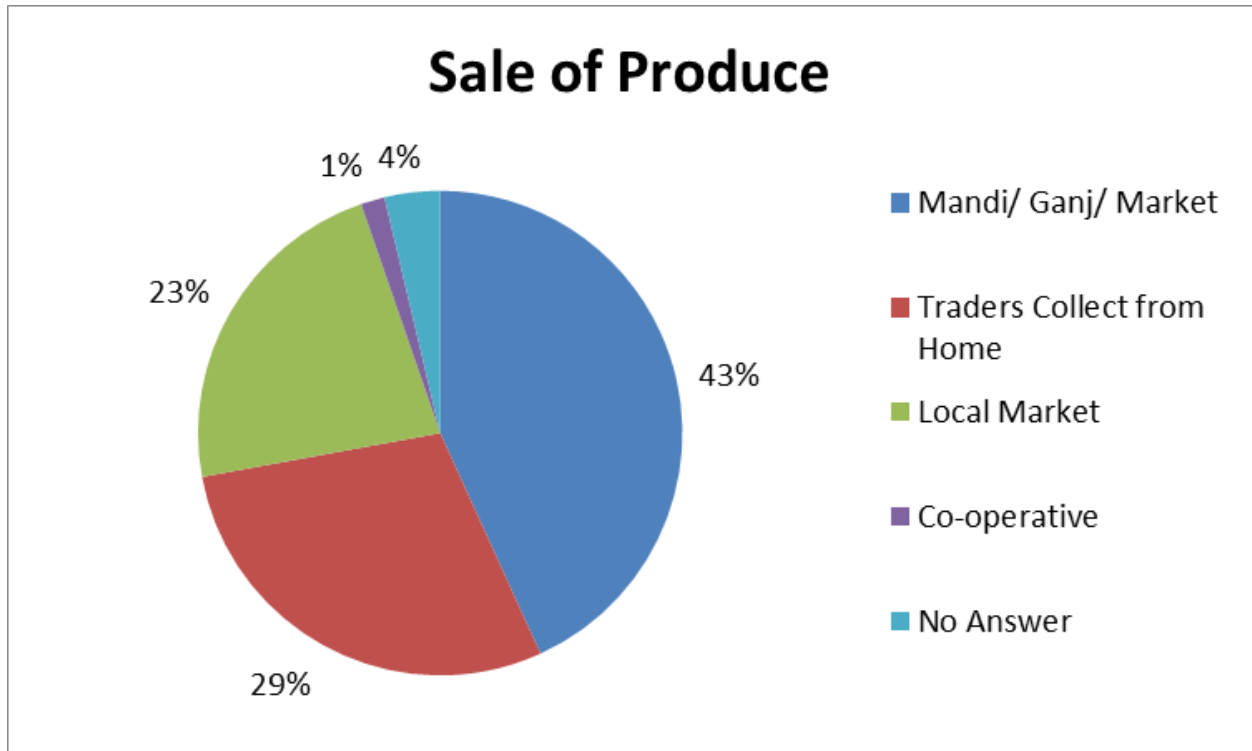


Figure 5.7: Sale of Produce

From the figure above, it can be observed that the farmers in this region majorly sell their produce to the mandis (43 per cent) nearby, followed by traders who collect their produce from home (29 per cent), and local markets (23 per cent). Therefore, it can be assumed that, apart from people who are selling to traders that are collecting their produce from their doorsteps, the other farmers are aware of who is purchasing their end produce.

The discussion on the sale price led to the question of farmers being able to secure sales of their produce at MSP. The farmers' responses were almost equally divided - that is, the number of farmers selling at the MSP (42 per cent) were almost equal to the number of farmers not selling at the MSP (58 per cent). Figure 5.8 captures the reasons behind farmers not selling at the MSP in the surveyed region.

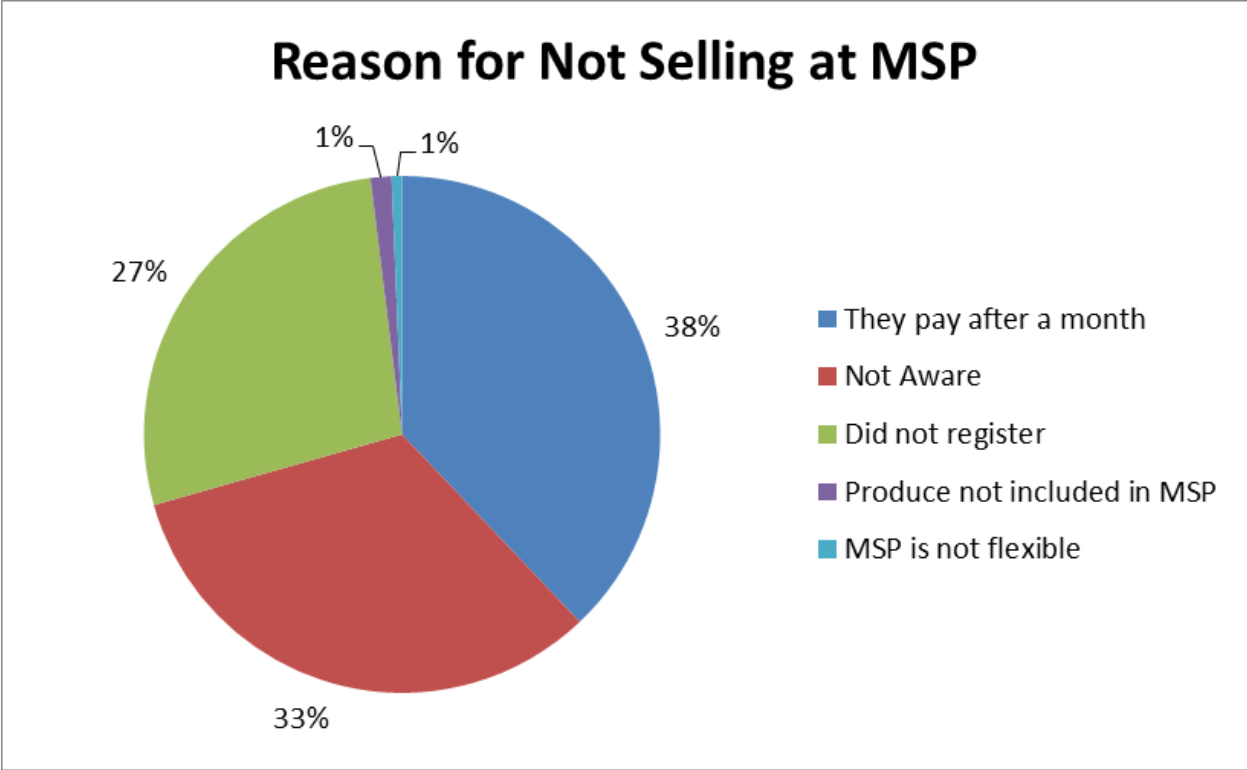


Figure 5.8: Reason for not selling at MSP

Figure 5.8 reveals the reasons mentioned by the farmers for not selling at the MSP. One of the major reasons highlighted by farmers is delay in payment for the produce (38 per cent), followed by a lack of awareness (33 per cent) of such governmental schemes. Other reasons cited by farmers is that they are not registered with the relevant authorities (27 per cent), or that their produce is not eligible for MSP (1 per cent), or that selling produce at MSP is not lucrative as the MSP prices do not match the prevailing market prices (1 per cent).

This issue was further highlighted in the FGDs: apart from paying late, the government’s procurement process does not take whole produce and only buys a part of their produce. Additionally, farmers have to pay transportation charges of the whole produce, the payment is received in their bank accounts rather than settled in cash, and there is a limit on the amounts that farmers can sell at MSP. All the above reasons have pushed the farmers to deal with the private contractors or traders who collect their produce from their doorstep, pay in cash immediately, and buy their entire produce.

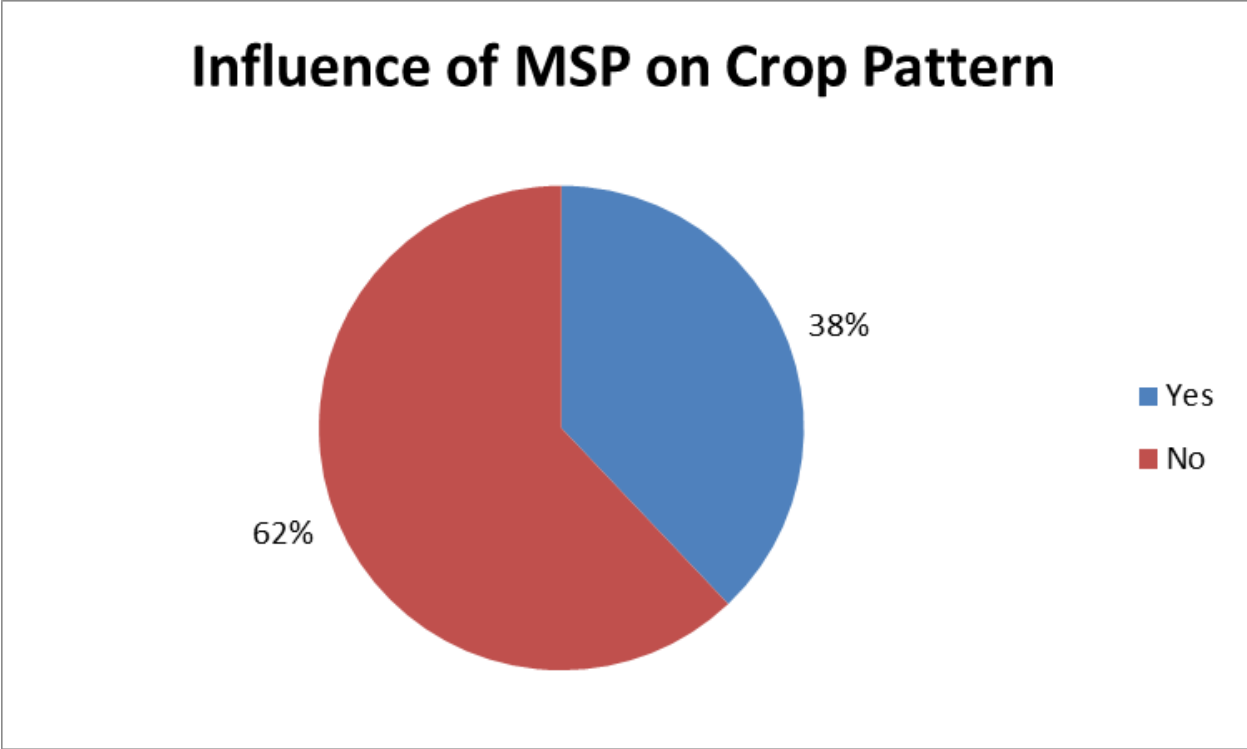


Figure 5.9: Influence of MSP on Crop Pattern

MSP prices are set by the government in advance for the next cropping season. It can be clearly seen that almost two-fifths (38 per cent) of the farmers are influenced by the set MSP, while 62 per cent of the total farmers are not influenced by the set MSP. This reveals that the set MSP is not a major factor influencing farmers' sowing and cropping decisions in the surveyed region.

Contract Farming

This subsection captures the perception of farmers about contract farming, and gathers information about farmers currently engaged in contract farming and the terms and conditions applicable on the farmers.

In the survey, it was found that 80 per cent of the farmers were not willing to do contract farming. The reasons their opposition to contract farming are presented in Figure 5.10 below.

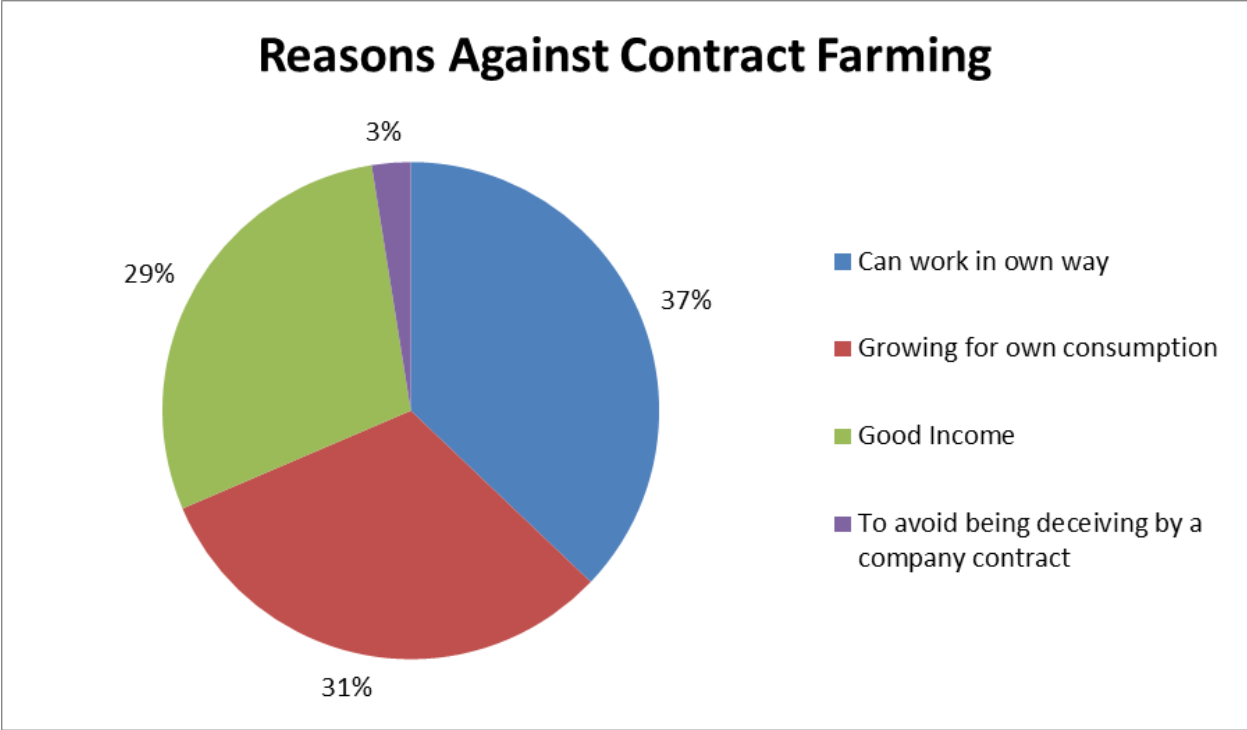


Figure 5.10: Reasons Against Contract Farming

From Figure 5.10, it can be seen that freedom to pursue their own farming practices (37 per cent) seems to be the major reasons driving the opposition to contract farming. This is followed by farmers growing produce for self-consumption (31 per cent), an already good income from their farming (29 per cent), and perception of companies indulging in fraudulent practices (3 per cent). This shows that rather than a perception of companies deceiving farmers, a desire to continue farming in their own ways and maintaining existing practices are the primary reasons for opposition to contract farming in the surveyed region.

Farmers as consumers

This subsection ascertains whether the farmers are consuming domestic or foreign agricultural inputs, and compares them on the basis of their price and accessibility in the market.

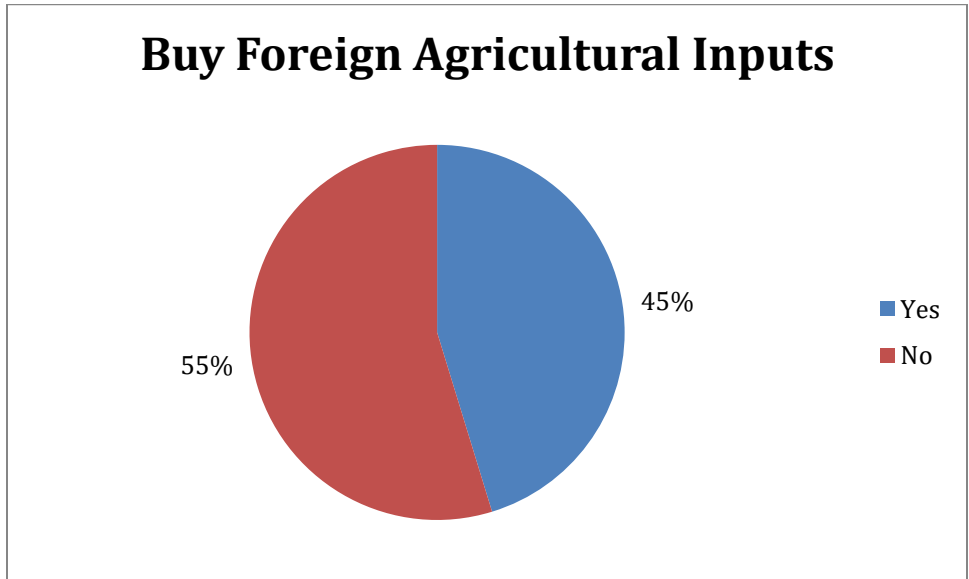


Figure 5.11: Buy Foreign Agricultural Inputs

From the above figure, it can be seen that the farmers in the surveyed region are exposed to foreign agricultural inputs. It is also seen that almost half (47 per cent) of the surveyed farmers buy foreign agricultural inputs to be employed in their agricultural land. The reasons behind the purchase of the foreign products were revealed to be the good quality of these products, as compared to domestic products, cheaper rates, and easier accessibility to these products.

5.1.2 Dairy Sector

This section deals with dairy workers and owners. This segment gives a brief overview of insights gained from dairy producers and farmers.

Livestock Owned

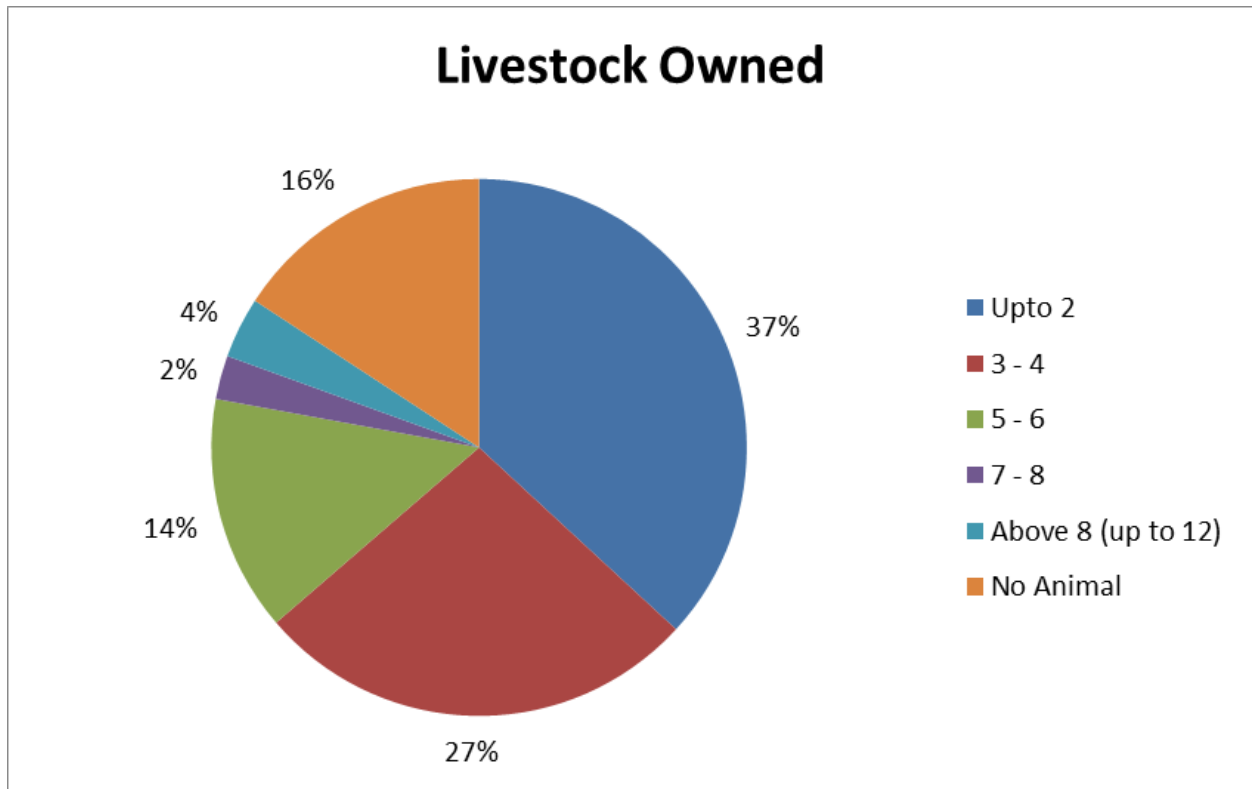


Figure 5.12: Livestock Owned

Figure 5.12 showcases the number of livestock owned by the surveyed respondents. It can be observed that a majority of respondents owned up to two animals (38 per cent), followed by people owning three to four cattle (27 per cent). Only a small fraction of the respondents (20 percent) owned more than four animals (15 percent owned 5-6 animals; 4 per cent owned more than 8 animals). The survey included respondents who work in dairy sector and do not have their own animal (16 per cent).

Income from Milk Production in 10 days

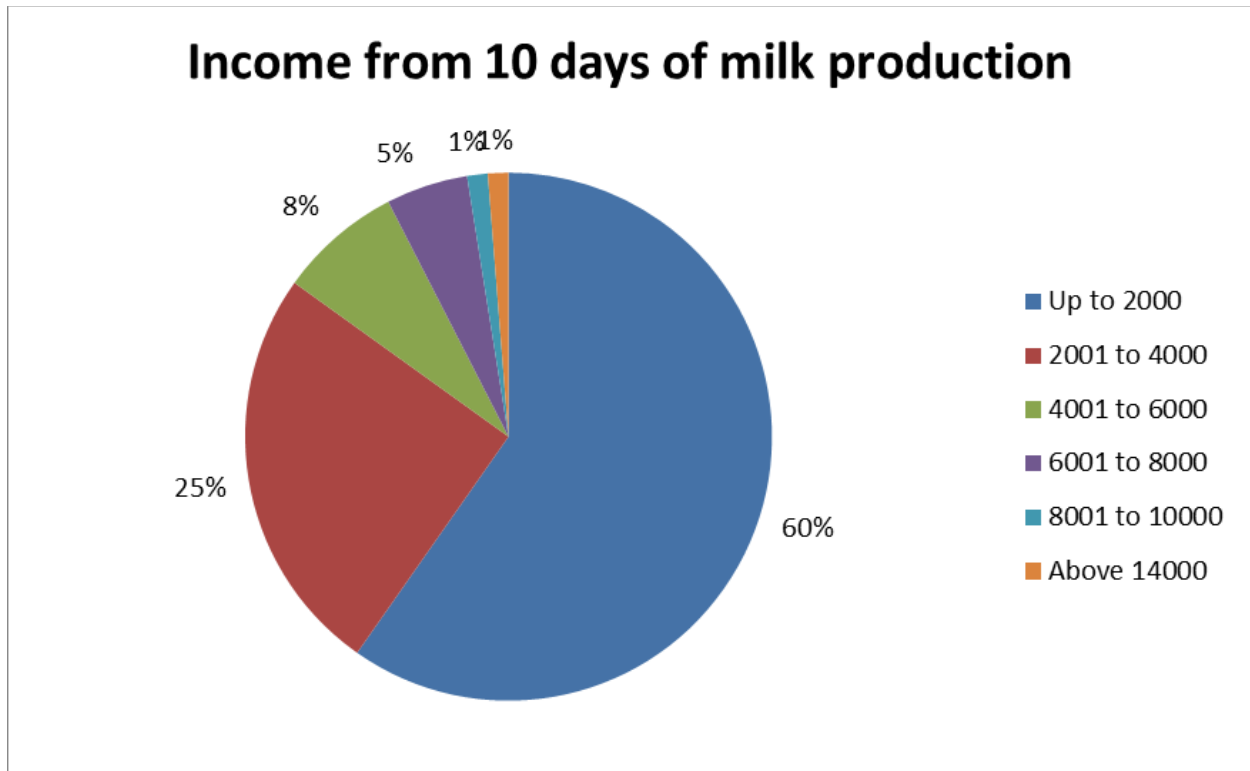


Figure 5.13: Income from 10 days of Milk Production

From the above figure, it can be observed that more than half of the respondents (60 per cent) are earning only up to INR 2000 from milk production. This meagre income is one of the reasons for dairy only being a secondary occupation for most of the farmers, instead of being their primary vocation. One-fourth (25 per cent) of the total respondents earn up to INR 4000 from dairy work. The percentage of people earning higher than INR 4000 from the milk production in 10 days seems dwindling (8 percent for INR 4000 to INR 6000; 5 per cent for INR 6000 to INR 8000; 1 per cent each for income more than INR 8000 and INR above 14000).

The meagre income from the dairy sector is due to low number of cattle owned by the respondents. From the graph 5.12, it was clear that only a small section of respondents owned more than five cattle. Additionally, it was gathered through FGDs that the cost of keeping cattle is rising day by day and therefore, the money generated from selling milk usually ends up in caring for the cattle.

Sale of Milk

This sub-section entails information about the buyers of milk from the respondents. The observation from this section can be seen in Figure 5.14.

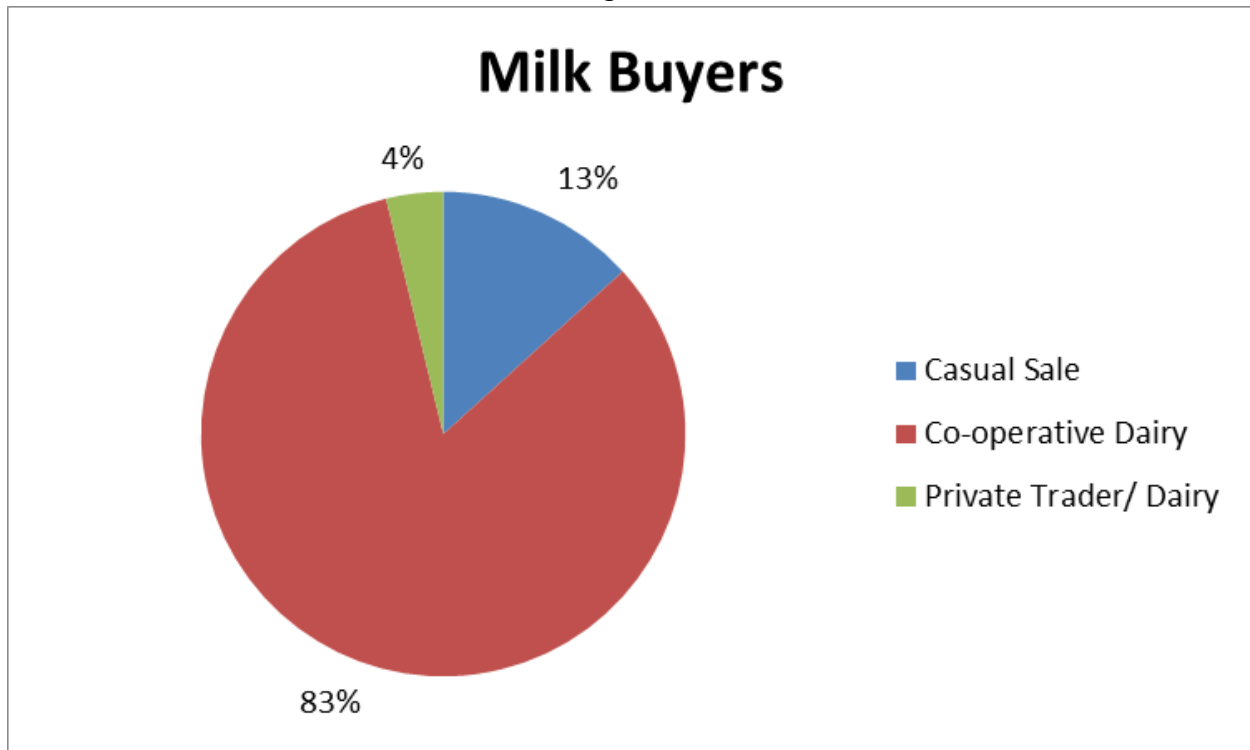


Figure 5.14: Milk Buyers

It can be observed from the above chart that a majority of the milk procured by the farmers is being sold to co-operative dairies (83 per cent). From the FGDs, it was found that these co-operatives are feeders to dairies which function under the umbrella of the Gujarat Cooperative Milk Marketing Federation (GCMMF), whose products are marketed under the Amul brand. This is followed by casual sale of milk (13 per cent) to other locals (those without animals) and in nearby cities. Finally, a very small segment of the milk procured is sold to the private dairies or private traders (4 per cent). This small segment is generally utilised by the newer private dairy chains which have pan-India operations, such as Mother Dairy and Nestle.

FGDs also reflected that government dairy also buys milk from dairy owners. This milk has to be from *Deshi* Cows and some subsidy is provided for the maintenance of the cows. However, it was disclosed that due to corruption of middle-men, the dairy owners receive less benefits. Therefore, dairy owners are preferring to give milk to co-operative and private companies.

More than half of the respondents surveyed reported that the milk production has increased in the last five years. The same was also revealed through FGDs in other areas where female dairy

workers stated that milk production has increased in the last half decade. The reasons behind such increased production can be seen in Figure 5.15.

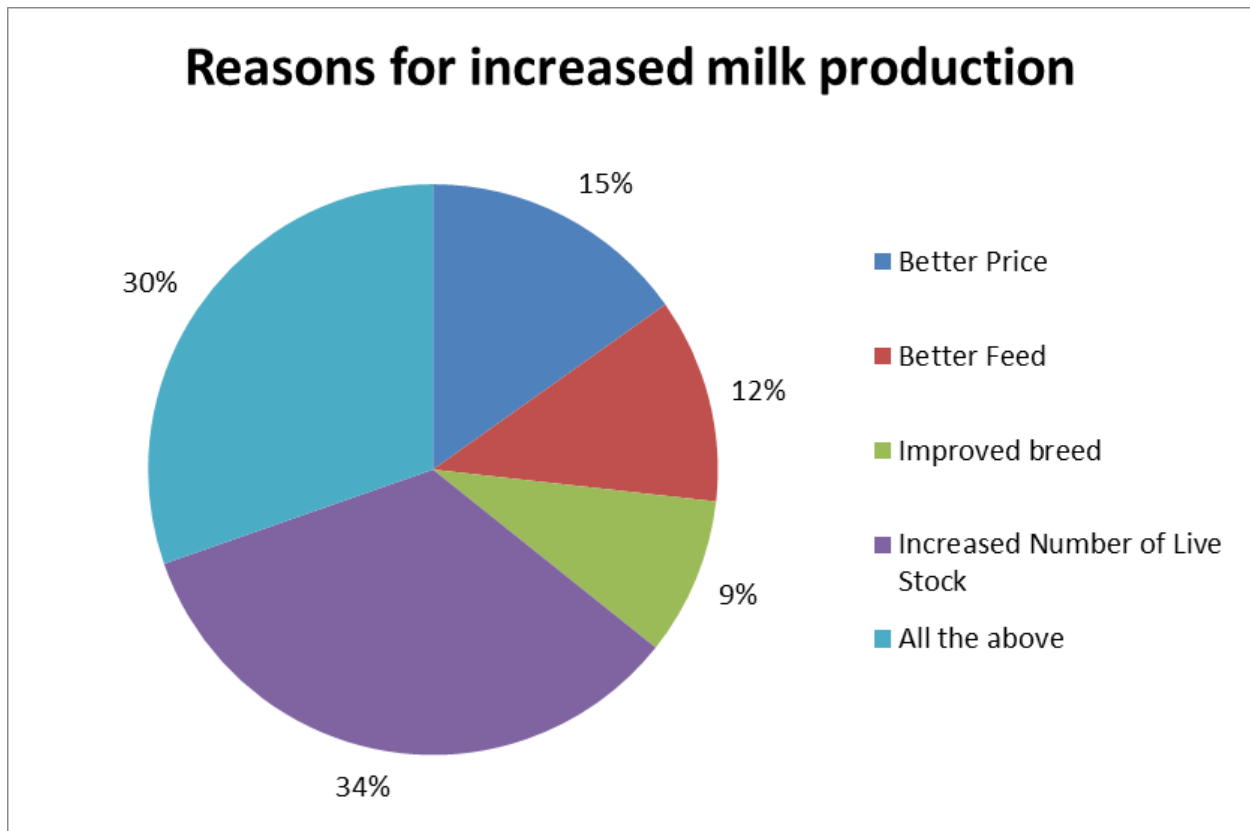


Figure 5.15: Reason for Increased Milk Production

Figure 5.15 showcases that the increase in the number of livestock owned (34 per cent) is one of the major reasons for increase in milk production. This is followed by better prices for the milk production (15 per cent), better quality of cattle feed in the market (12 per cent), and improved breeds of livestock owned. During FGDs, it was discovered that the *Jersey* breed of cow is being purchased by many of the dairy farmers, as it gives more milk compared to domestic cattle breeds.

The respondents were also asked if they were aware of the new technologies in the milk procurement industry, such as pumps to extract milk from cattle. However, only a small section of the respondents were aware of these advances. This illustrated the low levels of information and awareness amongst those engaged in the sector at the grassroots, about innovations in their own industry.

Cattle Feed

This sub-section identifies whether people are buying locally produced cattle feed, or relying on foreign cattle feed, and the extent of usage of supplements.

Various FGDs discussed the cattle feed in the surveyed region. It was noticed that dairy owners usually feed agricultural waste, Clarified butter (*Ghee*), Jaggery, Wheat husk and stalks, Corn, and calcium and other supplements.

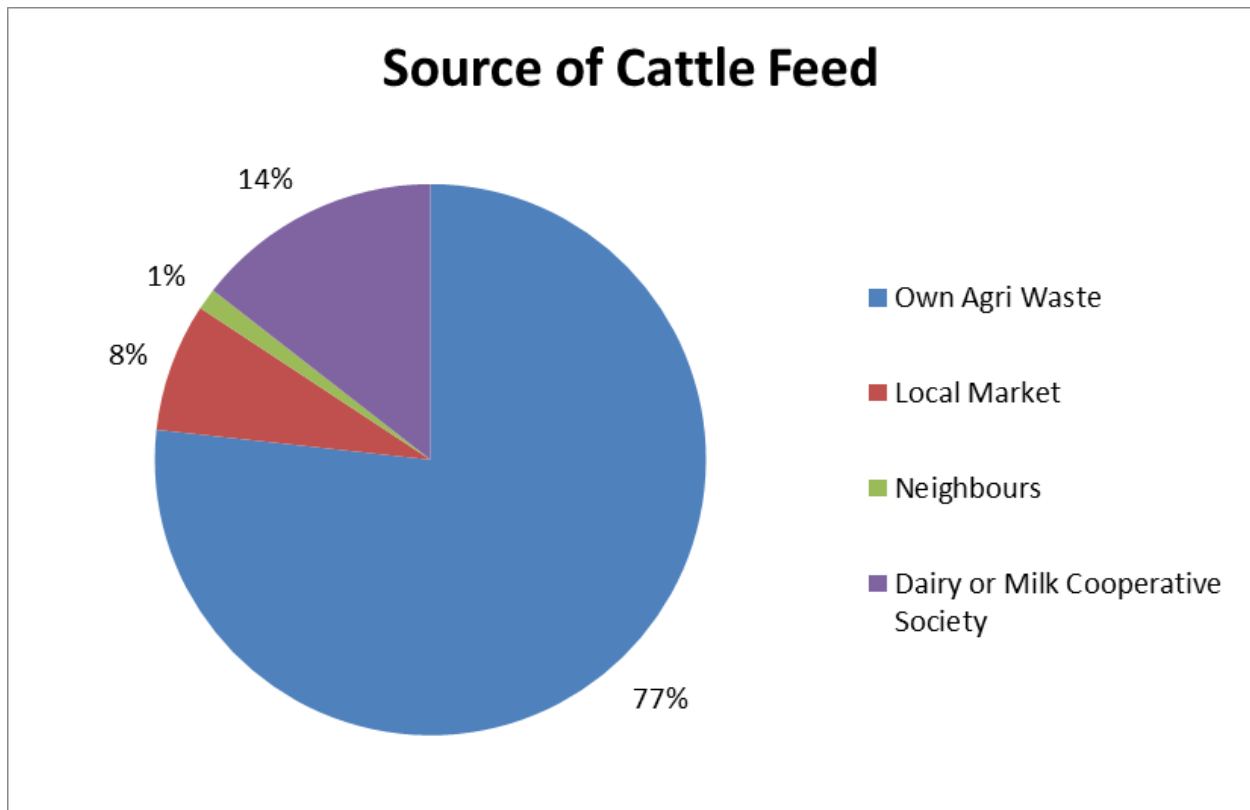


Figure 5.16: Source of Cattle Feed

From Figure 5.16, it can be observed that farmers usually use agriculture waste (77 per cent) as cattle feed. This waste includes dried stalks and other remaining part of the plant which are not sold. Other sources of cattle feed are co-operatives (14 per cent), local markets (8 per cent), and neighbours (1 per cent). The other sources reflected in the FGDs were local supplier, shops, Agro-shops, and ginning mills.

Upon enquiring about the source of cattle feed bought from cooperatives and local markets, it was disclosed that respondents did not know about the origin of the product (whether it was domestic or foreign).



5 Lit.

It was also revealed that many of the respondents used supplements in cattle feed, such as Calsum gel by Unim. and Gow-Shakti. These

supplements are provided by co-operatives and dairies themselves. They act as mind relaxants for the animals and hence, stimulate and increase the milk production. The FGD report showcases that these kinds of supplements are widely used in the region.

Support from Government and Co-operative

The sub-section details whether people receive any form of support, in terms of cattle insurance, cattle health check-ups, or any other subsidies and benefits from the co-operatives and local government bodies.

All the respondents unanimously said that they are receiving cattle insurance and support such as supplements, cattle health checks, and dairy products from the co-operatives as well as private dairies. However, the same was not true for support from local government bodies. The share of people receiving support and benefits from the local government bodies was relatively low at 58 per cent. These insights reaffirm the important roles co-operatives play in dairy work and the large rural economy.

5.1.3. Change in Agriculture and Dairy Sector

This section deals with the changes that respondents have identified in the agriculture and dairy sector and its impact on their socio-economic dynamics.

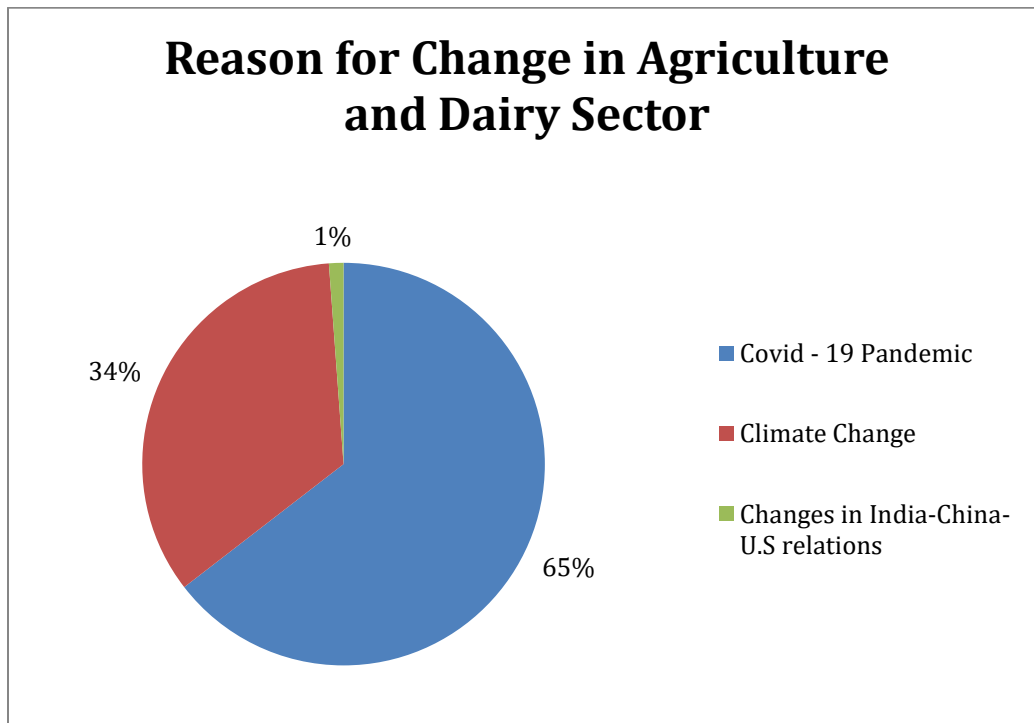


Figure 5.17: Reason for Change in Agriculture and Dairy Sector

The graph 5.17 shows the issues identified by the surveyed stakeholders that had led to change in the agriculture and dairy sectors. It can be clearly observed that the COVID-19 pandemic (65 per cent) is one of the biggest causes of the current changes in the above-mentioned sectors. This is followed with climate change (34 per cent) and dynamic economic relationship between India-China-U.S (1 per cent).

The questions were asked about availing the benefit of different types of government schemes such as agricultural improvement schemes, Farmer Producer Organisation (FPO), Integrated Farming Cluster (IFC), Cattle Rearing Information Schemes, and other governmental schemes. It was observed that though farmers are aware about such schemes, they are not able to avail them. It was revealed in a number of FGDs that only large farmers are able to avail and receive benefits from governmental schemes.

5.1.4 Awareness of trade agreements

This subsection covers the awareness levels of farmers in the surveyed area about international trade agreements.

From our analysis, it was found that only a small fraction (6 per cent) of the respondents were aware about international trade agreements (as shown in Figure 5.18). This showcases the lack of awareness among the farmers at the ground-level about trade agreements and their possible impacts. It also highlights the need for training and capacity building at the ground level about the wide-ranging potential impacts of international trade policies on people's daily lives.

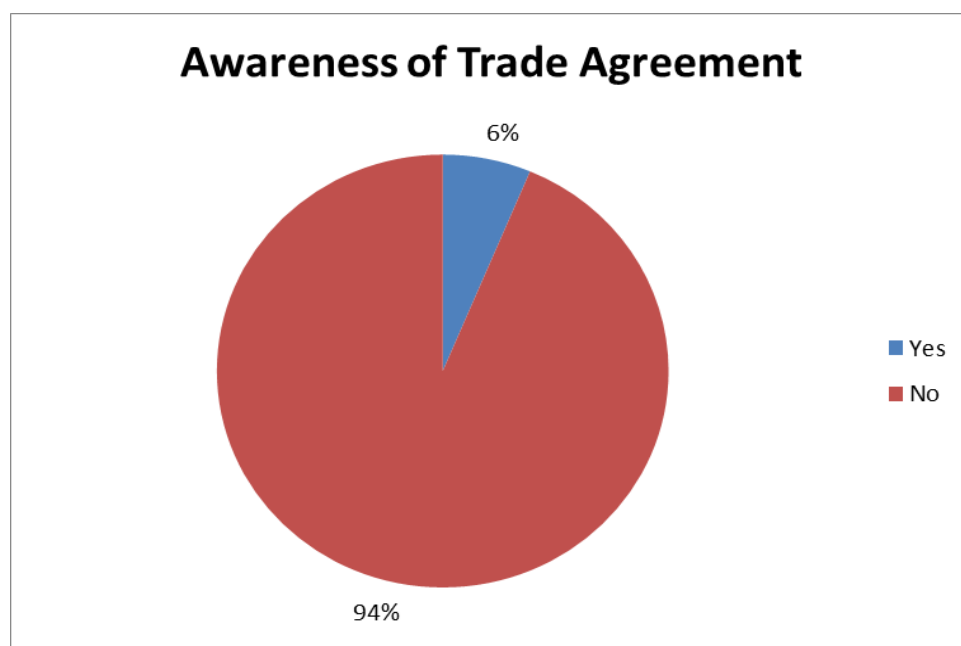


Figure 5.18: Awareness of Trade Agreements

A small fraction of the respondents, who responded in the affirmative about the awareness of trade agreements (6 per cent), elaborated that due to trade agreements, farmers are suffering due to low prices of foreign products. While it is difficult to establish any direct causal relationship between the implementation of a particular trade agreement and its empirical impacts on earnings, there was a perception in these respondents that such agreements have adversely affected their sales and income.

5.1.5 Conclusion

Overall, this survey has captured both well-established as well as novel aspects of India's rural economy and the state of Indian agriculture farmers. In the surveyed areas, most of the farmers were marginalised and small, with small landholdings. Their monthly incomes were also low at an average of INR 10,117. Furthermore, they have only recently (in the past five to seven years) begun employing new techniques of farming such as the use of tractors, threshers, and drip irrigation.

The farmers are producing some of India's top exported agricultural products such as wheat, rice, and cotton. However, a relatively large section of the farmers is not aware of their product supply chains. Additionally, the farmers are not aware of the trade agreements between India and its trading partners. Interestingly, it was found that the handful of farmers having some knowledge about trade agreements tended to view them in a very negative light.

Similarly, the FGDs with dairy owners and workers also helped to bring out a clear picture of the Indian dairy industry. The majority of the surveyed respondents in the dairy sector had only one to two cattle, and their ten-day income was only up to INR 2000. The dairy farmers acknowledged that dairy production has increased in the last half-decade due to support from co-operatives and local governmental bodies. However, they were also not aware about trade agreements and whether or not their products were finding their way into export-oriented value chains.

Notably, even though the dairy co-operatives are subsidiaries of GCMMF and are selling a wide range of products under the Amul brand name, there is limited awareness of the true extent of Amul's global reach. Amul not just has pan-India operations, but also exports milk to other countries. However, farmers are not aware of Amul's global exports, nor are they aware that dairy is one of the top 50 agricultural exports of the country.

Therefore, there is a clear need to raise awareness amongst the farmers about trade policies and trade agreements, and their potential impacts. The government should employ NGOs, CSOs, and other community organisations to raise awareness on these issues. Furthermore, there should be regular capacity building workshops and trainings about supply chain integration (both international and domestic) imparted to farmers to give them a holistic view of the agricultural economy.

5.2. Garment and Textile Sector

For this part, surveys were conducted on female home-based workers in the textile and garment industry. The surveys were conducted in Ahmedabad, Anand, Arvalli, Gandhinagar, Kutch, Mehsana, and Patan districts of Gujarat. A total of 83 responses were collected. The key takeaways obtained from the survey are as follows.

The survey was conducted on female home-based workers in the textile and garment industry. A majority of the respondents were in the age bracket from 25 to 50 years. Reflecting on the rural landscape, it was observed that most of the participants only had primary education, that is, from standard first to eighth. However, a significant fraction of respondents had completed their secondary education, that is, studied up to the 10th standard. The family dynamics of the respondents were such that they generally had large families.

The analysis has been divided to showcase the impact of urban and rural divide between the garment and textile industries stakeholders. For this purpose, we have used responses from Ahmedabad City as an indicator of urban setting and Ahmedabad District, Anand District, Aravalli District, Gandhinagar District, Kutch District, Mahesana District, and Patan District as an indicator of rural setting.

Occupational Characteristics

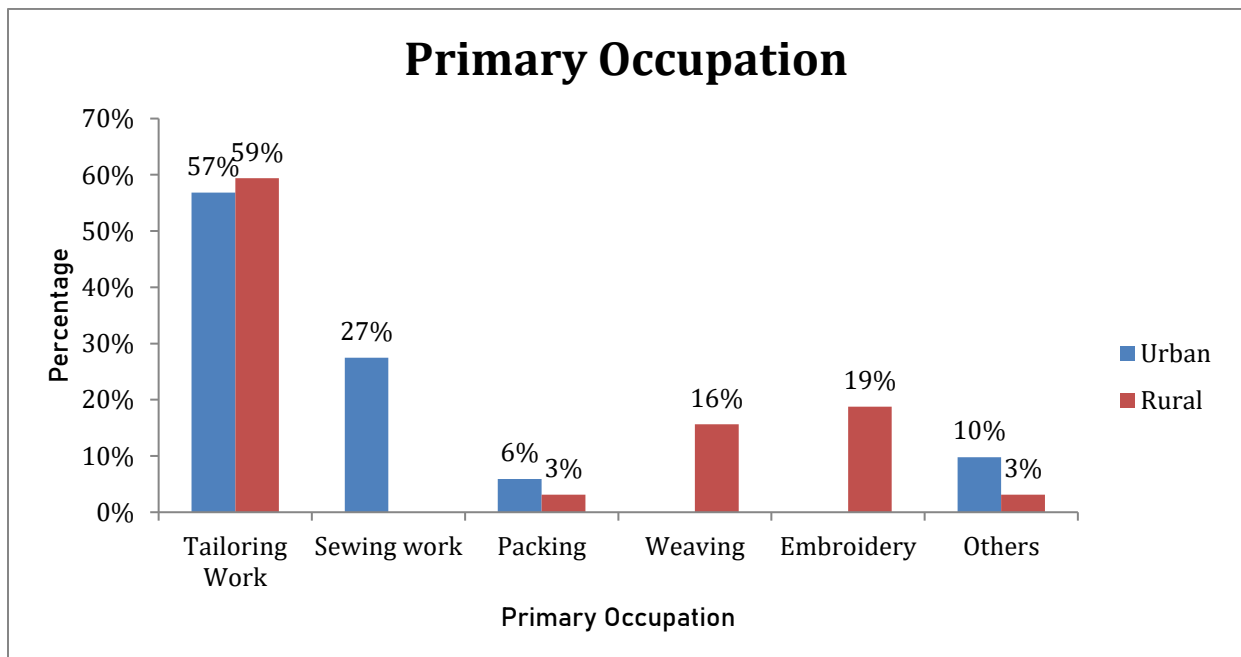


Figure 5.19: Primary Occupation of the Respondents (Textile and Garment Industry)

From Figure 5.19, it can be observed that more than half of the respondents in both urban and rural settings (57 per cent and 59 per cent, respectively) are engaged in tailoring work. In urban setting, this is followed by sewing work (27 per cent), packing of garments and textiles (6 per cent), and others (10 per cent). Contrastingly, in rural setting, tailoring work is followed by weaving (16 per cent), embroidery (19 per cent), packing (3 per cent), and others (3 per cent). In both the scenarios, “others” includes works such as thread cutting, stone work, handkerchief interlock, sale of readymade garments and sewing buttons and borders.

It can be observed that stakeholders in the rural setting are engaged in the initial stages of value chains while those in urban settings are engaged in higher stages. This can be evidenced through the difference of their share in packing as a primary occupation. It is also evident through the share of rural stakeholders in weaving and embroidery works. It was revealed through FGDs that home-based workers often receive work from contractors. However, they were not aware of the brand or company that the contractors worked for and hence, had no idea about the different stages of the supply chain for their industry. Additionally, it was mentioned that contractors intentionally maintain secrecy about the companies they worked with and about the further supply chain processes.

Family Dynamics

From the above Figure 5.19, it is clear that the main occupation of the respondents is tailoring, followed by hand sewing. Upon analysing the data about earning members of the family, it was observed that most of the respondents had a two-earning-member family dynamic. Figure 5.20 describes the earning member dynamics classified by gender for urban households.

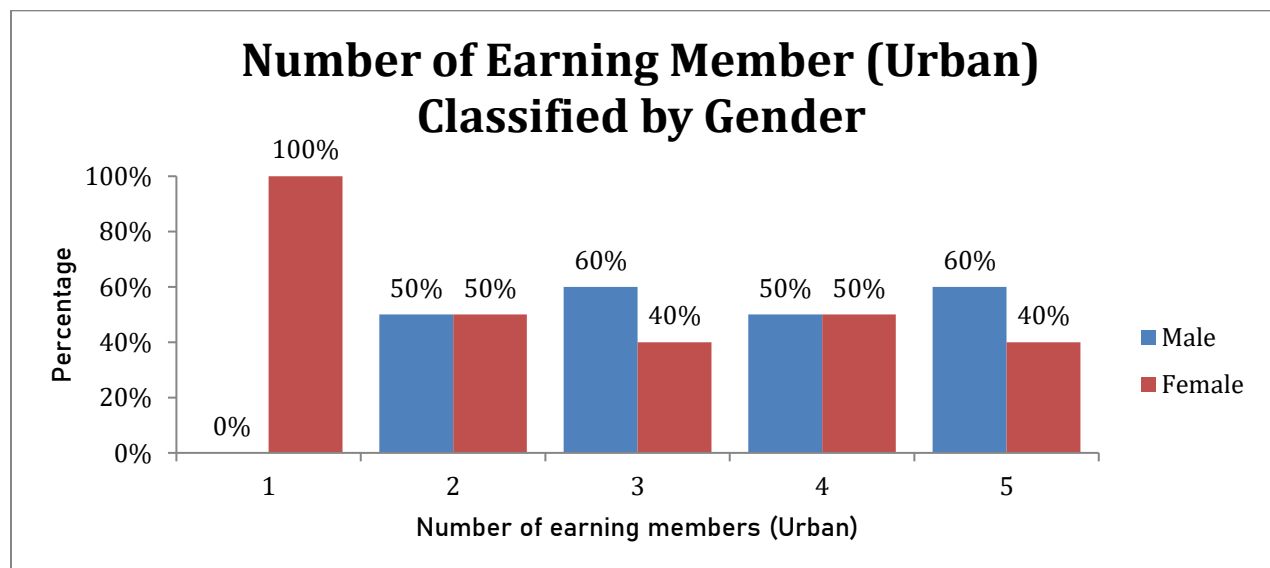


Figure 5.20: Number of Earning Member (Urban) Classified by Gender

From the above figure, it can be observed that, in the urban setting, households with one-earning member are only constituted of female earners. Contrastingly, in two-earning-members households and four-earning-members households, the share of male and female members is the same. However, in three-earning-members and five-earning-members households the share of female earners (40 per cent) dwindles in comparison to the share of male earners (60 per cent).

The number of earning member classified by gender in the rural setting can be analysed by figure 5.21 below.

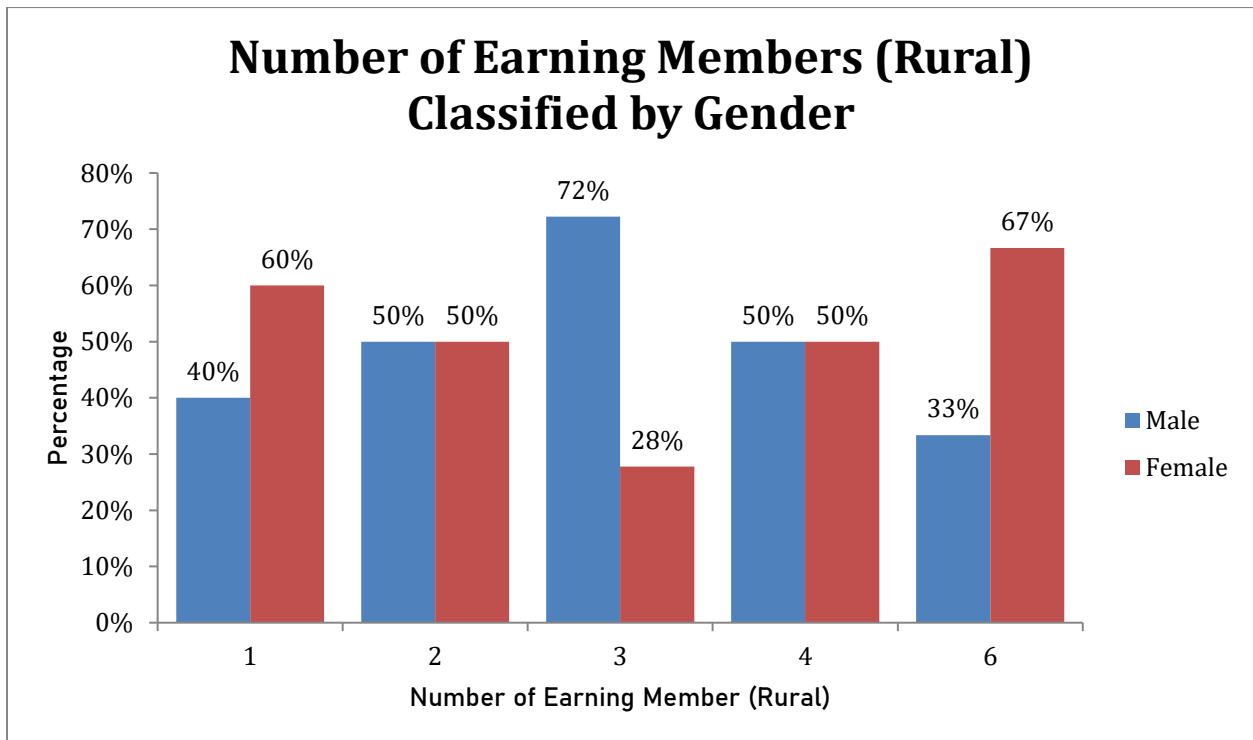


Figure 5.21: Number of Earning Member (Rural) Classified by Gender

Figure 5.21 showcases the number of earners in the respondents' family in the rural setting. In the one-earning-member household, it can be observed that the share of female earners (60 per cent) is greater than the share of male earners (40 per cent). Similarly, in the six-earning-member households the shares of female earners were significantly larger (67 per cent) than the male earners (33 per cent). However, contrasting results were found for three-earning-member household where the shares of female earners were significantly lower (28 per cent) than the male earners (72 per cent). Both female and male earners shared an equal footing when compared in two-earning-member and four-earning-member households.

From this analysis of number of earning members classified by gender in urban and rural settings, it can be observed that in the families with even number of earning members the share

of female earners is equal or larger than the male earners. However, for the three-earning-member households in both urban and rural areas the share of female earners is very less.

Upon analysing the data for their total monthly income, it is found (Table 5.3) that there is a huge variation in total monthly income of the respondents from urban and rural areas. In urban areas, the average monthly income is INR 3690.19 and the monthly income of the respondents ranged from INR 1000 to INR 9000. Additionally, the modal monthly income is INR 3000. In rural areas, the average monthly income is INR 10,320 and the monthly income of the respondents ranged from INR 400 to INR 35000. Additionally, the modal monthly income is INR 6000. It showcases that the rural areas stakeholders who are working at the lower level of value chains are earning more than the urban area stakeholders.

Table 5.3: Analysis of Total Monthly Income in Urban and Rural Households

Analysis Technique	Total Monthly Income	
	Urban	Rural
Average	3690.19	10320
Mode	3000	6000
Minimum	1000	400
Maximum	9000	35000

The total monthly income of the family showcased the socio-economic conditions of the family. Additionally, the contribution of respondents' monthly income in the family income has been observed to ascertain the importance of the respondent's monthly income to the family - a good proxy for the respondent's position in the family.

Table 5.4: Analysis of Respondent's Contribution in Monthly Family Income in Urban and Rural Households

Analysis Technique	Total Monthly Income	
	Urban	Rural
Average	23.05	41.02
Mode	50	50
Minimum	3.49	2.61
Maximum	50	75

Table 5.4 showcases the respondent's contribution in monthly income. As most of the respondents are female, the analysis shows the female monthly contribution (economic) in household income. From the urban household result, it can be observed that on average, respondents contribute to about quarter (23.05 per cent) of the monthly family income. The contribution of the respondents ranged from 3.49 per cent to 50 per cent of the total monthly family income. Additionally, modal income contribution was 50 per cent.

In the case of rural households, it can be observed that on average, respondents contribute to near half (41.02 per cent) of the monthly family income. The contribution of the respondents ranged from 2.61 per cent to 75 per cent of the total monthly family income. Additionally, modal income contribution was 50 per cent.

Due to tailoring being the primary occupation in both the urban and rural areas and hence, the main source of income in the respondent's family, a thorough analysis of the inputs such as raw material and machinery, production and sale, and related issues was undertaken to assess the socio-economic conditions of the female textile and garment sector workers. Questions were also posed regarding their levels of awareness about trade policies and trade agreements, in order to gauge their perspectives on international trade and its impact.

Production and Sale

This part covers the information about the raw material purchase, usage of machinery, and the origin of machinery used by the respondents. It further reveals insights about the sale destination of the final product produced.

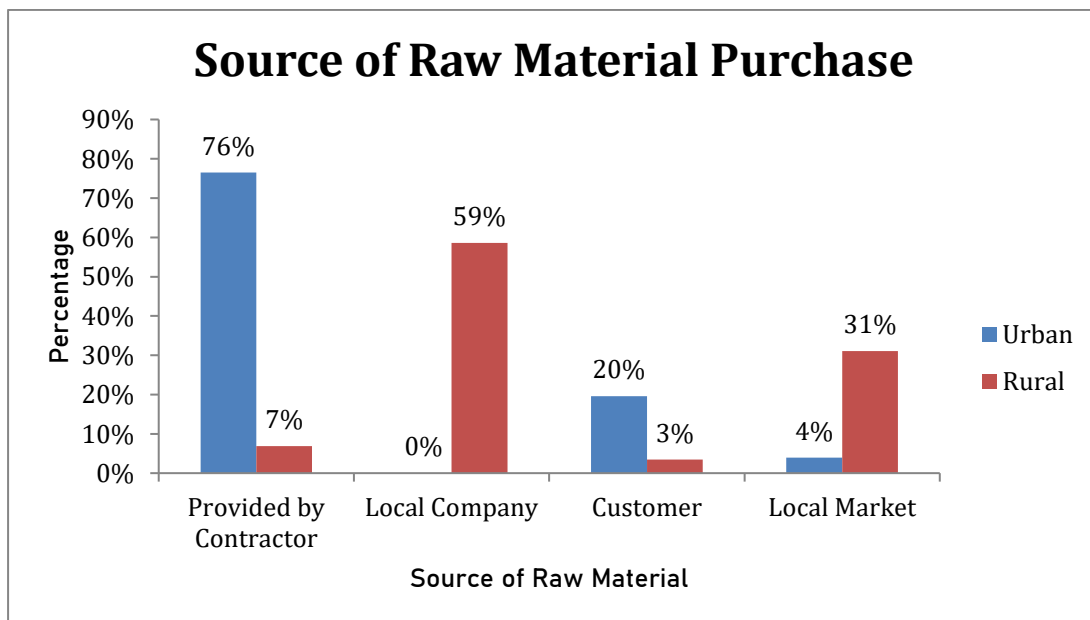


Figure 5.22: Source of Raw Materials Purchased

From the above figure, it can be observed that majority of the stakeholders in the urban areas source their raw material from the contractors (76 per cent), followed by working independently by customers (20 per cent), and local market (4 per cent). This shows that more than a quarter of the total respondents in the urban area are directly working with the contractors, which indicates the predominance of home-based female textile workers in the survey. This is followed by respondents who work in tailoring shops, boutiques or independent designers.

The analysis of rural areas shows that more than half of the respondents source their raw material from local companies (51 per cent) located near them. This is followed by purchase of raw materials from local markets (31 per cent), through contractors (7 per cent), and customers (3 per cent). This illustrates that most of the respondents in rural areas are working at local companies, followed by working at tailoring shops, boutique, or individual designers, and home-based workers working for contractors. It can be observed that in rural areas only a few respondents are engaged in customer-based work or tailored made work.

Upon enquiring about the usage of machinery in the respondents’ work, it was found that most of the workers were using machinery for their work. The details can be seen in Figure 5.23.

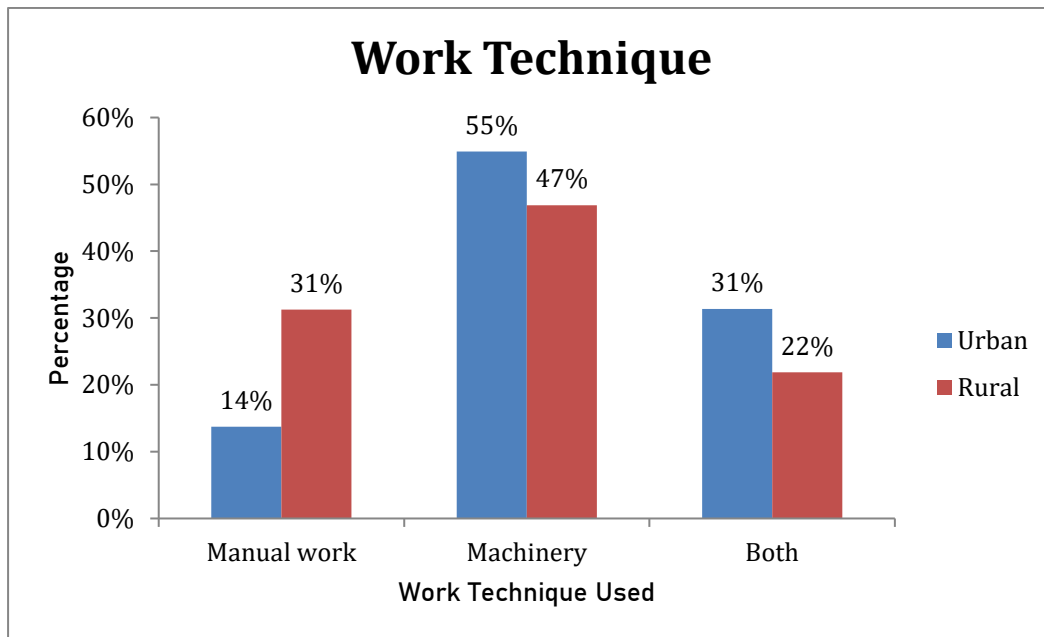


Figure 5.23: Work Technique Used

Figure 5.23 gives an overview of the main work technique used by the respondents in the urban and rural areas. The difference between urban and rural respondents can be observed clearly. The respondents in urban areas are inclined towards use of machinery (55 per cent), followed by use of machinery and manual work (31 per cent), and finally manual work (14 per cent). This

showcases urban reliance on machinery and higher level of technological progress in urban areas.

In the rural areas, it can be observed that almost half of the respondents use machinery (47 per cent), however, this is followed by manual work (31 per cent), and finally use of machinery and manual work (22 per cent). It can be deduced that rural areas are gradually moving towards use of machinery as the respondents using machinery constitute half of the rural respondents. However, manual work still occupies one-third of the working technique used in the rural areas and hence, plays an important role in rural dynamics.

Through FGDs, it was revealed that the workers are paid per project and hence, their income is not fixed. The enhanced use of machinery in garment and textile sector, coupled with the global pandemic, is perceived to have negatively impacted the workers.

From the above figure 5.23, it can be concluded that usage of machinery is dominant in the surveyed region and sector. Upon enquiring about the origin of the machinery, it was revealed that the majority of the respondents had no knowledge about the origin of the machinery they were using.

Regarding the sale of the final products, it emerged that almost all of the products are sold to the contractor and local companies. Due to the nature of work being contract-based, all the work output is sold at a predetermined price to the contractors and local companies. It was revealed through the FGDs that the workers are not concerned about either the further movement of the goods, nor about their final destination.

Case Study of Vaibhav Laxmi Spinning Ltd

The IASEW research team and the grassroots researchers met Mr. Niranjan Bhai Patel, Managing Director of Vaibhav Laxmi Spinning Ltd. Vaibhav Laxmi Spinning Ltd. is a cotton ginning and yarn spinning business in Gujarat with a yearly turnover of INR 800-900 crores. The firm is associated with state-level and centre-level cotton textile export associations. These tie-ups help the firm in various manners such as getting subsidy and cheap raw material.

The spokesperson informed the interviewers about the process of ginning and spinning of cotton. He highlighted that in the last few years the demand for textile and hence, cotton has increased significantly. This has led to expansion in business, and now the company has two ginning, two oil mills, and two spinning machines which are imported from countries such as Germany, Vietnam, Sweden and Japan. The investment in machinery has cost around INR 100-110 crores.

Upon asking about the production and sale of the products, Mr. Patel revealed that 80 per cent of business needs are fulfilled from the cotton bought from the yard and remaining 20 per cent is brought from the local farmers.

The workforce involved in the process is significant. For instance, one spinning machine requires 350 workers, 70 per cent of whom come from outside Gujarat (different states) and 30 per cent are locals. Due to the nature of work being 24X7, all the facilities including food, lodging medical and others are provided for the workers.

Mr. Patel shared that their product is sold domestically as well as in the international markets. In the domestic market, only 25 per cent (one-fourth) of the total production is sold while 75 per cent of the total production is exported to various countries. The major countries for export are Bangladesh, China, Europe, and Vietnam. The best quality cotton yarn is exported to Europe - due to the whole process being mechanised in Europe, the best threads are used to ensure smooth operability of machines. He explained that only international rates are followed to sell their products in countries such as Australia, Europe and the United States of America.

He highlighted that although 25 per cent of the total production is sold to domestic markets, the firm still prefers domestic market over international ones. This is due to the fixed rate offered in international market, and aspects such as currency fluctuations.

5.2.1 Change in Garment and Textile Sector

This section gathers insights about the changes experienced by respondents in the garment and textile industry and their impacts over the last five years.

The figure 5.24 discusses the changes identified by the urban and rural respondents in textile and garment industry during the last few years.

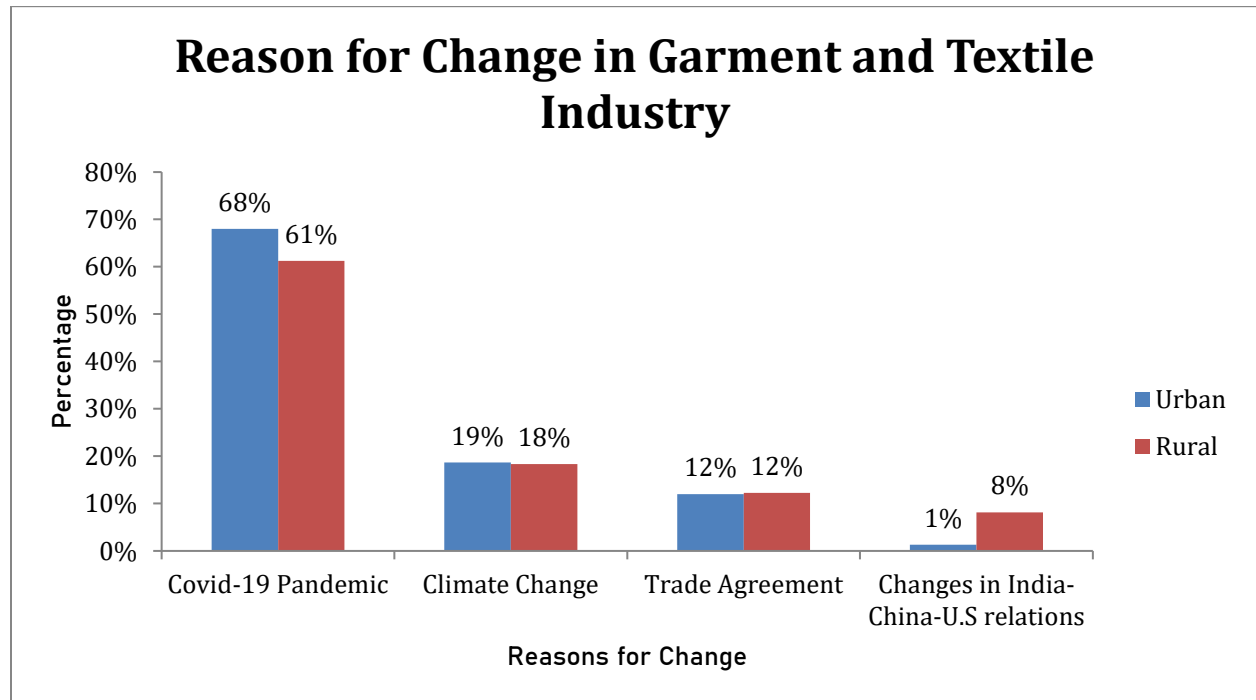


Figure 5.24: Reason for Change in Garment and Textile Industry

From the above graph, it can be observed that both urban and rural respondents have identified that the COVID-19 pandemic (68 per cent and 61 per cent respectively) has impacted the garment and textile the most. This is followed by the impact of climate change, trade agreements, and finally changes in India-China-U.S economic relations.

Due to the high perceived impact of COVID-19 pandemic, questions were posed about the social security schemes by central and state government such as Jan Dhan Yojana, free food grains, Widow Assistance, Health-Card, Tie-up with Municipal Cooperation for E-Rickshaw, Atmanirbhar Loan, Working Capital – UCD Loan, and other schemes. It was observed that during pandemic, respondents availing the benefits of schemes have increased in number in both urban and rural regions.

The impact of the above-mentioned changes on the respondents in urban and rural region can be observed through graph 5.25.

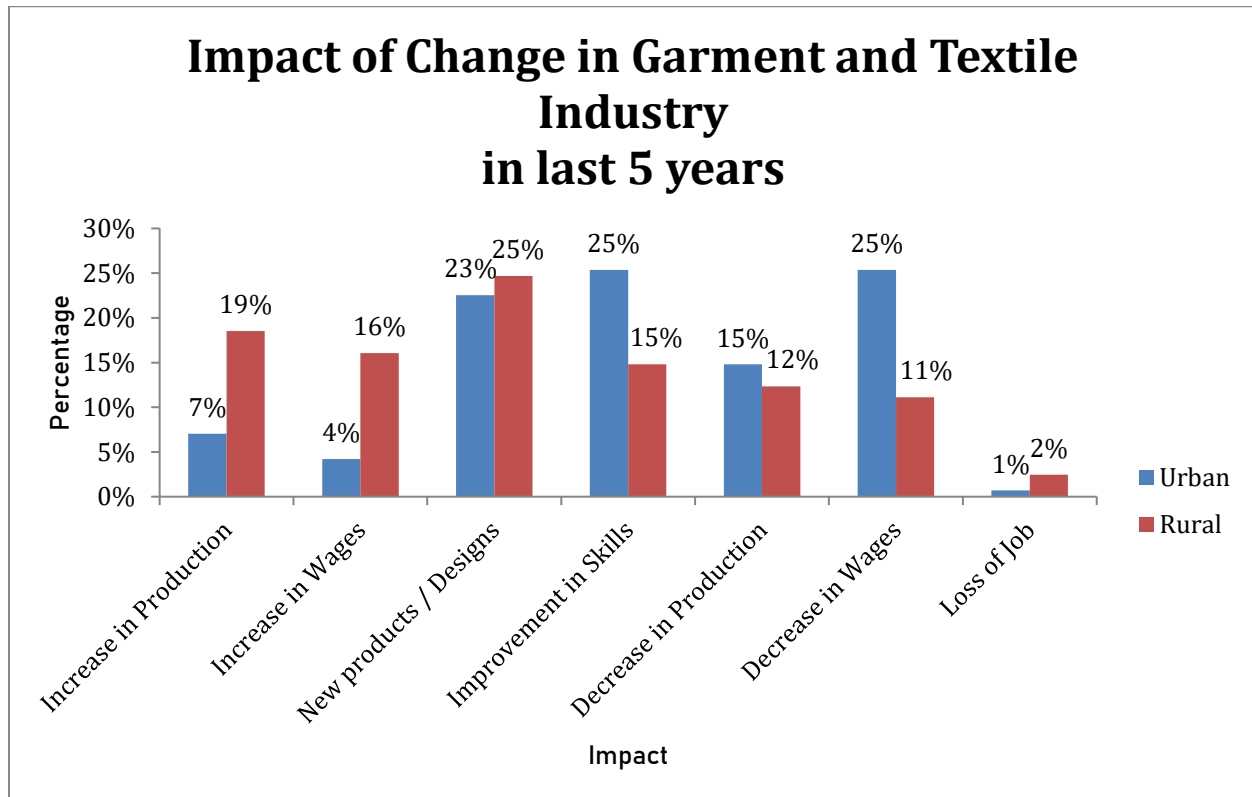


Figure 5.25: Impact of Change in Garment and Textile Industry

Figure 5.25 illustrates the impact of occupational or business changes in the textile and garment sector over the last five years in the surveyed region. In the urban areas, it was observed that the change was driven by decrease in wages (25 per cent), improvement in skills (25 per cent), and new products and design (23 per cent) available in market which is assumed to have driven the unskilled and older workers out of the sector. This is evidenced through respondents reporting decrease in production (15 per cent), and job loss (1 per cent). Only few respondents in the urban area have witnessed positive impact such as increase in production (7 per cent) and increase in wages (4 per cent).

In the rural areas, the respondents have majorly witnessed arrival of new products and designs (25 per cent), this is assumed to have raised the production (19 per cent) while increasing the wages (16 per cent) of the workers. It has also helped workers to gain new skills (15 per cent). However, in the last five years, the adverse changes have resulted in decreased production (12 per cent) and decreased wages (11 per cent) for the rural respondents. Few respondents have lost their jobs as well (2 per cent).

5.2.2 Awareness about trade agreements

This part covers details about the levels of awareness of the respondents in the surveyed area regarding trade agreements between India and its trading partners.

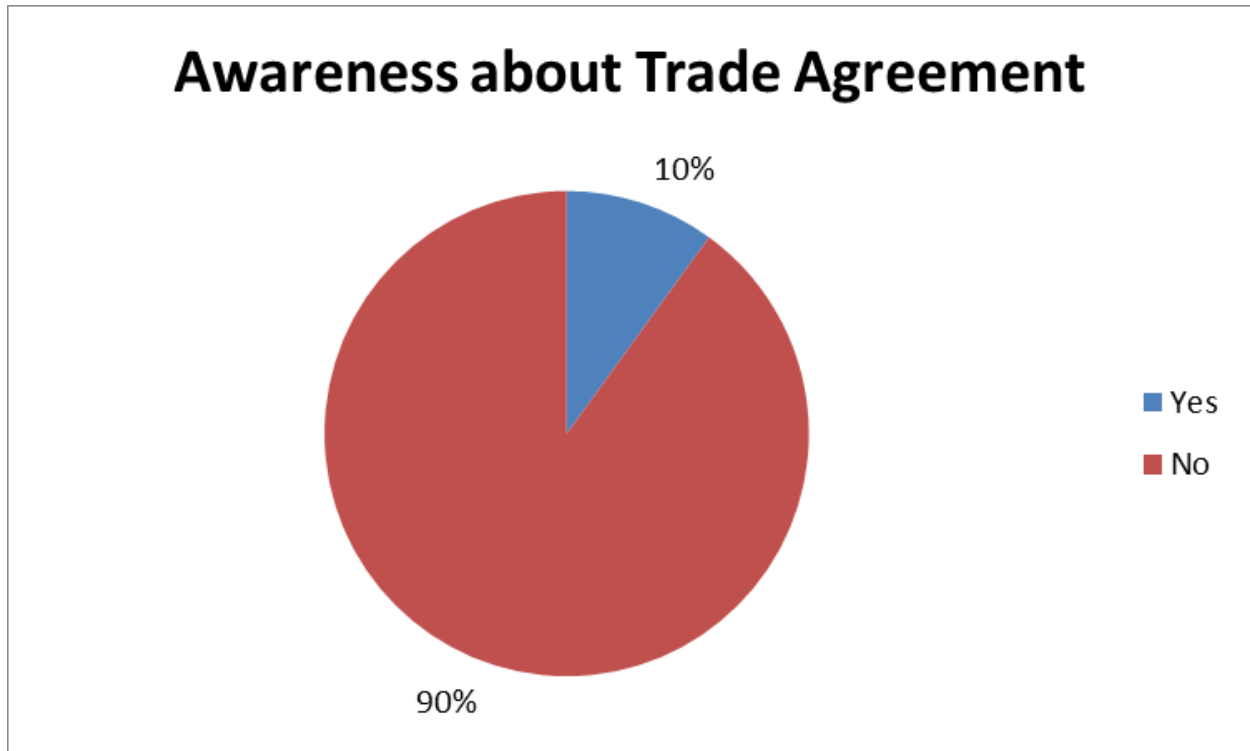


Figure 5.26: Awareness about Trade Agreement (Textile and Garment Sector)

From our analysis, it was found that only a small fraction (10 per cent) of the respondents were aware of trade agreements (as shown in figure 5.19). This showcases the lack of awareness among the home-based workers at the ground level about trade agreements between India and its trading partners, and their possible impacts on the textile and garment sector in which they are engaged. It also highlights the need for training and capacity building initiatives at the ground level about the possible impacts of trade agreements.

A small fraction of the respondents, who responded in the affirmative about the awareness of the trade agreement (10 per cent), elaborated that due to trade agreements, more job opportunities and work could arise. However, a few of the respondents also answered that due to high competition, prices of products may fall and their incomes may decrease. Similar insights were obtained in FGDs. Participants disclosed that cheap raw material imported from China has impacted the domestic textile market and businessmen alike.

5.2.2 Conclusion

Overall, this survey has captured both well-established as well as novel aspects of India's rural economy and the state of the Indian textile and garment industry. The analysis reveals that most of the female informal workers are home-based workers. There lies a huge difference between the urban and rural respondents in the textile and garment industry. The urban industry workers are working directly through contractors or customers. These workers are engaged in higher value chain activities. However, rural industry workers are working with the local companies and engaged in lower supply chain activities. The monthly income of both the groups is very diverse (INR 3690.19 for urban workers and INR 10,320 for rural workers). Furthermore, most of these workers use machinery for their work. However, there still exist a handful of sections (embroidery workers and button-sewing workers; usually engaged in rural areas) that are not using any form of machinery for their work.

The survey also revealed that these home-based workers are not aware about the supply chain dynamics of their industry. Additionally, contractors generally discourage enquiries regarding where the products are destined to and the companies involved in the supply chain. This has led to home-based workers becoming indifferent about their products' worth.

The readymade garment industry contributes heavily to Indian textile exports. According to India Brief Equity Foundation (IBEF, 2021), these exports are valued at 12 per cent of India's total export earnings. However, home-based workers are not aware of international trade and the role played by the textile industry therein.

The respondents also showed none to limited awareness of the trade agreements between India and its trading partners. It was observed that the handful of the respondents having knowledge about trade agreements tended to view them in a positive light. They expect that these trade agreements would increase job opportunities in the textile industry.

Hence, there is a need to raise awareness amongst the textile and garment industry workers about trade policies and their potentially wide-ranging impacts. Furthermore, there should be capacity building workshops and training about supply chain integration (both international and domestic) imparted to the workers to give them a holistic view of the textiles and garment industry.

5.3. Conclusion

From the analysis conducted, it can be concluded that the ground level stakeholders in agriculture, dairy, and the textiles and garment industry are not aware of India's international trade agreements, and their potential impacts on their lives and livelihoods – either positive or negative.

A primary survey was conducted in various districts of Gujarat, India. The objective of the survey was to determine the levels of awareness amongst the relevant stakeholders from both the agriculture and textile industries about trade agreements and their probable impacts on the said industries.

For the agriculture and dairy sector, the analysis includes perceptions of the marginal and small landholding owners. In the agriculture and dairy sector, the average income of respondents was INR 10,117. Both agricultural farmers and dairy workers had only recently begun using advanced technologies in their production work.

For the textiles and garment sector, the survey was conducted on female home-based workers. The average income for urban and rural sector were INR 3690.10 and INR 10,320 respectively. The use of machinery was prevalent in this sector, however, a few workers still employed only manual means of work. The majority of work was provided through private contractors and local companies, and hence, the respondents had no clue about supply chains.

It was observed through the analysis that in both sectors, grassroots stakeholders were not aware of the supply chains for their products. Once the product was procured from the producer/grassroots stakeholder, no information about the product's final destination was shared with them subsequently. This lack of awareness about supply chains amongst the grassroots stakeholders is a key gap.

Similarly, the respondents in both sectors were unaware about the international trade practices and trade agreements between India and other countries. Only a small percentage of respondents were aware about trade agreements and their impact on different sectors of the economy. However, it was observed that their perspectives in relation to trade agreements tended to be tilting towards one or the other extreme – they either considered trade agreements to be very beneficial, or very detrimental to their sectors and livelihoods.

Chapter 6: *Ex-ante* analysis of Australia-India Comprehensive Economic Cooperation Agreement (AI-CECA)

India is experiencing a huge trade deficit with Australia. In 2020, India's exports to Australia were USD 3.47 billion, whereas India's imports from Australia were more than double this figure (USD 7.26 billion).

The proposed preferential trade agreement will enable both countries to enjoy preferential access in each other's markets, including duty concessions and reduced non-tariff measures (NTMs). As a consequence, India's overall exports to and imports from Australia have the potential to grow much further.

In the period of the past ten years, it is seen that there has been no steady growth in either India's exports to or imports from Australia. A chart showing the volatile export and import growth trends is presented in Figure 6.1 below. As in Figure 6.1, there was positive growth of India's exports in the three consecutive years from 2010 onwards. After that, ups and down are seen in export growth. In case of imports, it is seen that there was continuous fall in imports starting from the year 2012, and this phase ended in the year 2016. A sudden surge in import growth has been seen in the year 2017, and imports grew further in the year 2018, after which they again started to fall.

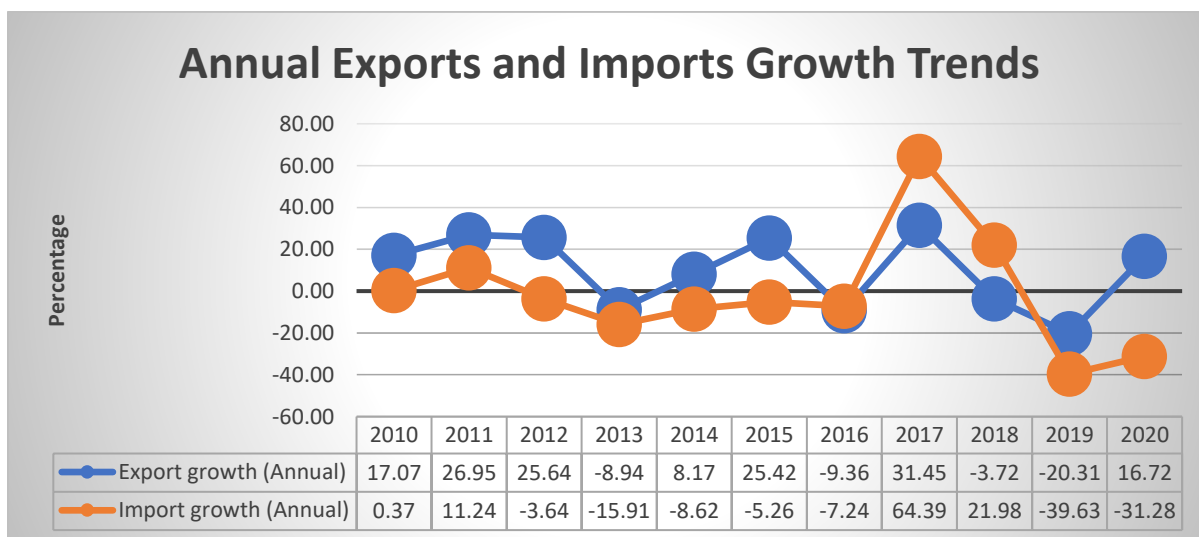


Figure 6.1: Export and Import Growth Trends (Annual, in percentage)

Source: CUTS calculations using UN Comtrade data extracted from WITS

After providing a macro picture of trade dynamics between India and Australia, this analysis focuses only on showing the probable impact of the proposed CECA on India’s agriculture and dairy sectors. The current trading scenario between India and Australia in dairy, and agricultural and allied services, is discussed below in two sub-sections respectively. The result of a simulation exercise to project the future impact on India’s exports to Australia in these two sectors is provided in the last sub-section.

Rationale for Selecting the AI-CECA

The AI-CECA provides a good case study for an *ex-ante* analysis to forecast the potential impacts of a trade agreement on bilateral trade flows. At the time of this study, negotiations were still underway for the AI-CECA, which finally came to be known as the India-Australia Economic Cooperation and Trade Agreement (ECTA). The agreement has not come into force yet. Studying the trends in bilateral trade flows over the past decade, and a projection of the estimated changes in bilateral trade after the entry into force of the agreement, can reveal potential impacts of this agreement on the selected sectors. Thus, the India-Australia ECTA is a fit case for an *ex-ante* analysis of the impacts of a trade agreement.

Further, the Australian agriculture and dairy sectors, in particular, are highly competitive. Given the present research objective of identifying the broad impact of trade agreements on the agriculture and dairy sector, an *ex-ante* analysis of the India-Australia ECTA will be useful towards that end.

6.1 Agriculture and Allied Services

A list of ten key agriculture and allied products that India imports from Australia is given in Table 6.1 below.

Table 6.1: Major Imported Agriculture and Allied Products of India from Australia

Product code	Description	Import values (2020) (in 1000 USD)
71340	Lentils dried, shelled	67478.39
80211	Almonds in shell fresh or dried	54339.82

230630	Sunflower seed oil cake and other solid residues	16966.99
100490	Cereals Oats	9694.35
121190	Plants for use in pharmacy, perfume, and insecticide	3642.47
110422	Oats, hulled, pearled, sliced or kibbled	3593.48
220421	Grape wine	3222.09
71320	Chickpeas, dried, shelled	3209.00
10410	Live sheep	3116.02
51000	Ambergris, civet, musk, etc for pharmaceutical use	2576.85
Source: CUTS calculations using UN Comtrade data extracted from WITS		

Among these ten key import items from agriculture and allied sectors, six products are common – i.e., they are products that India also exports to Australia. These six products are Lentils dried, shelled; Almonds in shell fresh or dried; Cereals Oats; Oats, hulled, pearled, sliced or kibbled; Plants for use in pharmacy, perfume, and insecticide; Chickpeas, dried, shelled. However, exports of these products were very low as compared to India’s imports from Australia in the year 2020. Only exports of one product, that is Plants for use in pharmacy, perfume, and insecticide (HS code 121190), were significant - India exported double amount (USD 6664.09 thousand) in the year 2020.

A list of major agriculture and allied export products of India to Australia is presented in Table 6.2 below.

Table 6.2: Major Exported Agriculture and Allied Products of India to Australia

Product code	Description	Export values (2020) (in 1000 USD)
100630	Rice, semi milled or wholly milled	75153.36
210690	Food preparations nes	25932.04
90111	Coffee, not roasted, not decaffeinated	13156.19
120740	Sesamum seeds	11538.48
90240	Tea, black (fermented or partly) in packages greater than 3 kg	10938.43
110100	Wheat or meslin flour	10918.43
200110	Cucumbers,gherkins, prepared or preserved by vinegar	10043.96
130219	Opium sap	9603.99
190590	Communion wafers, rice paper, bakers wares nes	8044.05
210390	Communion wafers, rice paper, bakers wares nes	7153.28
Source: CUTS calculations using UN Comtrade data extracted from WITS		

6.2 Dairy Sector

It is found that only four dairy products (at HS six-digit level) have been imported by India from Australia in the year 2020. A detailed description of these four products along with their import volume is given in Table 6.3 below.

Table 6.3: Imported Dairy Products of India from Australia

Product code	Description	Import values (2020) (in 1000 USD)
40390	Buttermilk, curdled milk, cream, kephir, etc.	84.67
40120	Milk not concentrated nor sweetened 1 6 percentage fat	41.91
40620	Cheese of All Kinds, Grated or Powdered	3.84
40229	Milk and cream powder sweetened less than 1.5 percentage fat	1.39
Source: CUTS calculations using UN Comtrade data extracted from WITS		

India is also exporting buttermilk, curdled milk, cream, kephir etc.(HS code 40390) to Australia. In the year 2020, India's value of exports to Australia of these products was just USD 0.37 thousand. India also exports milk and cream powder sweetened of less than 1.5 percentage fat (HS code 40229) to Australia. In the year 2020, India's export values of this product to Australia was also very low, at just USD 0.19 thousand.

Other dairy products that India exports to Australia include milk powder less than 1.5 percentage fat (HS code 40210); Natural milk products nes (HS code 40490); Butter (HS code 40510); Milk fats and oils (HS code 40590); and Cheese except fresh, grated, processed or blue veined (HS code 40690). Among them, milk fats and oils have been exported at very high values (USD 8543.36 thousand) in 2020.

Analysis at more disaggregated HS eight-digit tariff line product level can identify very specific highly traded products. This reveals that there are three tariff line products, namely melted butter (HS code 4059020); Fats and oils derived from milk, dehydrated butter and ghee (HS code 4059090); and another type of fats and oils derived from milk (HS code 4059010) under the heading milk fats and oils. It has been observed from latest available export flow data for India in ITC Trade Map at HS eight-digit level that, in the year 2018, fats and oils derived from milk, dehydrated butter and ghee (HS code 4059090) was the highly traded export product of India to Australia, among other products of similar kind.

6.3 Simulation Exercise

In order to identify those products in the Indian dairy, and agriculture and allied sectors', exports of which may increase due to duty free market access in Australia under the proposed CECA, a SMART analysis was conducted. SMART is a partial equilibrium simulation exercise. Here a scenario is built-up for simulation exercises – say, that Australia will offer zero tariff on all the products originating from these two sectors. The ten major products on which India's export may increase, as revealed using SMART analysis, is listed in Table 6.4 below. Except for HS code 040520 (Dairy Spreads) which will increase by USD 4000, there are no products found from the dairy sector for which India's exports may increase. This is because Australia already imposes 0 (zero) per cent MFN duty on dairy imports by other countries. Hence, lowering tariff rates would not increase market gains for Indian dairy exporters.

Table 6.4: Export Trade Creation Likely to be experienced by India to Australia

Product code	Description	Trade creation (in 1000 USD)
130219	Vegetable saps and extracts nes	828.83
200110	Cucumbers,gherkins, prepared or preserved by vinegar	689.29
170490	Sugar confectionery not chewing gum, no cocoa content	601.45
190410	Cereal foods obtained by swelling, roasting of cereal	511.20

210690	Food preparations nes	430.27
200190	Veg, fruit, nuts nes prepared or preserved by vinegar	255.54
200599	Vegetables and mixtures of vegetables	212.63
71080	Vegetables, frozen nes, uncooked steamed or boiled	167.66
71220	Onions, dried, not further prepared	136.80
200819	Nuts, seeds and mixes, otherwise prepared or preserved	110.41
Source: CUTS Calculations using data from UN Comtrade via WITS 6-digit database and using WITS SMART analysis tool		

A similar exercise was undertaken to assess the impact on India's imports from Australia. In this version of the simulation exercise, it is assumed that India will offer duty free market access on all dairy, and agriculture and allied products from Australia. The analysis reveals that India's imports of some agricultural products may increase heavily. Those highly impacted products are listed in Table 6.5 below. Imports of oranges (fresh or dried) may increase the most - by USD 31544.35 thousand, followed by Lentils dried, shelled; and Plants and parts used in pharmacy, perfume, insecticides.

Table 6.5: Trade Creation Likely to be Experienced by Australia in India Market

Product code	Description	Trade creation (in 1000 USD)
80510	Oranges, fresh or dried	31544.35
71340	Lentils dried, shelled	24932.82

121190	Plants and parts used in pharmacy, perfume, insecticide	14648.65
110422	Oats, hulled, pearled, sliced or kibbled	12847.89
80231	Walnuts In Shell, Fresh Or Dried	12127.05
71350	Broad beans and horse beans dried, shelled	5546.59
220421	Grape wine	4310.56
230630	Sunflower seed oil cake and other solid residues	3076.20
200819	Nuts, seeds and mixes, otherwise prepared or preserved	3052.66
220429	Grape wines, alcoholic grape	2818.91
Source: CUTS Calculations using data from UN Comtrade via WITS 6-digit database and using WITS SMART analysis tool		

Among the dairy products, imports of six products from Australia may increase. As in Table 6.6, different kinds of cheese (processed, grated, and powdered), and milk products will be the impacted import products.

Table 6.6: Trade Creation Likely to be Experienced by Australia's Dairy Sector in India Market

Product code	Description	Trade creation (in 1000 USD)
40690	Cheese except fresh, grated, processed or	565.10

	blue veined	
40120	Milk not concentrated nor sweetened	146.51
40390	Buttermilk, curdled milk, cream, kephir, etc.	27.08
40630	Cheese processed, not grated or powdered	12.74
40620	Powdered Cheese of all kinds	5.73
40310	Yogurt	1.11
Source: CUTS Calculations using data from UN Comtrade via WITS 6-digit database and using WITS SMART analysis tool		

6.4 Conclusion

From the above analysis, it can be stated that India's agriculture and dairy industry will be negatively impacted if India does not insulate sensitive dairy and agricultural items from trade liberalisation in the CECA with Australia. Indian trade negotiators are already concerned about this fact. Indian officials have been quoted as saying that India will not offer concessions for items that are essential for the livelihood of lakhs of dairy and agriculture farmers such as milk, butter, milk powder or wheat.⁴

Additionally, from the dairy export data of trade flows from India to Sri Lanka, it was identified that India does export few dairy products to Sri Lanka such as buttermilk, curdled milk, dairy spreads etc. However, these products failed to extend their market in Australia during the simulation exercise due to existing 0 (zero) MFN duty imposed by Australia on dairy products and hence, lowering tariff rates would not be effective in increasing Indian dairy exports.

Therefore, for Indian dairy exports to rise in Australia, India needs to work on structural reforms at multiple levels. These reforms, particularly in supply chain management, are crucial and

⁴ <https://www.thehindubusinessline.com/news/india-to-keep-sensitive-dairy-agri-items-out-of-fta-with-australia/article38204337.ece>

should comprise enhancing the quality of cattle feed, procuring quality milk, instituting rigorous quality controls, and cold chain management to increase shelf life. More than tariff margins, non-tariff measures and quality standards will be of key importance for India to enhance its dairy exports to Australia.

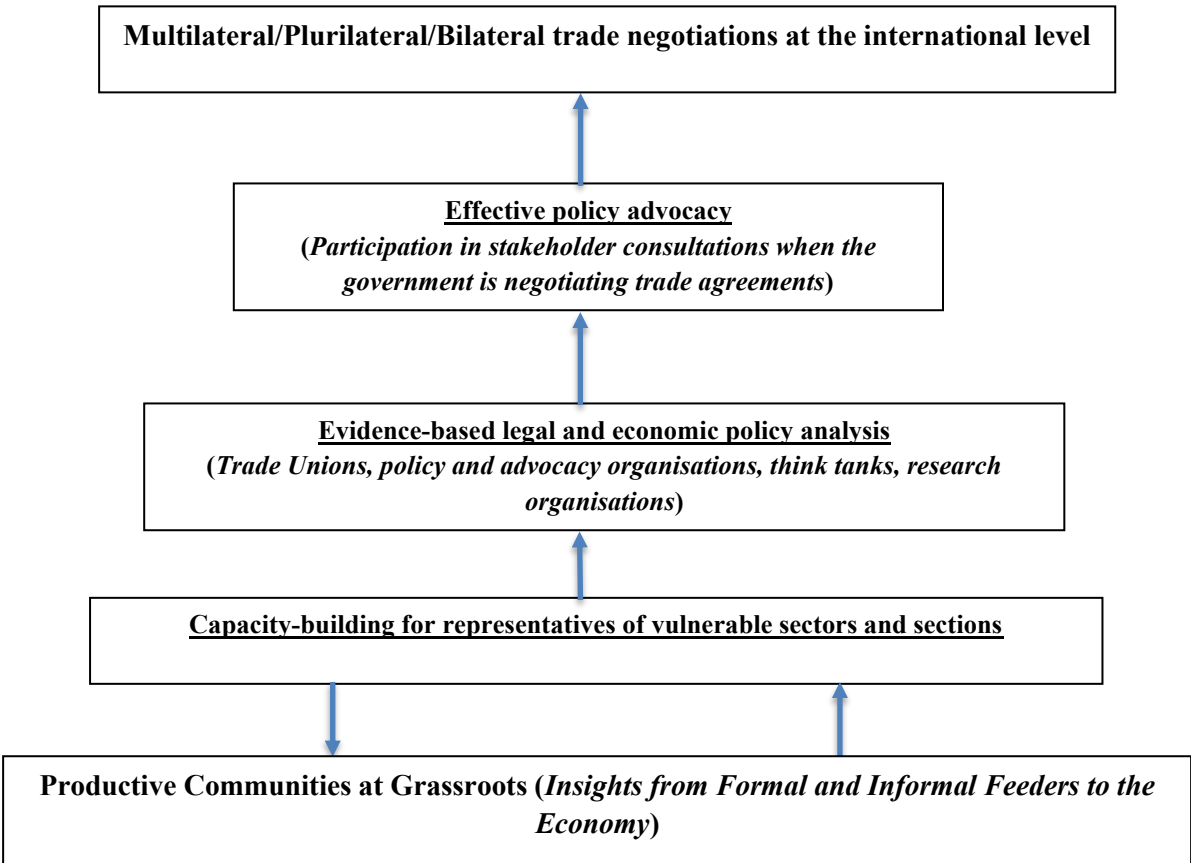
In contrast, the CECA may result in increased consumer welfare for niche dairy consumers in India. The rise in disposable income and preference for high protein diets has created a consumer base for niche products such as cheese, yogurt, and whey proteins⁵. Entry of Australian dairy products in the Indian market will increase overall variety and accessibility. Furthermore, increased competition in the market may result in better quality and lower prices of these products.

⁵ <https://www.dailypioneer.com/2022/columnists/india-aus-ceca-and-the-dairy-saga.html>

Chapter 7: Conclusion and Recommendations

This study has attempted to show that there may be subtle implications of trade policies and trade agreements, particularly on the informal sector, which are not adequately researched. Further, informal workers are particularly disadvantaged in terms of their lack of awareness of trade-related issues. While it is difficult to find causal links between specific trade agreements/trade policies and specific groups, sectors and geographies, certain aggregate trends can be observed. These aggregate trends can help inform policymaking to an extent. Significantly more data, in combination with qualitative research, is required to draw any conclusive links about specific impacts of trade and trade agreements on specific groups.

This study is a part of a larger effort to equip grassroots stakeholders to make effective interventions on behalf of their members during consultations with the government at times of trade agreement negotiations. As regards this second leg of this project, we have found that there is a crucial need for greater training and capacity-building efforts on trade and trade-related issues, both from a legal and economic perspective. This would be a critical step towards equipping the relevant stakeholders to play a meaningful part in terms of effective policy advocacy. A comprehensive, bottom-up structure for effective trade policy advocacy for upcoming trade agreements will ideally look like this:



Thus, we need to capacitate and empower grassroots organisations and trade unions to be able to represent their workers' best interests in trade negotiations, so that the voice of those in vulnerable, informal sectors can be heard in policymaking. Rigorous research is required to analyse the links between changes in the vocations of producer communities, and trade liberalisation.

Policy Recommendations and Way Forward

Capacity-building and awareness generation

There is a clear, widespread gap in terms of awareness of trade-related issues. There is a need to design programmes and training to raise awareness on trade and investment issues amongst the grassroots stakeholders. The government, in collaboration with NGOs and CSO, should focus on awareness-generation programmes, and impart further knowledge about the future of work, automation and mechanisation. It should also undertake programmes to equip the informal sector so that they can improve their market linkages with the formal segments of the economy.

Promoting market linkages and export-oriented production

Additionally, efforts should be made to connect grassroots stakeholders and producers with export-oriented networks, in order to build export linkages and connections. Information on the existing supply chain patterns and potential dynamics should be shared with the stakeholders. In general, the government can consider cross-cutting subsidies for machinery, business loans, incentive schemes etc., which can promote domestic and international market linkages for producer communities.

Conceptualising a robust data collection framework

Another crucial area is the need to conceptualise and develop a framework for robust data collection, which is the backbone of evidence-based policy making. One of the main reasons for limited research in the area of ascertaining the impact of trade agreements on disaggregated groups and sectors is the unavailability of relevant datasets.

Such data is required for the purposes of economic modelling, which can help forecast and arrive at conclusions on the impacts of trade policies on specific, disaggregated groups. Importantly, such data, which covers the vast informal sector workforce, will not just be relevant as trade data, but can also be utilised for other regulatory and welfare purposes.

The availability of such data will also make it possible to conduct periodic data-backed reviews of trade agreements, in order to arrive at a detailed cost benefit analysis of each trade agreement.

Formulating Trade Adjustment Programmes

Finally, trade adjustment programmes need to be formulated in order to handhold the most vulnerable - those who have the least capacity, labour mobility and wherewithal to absorb the adjustment costs arising from trade liberalisation.

However, more robust data is again of paramount importance here, as has been mentioned throughout this report. It is only such data that can be the basis for drawing conclusive links about specific impacts of trade agreements and trade policies on specific groups. Only once an adverse impact can be accurately determined, can efforts shift to crafting trade adjustment programmes for those who have been identified as suffering from such detrimental impacts.

All of the above policy recommendations require the government to work with NGOs, CSOs, and other community organisations to bring interests of the grassroots stakeholders to the forefront. Capacity building and long-term work programmes should be designed to address knowledge gaps in areas such as trade-related issues, trade inclusivity, supply chain management, and product standards. The grassroots connect of NGOs can also be leveraged to include them in data collection exercises.

Overall, there must be a clear idea of the economic goals we want to pursue domestically, and it must then be ensured that trade policies converge with the realisation of these goals. The outcomes of trade policies can be both aggregate positive impacts as well as adverse distributional impacts. There must be a constant endeavour to make trade policies more responsive to any iniquitous distributional impacts, while simultaneously seeking to maximise their positive impacts. Ultimately, trade policy and trade liberalisation are neither the solution to all problems, nor the cause of all problems.