



CERTAIN MEASURES OF INDIA PROVIDING MARKET PRICE SUPPORT TO RICE AND WHEAT

COMMUNICATION FROM AUSTRALIA, CANADA, PARAGUAY, THAILAND, UKRAINE
AND THE UNITED STATES OF AMERICA
PURSUANT TO ARTICLE 18.7 OF THE AGREEMENT ON AGRICULTURE

1 INDIA'S PROVISION OF SUBSTANTIAL MARKET PRICE SUPPORT FOR RICE AND WHEAT

1.1. Using publicly-available sources, the cosponsors (i.e., Australia, Canada, Paraguay, Thailand, Ukraine, and the United States of America) have compiled data and information on India's market price support (MPS) for rice and wheat. Further to Article 18.7 of the WTO Agreement on Agriculture (AoA), the cosponsors are providing this information to other Members in the interest of promoting transparency surrounding India's MPS policies. This document is for the purpose of discussion by World Trade Organization (WTO) Members. Some aspects were necessarily based on partial information.

1.2. This document addresses marketing years (MY) 2014/15 through 2020/21¹ - the marketing years covered by India's domestic support notifications G/AG/N/IND/12, G/AG/N/IND/13, G/AG/N/IND/15, G/AG/N/IND/18, G/AG/N/IND/25, and G/AG/N/IND/27. Findings and calculations are presented in Part I of the present document. Explanation of the relevant methodology and findings, as well as preliminary discussion of their significance, can be found in Part II.

1.3. This document is limited to the specific issues of India's MPS for rice and wheat. The document does not attempt to identify the full value of India's Current Total Aggregate Measurement of Support (AMS) or even the full amount of product-specific domestic support provided for rice and wheat.² The limited scope of this document should in no way be taken to suggest that no additional product-specific support was provided for rice and wheat in the relevant years, that MPS or other types of product-specific domestic support was not provided for other commodities, or that India did not provide non-*de-minimis* non-product specific domestic support in the years in question.

2 FINDINGS

2.1. India appears to be providing significant market price support, both in terms of absolute value and as a percentage of the value of production, for rice and wheat. The table below shows apparent MPS as an estimated percentage of the value of production for rice and wheat.

¹ G/AG/N/IND/12, submitted to the WTO on 1 May 2018, covered the period of MY 2014/15 and 2015/16. G/AG/N/IND/13, submitted to the WTO on 20 July 2018, covered MY 2016/17. G/AG/N/IND/15, submitted to the WTO on 29 March 2019, covered MY 2017/18. G/AG/N/IND/18, submitted to the WTO on 31 March 2020, covered MY 2018/19. G/AG/N/IND/25, submitted to the WTO on 8 April 2021, covered MY 2019/20. G/AG/N/IND/27, submitted to the WTO on 1 April 2022, covered MY 2020/21.

² India's own notifications indicate other support for rice exists, but has yet to be notified. Beginning with G/AG/N/IND/18, India has notified that "Other support for rice, that is, other than public stockholding for food security purposes, will be notified subsequently."

Apparent MPS as a percentage of the value of production for rice and wheat

Commodity	MY 2014/15	MY 2015/16	MY 2016/17	MY 2017/18	MY 2018/19	MY 2019/20	MY 2020/21
Rice	78.6%	80.7%	81.6%	82.6%	88.4%	90.0%	93.9%
Wheat	77.7%	65.0%	65.3%	72.4%	70.8%	72.0%	81.3%

3 CALCULATION OF ESTIMATES FOR INDIA'S MPS FOR RICE AND WHEAT (MARKETING YEARS 2014/15-2020/21)

3.1. The following tables show the calculation of estimates for India's MPS for rice and wheat for marketing years 2014/15-2020/21³, both as a value in Indian Rupees and as a percentage of the value of production of these crops in India. Notes and sources are the same for all tables, except as noted.⁴

³ The marketing year for rice runs from October through the following September. The marketing year for wheat runs from April through the following March.

⁴ National-level minimum support prices for rice and wheat can be found at <https://eands.dacnet.nic.in/PDF/MSP01062016.pdf> (accessed 6 February 2023), <https://eands.dacnet.nic.in/PDF/MSP-Rabi2018-19-Eng.pdf> (accessed 6 February 2023), and <https://eands.dacnet.nic.in/PDF/English%20MSP%202021.pdf> (accessed 6 February 2023). In these government listings, MSPs are listed in Rs per quintal, resulting in a need to multiply values by 10 to ascertain an MSP in Rs per metric tonne. For External Reference Price data, see India Notification, G/AG/AGST/IND (undated) at pages 12-13. For state-level production data, see "Agricultural Statistics at a Glance", obtained from India Directorate of Economics and Statistics, Department of Agriculture and Cooperation, for years 2016, 2017, 2018, 2019, and 2020 at Tables 4.6(b) for rice, 4.7(b) for wheat, and for year 2021 at Tables 2.4(b) for rice, 2.5(b) for wheat, available at <http://eands.dacnet.nic.in/> (accessed 6 February 2023). For national-level production data, see "Third Advance Estimates of Production of Foodgrains for 2021-22" available at [https://eands.dacnet.nic.in/Advance_Estimate/Time%20Series%203%20AE%202021-22%20\(English\).pdf](https://eands.dacnet.nic.in/Advance_Estimate/Time%20Series%203%20AE%202021-22%20(English).pdf) (accessed 6 February 2023). Wheat MSP and production information is for wheat harvested and marketed in MYs 2014/15-2019/20 (April-March), but which may have been planted in the prior crop year. Value of Production data is from India's National Account Statistics 2022, statement 8.1.2 Crop-wise value of output, available at https://www.mospi.gov.in/sites/default/files/reports_and_publication/statistical_publication/National_Accounts/NAS2022/8.1.2.xlsx (accessed 28 February 2023).

Table 1 - Market Price Support for Rice and Wheat, MY 2014/15

	Description of Basic Products	Applied Administered Price (Rs./MT)	External Reference Price (Rs./MT)	Eligible Production (Million MT)	Total Market Price Support (Million Rs.) (AAP-ERP)*EP	VoP (Million Rs.)	MPS/VOP
1a	Rice-Common ¹ (Paddy): Total	13,600.00	2,346.67	158.22	1,780,502	2,266,440	78.6%
2	Wheat: Total	14,000.00	3,540.00	95.85	1,002,591	1,290,110	77.7%

Note:

1

- a) India announces a separate minimum support price (MSP) for common paddy rice and Grade A paddy rice. The common variety of rice accounts for the major share of production and government procurement. India has not made available sufficient data to separate out eligible production (EP) for each variety, and the cosponsors have accordingly treated all Indian rice produced in MY 2014/15-2020/21 as common paddy rice for purposes of these calculations. Because India has only a single external reference price (ERP) for rice, the cosponsors' treatment of all MY 2014/15-2020/21 as common paddy rice results in understatement of India's actual MPS for rice.
- b) India announces an MSP for unmilled paddy rice. India's notified ERP is on a milled rice basis and EP data are also on a milled rice basis. EP reported for milled rice is multiplied by 1.5 to convert to an equivalent volume of paddy rice, as one unit of milled rice is equivalent to approximately 66% of the volume of unmilled rice. ERP is converted to an equivalent price for paddy rice using the same conversion rate.

Table 2 - Market Price Support for Rice and Wheat, MY 2015/16

	Description of Basic Products	Applied Administered Price (Rs./MT)	External Reference Price (Rs./MT)	Eligible Production (Million MT)	Total Market Price Support (Million Rs.) (AAP-ERP)*EP	VoP (Million Rs.)	MPS/VOP
1a	Rice-Common ¹ (Paddy): Total	14,100.00	2,346.67	156.62	1,840,748	2,281,810	80.7%
2	Wheat: Total	14,500.00	3,540.00	86.53	948,369	1,459,390	65.0%

Table 3 - Market Price Support for Rice and Wheat, MY 2016/17

	Description of Basic Products	Applied Administered Price (Rs./MT)	External Reference Price (Rs./MT)	Eligible Production (Million MT)	Total Market Price Support (Million Rs.) (AAP-ERP)*EP	VoP (Million Rs.)	MPS/VOP
1a	Rice-Common ¹ (Paddy): Total MSP and Additional Bonus ²				2,045,430	2,506,020	81.6%
	1. Madhya Pradesh ³	16,700.00	2,346.67	6.35	91,072		
	All Other States (No bonus)	14,700.00	2,346.67	158.21	1,954,359		
2	Wheat: Total	15,250.00	3,540.00	92.29	1,080,716	1,655,260	65.3%

Note:

- 2 Various states give an additional bonus over and above the announced rice and wheat MSP ("bonus") in some years. Market Price Support is rounded to the nearest million rupees for each state, and state totals may not add up to national totals due to rounding.
- 3 Madhya Pradesh state bonuses for rice for 2016/17 and wheat for 2017/18 and 2018/19 obtained from http://mpkrishi.mp.gov.in/hindisite_New/pdfs/MKSY_24042018.pdf (page 3, accessed 6 February 2023).

Table 4 - Market Price Support for Rice and Wheat, MY 2017/18

	Description of Basic Products	Applied Administered Price (Rs./MT)	External Reference Price (Rs./MT)	Eligible Production (Million MT)	Total Market Price Support (Million Rs.) (AAP-ERP)*EP	VoP (Million Rs.)	MPS/VOP
1a	Rice-Common ¹ (Paddy): Total MSP and Additional Bonus ^{2, 4}				2,269,565	2,749,010	82.6%
	1. Chattisgarh	18,500.00	2,346.67	7.40	119,454		
	2. Kerala ⁵	23,300.00	2,346.67	0.78	16,385		
	3. Tamil Nadu	16,000.00	2,346.67	9.96	135,987		
	4. Jharkhand ⁶	17,000.00	2,346.67	7.70	112,800		
	All Other States (No bonus)	15,500.00	2,346.67	143.31	1,884,939		
2	Wheat: Total MSP and Additional Bonus ²				1,287,942	1,779,450	72.4%
	1. Madhya Pradesh ³	18,250.00	3,540.00	17.94	263,897		
	All Other States (No bonus)	16,250.00	3,540.00	80.57	1,024,045		

Note:

- 4 State bonuses for rice for 2017/18 obtained from <https://cacp.dacnet.nic.in/ViewReports.aspx?Input=2&PageId=39&KeyId=669> (accessed 6 February 2023).
- 5 For 2017-18 Kerala rice production, see Table 1 on page 31 of "Agricultural Statistics 2017-2018" available at <https://www.ecostat.kerala.gov.in/publication-detail/report-on-agricultural-statistics-2017-18> (accessed 6 February 2023)
- 6 For 2017-18 through 2020-21 Jharkhand rice production see "Status of Agriculture in Jharkhand State" available at http://www.sameti.org/state_profile.php (accessed 6 February 2023).

Table 5 - Market Price Support for Rice and Wheat, MY 2018/19

	Description of Basic Products	Applied Administered Price (Rs./MT)	External Reference Price (Rs./MT)	Eligible Production (Million MT)	Total Market Price Support (Million Rs.) (AAP-ERP)*EP	VoP (Million Rs.)	MPS/VOP
1a	Rice-Common ¹ (Paddy): Total MSP and Additional Bonus ^{2, 7}				2,738,927	3,098,600	88.4%
	1. Chhattisgarh	25,000.00	2,346.67	9.80	221,889		
	2. Kerala ⁸	25,300.00	2,346.67	0.87	19,909		
	3. Tamil Nadu	18,000.00	2,346.67	9.20	143,932		
	4. Jharkhand ⁶	19,000.00	2,346.67	4.34	72,295		
	All Other States (No bonus)	17,500.00	2,346.67	150.52	2,280,901		
2	Wheat: Total MSP and Additional Bonus ²				1,421,366	2,007,660	70.8%
	1. Madhya Pradesh ³	20,000.00	3,540.00	15.91	261,879		
	All Other States (No bonus)	17,350.00	3,540.00	83.96	1,159,488		

Note:

- 7 State bonuses for rice for 2018/19 and 2019/20 obtained from <https://cacp.dacnet.nic.in/ViewQuestionare.aspx?Input=2&DocId=1&PageId=39&KeyId=702> (accessed 6 February 2023).
- 8 For 2018-19 Kerala rice production, see Table 1 on page 31 of "Agricultural Statistics 2018-2019" available at <https://www.ecostat.kerala.gov.in/publication-detail/agricultural-statistics-2018-19> (accessed 6 February 2023).

Table 6 - Market Price Support for Rice and Wheat, MY 2019/20

	Description of Basic Products	Applied Administered Price (Rs./MT)	External Reference Price (Rs./MT)	Eligible Production (Million MT)	Total Market Price Support (Million Rs.) (AAP-ERP)*EP	VoP (Million Rs.)	MPS/VOP
1a	Rice-Common ¹ (Paddy): Total MSP and Additional Bonus ^{2, 7}				2,910,526	3,233,540	90.0%
	1. Chhattisgarh	25,000.00	2,346.67	10.16	230,045		
	2. Kerala ⁹	26,950.00	2,346.67	0.88	21,666		
	3. Tamil Nadu	18,650.00	2,346.67	10.76	175,342		
	4. Jharkhand ⁶	20,000.00	2,346.67	5.42	95,661		
	All Other States (No bonus)	18,150.00	2,346.67	151.10	2,387,812		
2	Wheat: Total	18,400.00	3,540.00	103.60	1,539,496	2,139,370	72.0%

Note:

- 9 For 2019-20 Kerala rice production, see Table 1 on page 36 of "Agricultural Statistics 2019-2020" available at <https://www.ecostat.kerala.gov.in/publication-detail/agricultural-statistics-2019-2020> (accessed 6 February 2023).

Table 7 - Market Price Support for Rice and Wheat, MY 2020/21

	Description of Basic Products	Applied Administered Price (Rs./MT)	External Reference Price (Rs./MT)	Eligible Production ¹⁰ (Million MT)	Total Market Price Support (Million Rs.) (AAP-ERP)*EP	VoP (Million Rs.)	MPS/VOP
1a	Rice-Common ¹ (Paddy): Total MSP and Additional Bonus ^{2, 10, 11}				3,177,310	3,382,410	93.9%
	1. Chhattisgarh	25,000.00	2,346.67	10.74	243,297		
	2. Kerala ¹²	27,480.00	2,346.67	0.95	23,892		
	3. Tamil Nadu	19,180.00	2,346.67	10.92	183,820		
	4. Jharkhand ⁶	20,500.00	2,346.67	7.68	139,502		
	5. Maharashtra ¹³	25,680.00	2,346.67	4.94	115,192		
	All Other States (No bonus)	18,680.00	2,346.67	151.32	2,471,608		
2	Wheat: Total MSP and Additional Bonus				1,725,857	2,122,630	81.3%
	1. Madhya Pradesh ¹⁴	20,850.00	3,540.00	19.61	339,449		
	All Other States (No bonus)	19,250.00	3,540.00	88.25	1,368,408		

Note:

- 10 State bonuses for rice for 2020/21 in Chhattisgarh, Kerala, Tamil Nadu, and Jharkhand obtained from page 50 of <https://cacp.dacnet.nic.in/ViewQuestionare.aspx?Input=2&DocId=1&PageId=39&KeyId=773> (accessed 6 February 2023).
- 11 State bonus for rice for 2020/21 in Maharashtra obtained from [https://www.maharashtra.gov.in/Site/upload/CabinetDecision/Marathi/24-11-2020%20Cabinet%20Decision%20\(Meeting%20No.45\).pdf](https://www.maharashtra.gov.in/Site/upload/CabinetDecision/Marathi/24-11-2020%20Cabinet%20Decision%20(Meeting%20No.45).pdf) (accessed 04 April 2022).
- 12 For 2020-21 Kerala rice production, see Table 1 on page 40 of "Agricultural Statistics 2020-2021" available at <https://www.ecostat.kerala.gov.in/publication-detail/agricultural-statistics-2020-21> (accessed 6 February 2023).
- 13 For 2020-21 Maharashtra rice production, see "Final Advance Estimates of Area, Production & Productivity of Crops in Respect of Maharashtra State for the Year 2020-21," available at https://krishi.maharashtra.gov.in/Site/Upload/GR/STATE_APY_2020_21.pdf (accessed 6 February 2023).
- 14 State bonus for wheat for 2020/21 for Madhya Pradesh obtained from page 30 of <https://cacp.dacnet.nic.in/ViewReports.aspx?Input=2&PageId=40&KeyId=682> (accessed 6 February 2023).

4 EXPLANATION OF APPARENT FINDINGS

4.1 INDIAN EXPORTS AND DOMESTIC SUPPORT

4.1. Since 2014, India is the world's second largest agricultural producer, up from the third largest in 2013.⁵ India's agricultural exports in 2020 were worth USD 39 billion and India was the world's ninth largest agricultural exporter.⁶ India's agricultural export growth of 65% from 2010-2020 has been supported by India's rice exports, which increased by 244% over the same period, accounting for 24% of all Indian agricultural exports, by value.⁷ India is also a particularly significant player in the international market for rice. Since 2012, in each year for which statistics are available, India exported more rice than any other country, annually accounting for approximately 40% of worldwide exports.⁸ These exports have, for many years, amounted to over 20% of India's domestic production.⁹

4.2. In addition to being a major agricultural producer, India is also a major provider of agricultural domestic support. India's most recent domestic support notification covered under this document included more than USD 44 billion in trade-distorting domestic support under Article 6 of the AoA¹⁰, and India has been one of the top notifiers of Article 6 support for many years.¹¹ While India provides a variety of domestic support to its producers, input subsidies and minimum support prices (MSPs) appear to be the primary support mechanisms. This support appears to have contributed to expanding production and government stocks, coinciding with increased exports.

4.2 RELATIONSHIP OF MPS TO CURRENT TOTAL AMS

4.3. Article 7, paragraph 2 of the AoA states that "[w]here no Total AMS commitment exists in Part IV of a Member's Schedule, the Member shall not provide support to agricultural producers in excess of the relevant *de minimis* level set out in paragraph 4 of Article 6". India has no Total AMS commitment in Part IV of its Schedule (XII).

4.4. Annex 3 of the AoA identifies support that "shall" be included in a Member's AMS calculation. It states that "an Aggregate Measurement of Support (AMS) shall be calculated on a product specific basis for each basic agricultural product receiving market price support, non exempt direct payments, or any other subsidy not exempted from the reduction commitment ("other non-exempt policies)".¹² Thus, the AoA states that "market price support" in favor of basic agricultural products is a form of non-exempt domestic support and must be included in a Member's AMS calculation.

4.5. Article 6, paragraph 4 of the AoA provides an exemption from inclusion in Total AMS of product-specific domestic support of less than 5% of the total value of production of a basic agricultural product during a relevant year, or 10% for a developing country. Accordingly, if India provides product-specific domestic support, including MPS, for a specific basic agricultural product in excess of 10% of the value of production for that crop during a given year, India will be in breach of its AMS commitments under the AoA.

⁵ "Production-Value of Agricultural Production," FAOSTAT, available at, <http://www.fao.org/> (accessed 6 February 2023). Values reported in current USD and available through 2020.

⁶ See *WTO World Trade Statistical Review 2021*, Table A14 at page 69, available at, https://www.wto.org/english/res_e/statis_e/wts2021_e/wts2021chapter05_e.pdf.

⁷ India Ministry of Commerce data, accessed through Trade Data Monitor (TDM) using Harmonized Tariff Schedule (HTS) code 1006.

⁸ Indian and global export data obtained from IHS GTA using Harmonized Tariff Schedule (HTS) code 1006.

⁹ The cosponsors calculate India's exports of rice as a percentage of domestic production by dividing India's exports of rice at HTS code 1006, as reported by TDM, by the total value of production of rice, as reported at current prices in India's National Accounts Statistics 2021 and converted into U.S. Dollars (USD) using the 2020 annual exchange rate of 74.102 Rs. to 1 USD sourced from the U.S. Federal Reserve. India's exports of rice, as a percentage of domestic production, equalled 21.27%, 17.38%, 21.65%, 20.38%, 16.41%, and 18.12% in 2015, 2016, 2017, 2018, 2019, and 2020, respectively.

¹⁰ G/AG/N/IND/27.

¹¹ JOB/AG/219.

¹² See AoA, Annex 3, paragraph 1 (emphasis added).

4.3 PRINCIPLES FOR CALCULATING MPS

4.6. Annex 3, paragraph 1 of the AoA provides that AMS "shall be calculated on a product-specific basis for each basic agricultural product receiving market price support, non-exempt direct payments, or any other subsidy not exempted from the reduction commitment".¹³ Annex 3 further provides a specific calculation methodology for determining the value of "market price support."

4.7. Pursuant to Annex 3, paragraph 8 of the AoA:

[M]arket price support shall be calculated using the gap between a fixed external reference price and the applied administered price multiplied by the quantity of production eligible to receive the applied administered price.

4.8. Thus, "market price support" requires a comparison between the "applied administered price" (AAP) and the "fixed external reference price". An AAP would be a price that is dispensed or provided by a governmental scheme.¹⁴ The "fixed external reference price" is defined in Annex 3, paragraph 9, which states that this price "shall be based on the years 1986 to 1988".¹⁵ The difference between the AAP and fixed external reference price is then multiplied by the "quantity of production eligible to receive the applied administered price."¹⁶

4.9. The calculation methodology provided in Annex 3, paragraph 8, for market price support is reflected in the following equation:

$$(\text{Applied Administered Price} - \text{Fixed External Reference Price}) * \text{Quantity of Production Eligible} = \text{Value of Market Price Support}$$

The Appellate Body in *Korea – Beef* reached the same understanding of the meaning of "market price support" under Annex 3, paragraph 8.¹⁷

4.10. The MPS calculation methodology contained in Annex 3, paragraph 8, of the AoA directs that the established price gap be multiplied "by the quantity of production eligible to receive the applied administered price."¹⁸ The ordinary meaning of the terms indicates that "eligible production" is all of the production entitled or permitted to receive the administered price. It is the amount of agricultural production that has the rightful claim to receive the AAP, whether or not that amount of production actually received the specified AAP.¹⁹

4.11. The Appellate Body in *Korea – Beef* considered the meaning of the phrase "quantity of production eligible to receive the applied administered price" and reached a similar understanding.²⁰ The Appellate Body stated that "production eligible to receive the applied administered price" has "a different meaning in ordinary usage from 'production actually purchased.'"²¹ The Appellate Body further defined "eligible" as that which is "fit or entitled to be chosen."²² It noted that "[p]roduction

¹³ See AoA, Annex 3, paragraph 1.

¹⁴ Of relevance, "administer" is defined as "execute or dispense", or to "furnish, supply, give (orig. something beneficial to)". *Shorter Oxford English Dictionary*, "administer" p. 28 (ed. 1993).

¹⁵ See AoA, Annex 3, paragraph 9. See also AoA, Annex 3, paragraph 7 (stating that the "AMS shall be calculated as close as practicable to the point of first sale of the basic agricultural product concerned"). India notified its External Reference Prices (ERPs) for rice and wheat to the WTO in document G/AG/AGST/IND (undated). They are 3540 rupees/MT for wheat and 3520 rupees/MT for milled rice. Because India maintains an AAP for paddy rice as opposed to milled rice, despite having notified an external reference price for milled rice, this document converts India's ERP to a paddy basis using a conversion factor of 1.5, consistent with industry practice. This results in an ERP for paddy rice of 2346.67 rupees/MT. India uses the same conversion factor of 1.5. See G/AG/N/IND/10 p. 8 and G/AG/N/IND/11 p. 6.

¹⁶ AoA, Annex 3, paragraph 8.

¹⁷ See e.g., Appellate Body Report, *Korea – Measures Affecting Imports of Fresh, Chilled, and Frozen Beef*, WT/DS161/AB/R, WT/DS169/AB/R, adopted 10 January 2001 (*Korea – Beef* (AB)), para. 116.

¹⁸ See AoA, Annex 3, paragraph 8.

¹⁹ See also *Shorter Oxford English Dictionary*, "entitled", p. 830 (ed. 1993) ("Now (chiefly of circumstances, qualities, etc.) confer on (a person or thing) a rightful claim to something or a right to do." (emphasis original)); *Shorter Oxford English Dictionary*, "fit", p. 960 (ed. 1993) ("Be suited to or appropriate for;" "Meet the requirements of").

²⁰ See *Korea – Beef* (AB), para. 120.

²¹ See *Korea – Beef* (AB), para. 120 (emphasis in original).

²² See *Korea – Beef* (AB), para. 120.

actually purchased may often be less than eligible production."²³ Thus, "eligible production" within the meaning of Annex 3, paragraph 8 of the AoA is production, which is fit or entitled to receive the applied administered price, whether or not the production was actually purchased.²⁴

4.4 INDIA'S MPS REGIME FOR RICE AND WHEAT

4.12. India's Commission for Agricultural Costs and Prices (CACP) devises "price policy and relative price structure" for approximately two dozen agricultural commodities.²⁵ The Agricultural Prices Commission (APC), the predecessor to the CACP, was originally established in 1965 by the Ministry of Food and Agriculture (MOA) to "advise on the price policy of agricultural commodities... with a view to evolving a balanced and integrated price structure...."²⁶ The mandate of CACP and the products for which it sets MSP levels are determined through a "terms of reference" document established through ministerial resolution.²⁷ The resolution governing the current operation of the CACP states:

...Terms of Reference of the Commission would be as under:

To advise on the price policy of paddy/rice, wheat, jowar, bajra, maize, ragi, barely {sic}, gram, tur, moong, urad, sugarcane, groundnut, soyabean, sunflower seed, rapeseed, mustard, cotton, jute, tobacco, sesamum, nigerseed, lentil (masur), safflower, copra and such other commodities as the Government may decide from time to time, with a view to evolving a balanced and integrated price structure in the perspective of the overall needs of the economy and with due regard to the interests of the producer and the consumer.²⁸

4.13. CACP submits price policy reports to India's Cabinet Committee on Economic Affairs (CCEA), which then announces final decisions on the levels of MSPs in periodic press releases.²⁹ These CCEA press releases are issued three times a year by crop type: Kharif (June), Rabi and Toria crops (October/November). The Food Corporation of India (FCI), the Cotton Corporation of India (CCI), the Jute Corporation of India (JCI), and the National Agricultural Cooperative Federation of India (NAFED), as well as analogous state agencies, play a role in procuring the relevant agricultural products.³⁰

²³ See *Korea – Beef* (AB), para. 120.

²⁴ See *Korea – Beef* (AB), para. 120; see also Panel Report, *Korea – Measures Affecting Imports of Fresh, Chilled, and Frozen Beef*, WT/DS161/R, WT/DS169/R, adopted 10 January 2001, as modified by Appellate Body Report WT/DS161/AB/R, WT/DS169/AB/R, (*Korea – Beef* (Panel)), para. 827 (noting that "eligible production for the purposes of calculating the market price support component of current support should comprise the total marketable production of all producers which is eligible to benefit from the market price support, even though the proportion of production which is actually purchased by a governmental agency may be relatively small or even nil").

²⁵ See "Organisation", Commission for Agricultural Costs and Prices, available at, <http://cacp.dacnet.nic.in/content.aspx?pid=32> (accessed 6 February 2023) and "The Terms of Reference of the Commission vide Ministry of Agriculture (Department of Agriculture and Cooperation)'s Resolution No. 49011/6/2009-EA dated 30.7.2009", available at, <https://cacp.dacnet.nic.in/ViewContents.aspx?Input=1&PageId=33&KeyId=0> (accessed 6 February 2023). CACP states that it sets prices for 23 agricultural commodities on its web site. However, the manner in which products are counted can affect the total count of products subject to the MPS regime.

²⁶ See Department of Food and Agriculture, Ministry of Food and Agriculture Resolution No. 6-2/65, 8 January 1965, available at, <http://cacp.dacnet.nic.in/ViewQuestionare.aspx?Input=2&DocId=1&PageId=34&KeyId=247> (accessed 6 February 2023).

²⁷ See Department of Agriculture and Cooperation, Ministry of Agriculture and Cooperation, Resolution F No. A 49011/6/2009-EA, 30 July 2009, available at, <http://cacp.dacnet.nic.in/ViewQuestionare.aspx?Input=2&DocId=1&PageId=34&KeyId=247> (accessed 6 February 2023).

²⁸ See "Resolution", Department of Agriculture, Ministry of Agriculture and Cooperation F No. A 49011/6/2009-EA, 30 July 2009, p. 1, available at, <http://cacp.dacnet.nic.in/ViewQuestionare.aspx?Input=2&DocId=1&PageId=34&KeyId=247> (accessed 6 February 2023).

²⁹ See "Organisation", Commission for Agricultural Costs and Prices, available at, <http://cacp.dacnet.nic.in/content.aspx?pid=32> (accessed 6 February 2023).

³⁰ See "Organisation", Commission for Agricultural Costs and Prices, available at, <http://cacp.dacnet.nic.in/content.aspx?pid=32> (accessed 6 February 2023).

4.14. India does not cap the quantity of rice and wheat that the government may procure under its MPS programmes. Accordingly, under the terms of the AoA, all Indian production of these commodities constitutes eligible production for purposes of ascertaining the level of India's MPS for rice and wheat.³¹

4.15. In addition to the minimum support price announced by India's central government, certain Indian states have, in certain years, instituted higher support prices within their states. These states pay the increased price on quantities tendered to state agencies as part of the MPS regime. These higher prices accordingly apply to all production of rice and wheat occurring within the state.

4.5 DIFFERENCES WITH INDIA'S CALCULATIONS

4.16. India's notifications for the years at issue appear to dramatically under-report the value of India's MPS for rice and wheat. For example, India's notification for MY 2014/15 showed a value of support converted from U.S. dollars of Rs. 139,388 million for rice and negative Rs. 45,988 million for wheat.³² By comparison, the cosponsors estimate that MPS was Rs. 1,780,502 million for MY 2014/15 for rice and Rs. 1,002,591 million for MY 2014/15 for wheat. The differences between India's reported figures and the apparent actual figures for other years are of similar magnitude. They can be seen in the chart at the end of section 4.5.5.

4.5.1 Currency

4.17. India's AGST document provides India's domestic support commitments in Indian rupees. However, all of India's DS:1 notifications have been denominated in U.S. dollars. India has not explained the basis for using U.S. dollars beyond stating it has remained consistent in its notifications. To be consistent with India's scheduled commitments, the cosponsors have calculated India's MPS using information published by the GOI in Indian rupees.

4.5.2 Eligible Production

4.18. India's domestic support notifications G/AG/N/IND/12, G/AG/N/IND/13, G/AG/N/IND/15, G/AG/N/IND/18, G/AG/N/IND/25, and G/AG/N/IND/27 appear to reflect only volumes actually purchased pursuant to the MPS programme. This is different from the methodology India used previously to notify eligible production. India's AGST document and first DS:1 notification, for MY 1995/96, relied on total production as India's eligible production for similar market price support programmes.³³

4.19. While India has acknowledged this change in methodology, it has not provided a specific explanation for this change, as seen in India's response in the CoA to AG-IMS ID 63058. In other responses to questions in the CoA, such as AG-IMS ID 63058 and AG-IMS ID 67028, India has stated that the reason for its use of the procured quantity as eligible production is that the only farmers to benefit from the MSP are those whose product is procured by a government agency.

4.20. The cosponsors were unable to identify any change in India's MPS programme between 1995/96 and 1996/97 that would explain the change in notification methodology. To the contrary, records indicate that during MY 1996/97, the Indian Ministry of Agriculture's Commission for Agricultural Cost and Prices was recommending that procurement agencies continue to improve on

³¹ The Indian Government appears to maintain a policy of purchasing all tendered rice and wheat despite the existence of certain guidelines that might otherwise impose certain limitations on purchases. For instance, while the GOI has published certain quality standards, it does not appear that these quality standards are adhered to. India's own Comptroller and Auditor General found that the FCI had not established any mechanism to ensure that rice conformed to the prescribed food safety standards at the procurement stage. See Ministry of Consumer Affairs, Food and Public Distribution, "Report of the Comptroller and Auditor General of India on Procurement and Milling of Paddy for the Central Pool", Report No. 31 of 2015, available at, https://cag.gov.in/uploads/download_audit_report/2015/Union_Performance_Procurement_Milling_of_Paddy_Central_Pool_31_2015_chap_3.pdf, pages 43-44 (accessed 6 February 2023). No more recent audit on the same topic is available.

³² India notified MY 2014/15 values of -USD 752.12 million for wheat and USD 2279.66 million for rice. The cosponsors convert India's notified MPS values for MY 2014/15 in million USD to million Rs. using India's notified exchange rate for 2014-15 of 61.144 Rs. to 1 USD.

³³ See India Notification, G/AG/N/IND/1 (1998).

their readiness to meet their obligation to "buy all quantities of the produce offered by the farmers at that [MSP or applied administered] price".³⁴

4.21. More importantly, India's reporting of only procured quantities is directly contrary to the MPS calculation methodology required by AoA Annex 3, paragraph 8, which provides for the calculation to be based on all production eligible for the price, whether or not actually procured by a Member's government at that price. Accordingly, the cosponsors have estimated MPS here based on all eligible production, as opposed to just that portion of production actually procured by government entities in India.

4.5.3 Inclusion of State Level Bonuses in Applied Administered Price

4.22. It is not clear whether India's MPS notifications, including for rice and wheat, reflect only the national minimum support prices or also include all state bonuses and other incentives that further increase the MSP provided to farmers. For rice and wheat, additional state-funded "incentive bonuses" have been provided in addition to the federal-level "minimum support prices" in certain Indian states.³⁵ Rice and wheat procured by the government in specified states was purchased from producers at the announced minimum support price plus the announced state bonus, which appears to effectively increase the floor price in those states.³⁶

4.5.4 Value of Production

4.23. India has not notified total value of production (VoP) for any commodity in its domestic support notifications for the years 2014/15 through 2017/18. In G/AG/N/IND/18 India indicated that VoP for rice was USD 43,673.29 million for 2018/19. In G/AG/N/IND/25 India indicated that VoP for rice was USD 46,077.31 million for 2019/20. In G/AG/N/IND/27 India indicated that VoP for rice was USD 45,569.62 million for 2020/21. India provided unsourced VoP data for 2016/17 and 2017/18 for rice and wheat in response to questions posed to it in the WTO Committee on Agriculture.³⁷ These figures differ from those drawn from India's National Accounts Statistics. The 2014/15 and 2015/16 VoP data for rice as well as the 2014/15 through 2015/16 and 2018/2019 through 2020/21 VoP data for wheat³⁸ In addition to showing its notified MPS as a percentage of the Value of Production identified from India's National Accounts Statistics, the table below also shows MPS as a percentage of the Values of Production in 2018/19-2020/21 notifications and offered by India without sourcing in response to the CoA.³⁹

³⁴ See CACP, "Reports of the Commission on Agricultural Costs and Prices for Crops Sown in 1995-96 Season and 1996-97 Season," 1997, page 332, available at <http://cacp.dacnet.nic.in/ViewReports.aspx?Input=2&PageId=63&KeyId=334> (accessed 6 February 2023).

³⁵ See GOI Ministry of Agriculture and Farmers Welfare (Minimum Support Price (MSP) as on 29-10-2014): <https://eands.dacnet.nic.in/Archive/MSP29102014.pdf> (accessed 6 February 2023).

³⁶ According to a Government of India Report ("Price Policy for Rabi Crops: The Marketing Season 2013-14"), state-level support can be quite significant and can lead to state take-over of certain commodity markets. CACP, "Price Policy for Rabi Crops: The Marketing Season 2013-14", pp. 21-22. <http://cacp.dacnet.nic.in/ViewQuestionare.aspx?Input=2&DocId=1&PageId=40&KeyId=471> (accessed 6 February 2023). One example highlighted by the report notes that, with respect to wheat, the introduction by Madhya Pradesh of a state bonus (of Indian Rupees 100/100kg) in addition to the MSP in 2007/08 resulted in a dramatic increase in state government procurement levels. State procurement increased from 0.8% of wheat produced in 2006/07 to 85% in 2011/12. On a national level, wheat procurement as a percentage of production increased from approximately 12% to 30% during the same period. The result of the state bonus, according to the report, was a crowding out of the private sector and the government becoming "virtually a monopsonist" in the wheat market, which is "not healthy for long term efficiency in procurement operations as well as for farmers." Also, according to another Government of India Report ("Price Policy for Rabi Crops: The Marketing Season 2020-21"), Madhya Pradesh announced a bonus of 160 rupees per quintal for 2019-20. CACP, "Price Policy for Rabi Crops: The Marketing Season 2020-21," p. 30. <https://cacp.dacnet.nic.in/ViewQuestionare.aspx?Input=2&DocId=1&PageId=40&KeyId=682> (accessed 6 February 2023).

³⁷ AG-IMS ID 91174 (25 June 2019) states that 2017/18 VoP for rice was USD 42,234.29 million and 2017/18 VoP for wheat was USD 26,993.18 million. AG-IMS ID 88110 (25 September 2018) states that 2016/17 VoP for rice was USD 37,855 million and 2016/17 VoP for wheat was USD 24,646 million.

³⁸ For MY 2014/15-20/21, see India National Accounts Statistics 2022 at Statement 8.1.2, current prices section, available at, https://www.mospi.gov.in/sites/default/files/reports_and_publication/statistical_publication/National_Accounts/NAS2022/8.1.2.xlsx (accessed 28 February 2023).

³⁹ AG-IMS ID 75019 and AG-IMS ID 85043.

4.5.5 Overall Results

4.24. The chart below compares India's reported MPS for rice and wheat with what appears to be its actual MPS for rice and wheat:

India's Notified MPS Relative to the Cosponsors' Calculations of India's MPS⁴⁰

	MY 2014/15	MY 2015/16	MY 2016/17	MY 2017/18	MY 2018/19	MY 2019/20	MY 2020/21
Rice							
India's Notified MPS by Value <i>(U.S. dollars, millions)</i> <i>Indian Rupees, millions)</i>	USD 2,279.66 Rs. 139,388	USD 2,030.96 Rs. 132,965	USD 2,524.19 Rs. 169,302	USD 3,745.04 Rs. 241,386	USD 5,004.97 Rs. 34,9962	USD 6,317.52 Rs. 447,893	USD 6,908.60 Rs. 512,825
India's Notified MPS as % of VoP provided by India⁴¹	N/A	N/A	6.67%	8.87%	11.46%	13.71%	15.16%
Cosponsors' Calculations of MPS by Value <i>(Indian Rupees, millions)</i>	Rs. 1,780,502	Rs. 1,840,748	Rs. 2,045,430	Rs. 2,269,565	Rs. 2,738,927	Rs. 2,910,526	Rs. 3,177,310
Cosponsors' Calculations of MPS as % of VoP⁴²	78.6%	80.7%	81.6%	82.6%	88.4%	90.0%	93.9%
Wheat							
India's Notified MPS by Value <i>(U.S. dollars, millions)</i> <i>Indian Rupees, millions)</i>	USD (752.12) Rs. (45988)	USD (871.66) Rs. (57067)	USD (841.15) Rs. (56418)	USD 159.68 Rs. 10292	USD (30.53) Rs. (2135)	USD 256.70 Rs. 18199	USD 81.10 Rs. 6020
India's Notified MPS as % of VoP stated by India in Answer to CoA Question⁴³	N/A	N/A	(3.41%)	0.59%	N/A	N/A	N/A
Cosponsors' Calculations of MPS by Value <i>(Indian Rupees, millions)</i>	Rs. 1,002,591	Rs. 948,369	Rs. 1,080,716	Rs. 1,287,942	Rs. 1,421,366	Rs. 1,539,496	Rs. 1,725,857
Cosponsors' Calculations of MPS as % of VoP⁴⁴	77.7%	65.0%	65.3%	72.4%	70.8%	72.0%	81.3%

⁴⁰ Monetary values indicated in million Rs. India's Notified MPS values for MY 2014/15-15/16 obtained from G/AG/N/IND/12 (1 May 2018). India's Notified MPS values for MY 2016/17 obtained from G/AG/N/IND/13 (20 July 2018). India's Notified MPS values for MY 2017/18 obtained from G/AG/N/IND/15 (29 March 2019). India's Notified MPS values for MY 2018/19 obtained from G/AG/N/IND/18 (31 March 2020). India's Notified MPS values for MY 2019/20 obtained from G/AG/N/IND/25 (8 April 2021). India's Notified MPS values for MY 2020/21 obtained from G/AG/N/IND/27 (1 April 2022). Parentheses indicate negative values. The cosponsors convert their calculations of India's Notified MPS values in million USD to million Rs. using India's notified exchange rates for MY 2014-15 (61.14 Rs. to 1 USD), 2015-16 (65.47 Rs. to 1 USD), 2016-17 (67.07 Rs. to 1 USD), 2017-18 (64.45 Rs. to 1 USD), 2018-19 (69.92 Rs. to 1 USD), 2019-20 (70.90 Rs. to 1 USD) and 2020-21 (74.23 Rs. to 1 USD).

⁴¹ As noted above, India has not notified VoP for any commodity in its domestic support notifications for MY 2014/15 through MY 2017/18. Calculations in this row use unsourced VoP data provided in response to two questions posed to India in the WTO Committee on Agriculture (CoA) and VoP data provided by India in G/AG/N/IND/18, G/AG/N/IND/25, and G/AG/N/IND/27. Use of VoP data sourced from India's National Accounts Statistics produces similar results. For each relevant year, India's notified MPS as a percentage of the VoP figure from the National Accounts Statistics is: 6.15% (2014/15); 5.83% (2015/16); 6.76% (2016/17); 8.78% (2017/18); 11.34% (2018/19), 13.71% (2019/20), 15.16% (2020/21).

⁴² VoP from India's National Accounts Statistics. Figures for the cosponsors' calculations of MPS as a percentage of the VoP identified by India are similar: 80.56% (2016/17); 83.37% (2017/18); 89.69% (2018/19); 89.10% (2019/20); 91.94% (2020/21).

⁴³ Calculations in this row use unsourced VoP data provided in response to a question posed to it in the WTO Committee on Agriculture (CoA). Use of VoP data sourced from India's National Accounts Statistics produces similar results. For each relevant year, India's notified MPS as a percentage of the VoP figure from the National Accounts Statistics is: -3.56% (2014/15); -3.91% (2015/16); -3.41% (2016/17); 0.58% (2017/18); -0.11% (2018/19); 0.78% (2019/20); 0.28% (2020/21).

⁴⁴ VoP from India's National Accounts Statistics. Figures for the cosponsors' calculations of MPS as a percentage of the VoP identified by India in response to a CoA question are similar: 65.38% (2016/17); 73.79% (2017/18).

5 CONCLUSION

5.1. It appears that India provides market price support for rice and wheat vastly in excess of what it has reported to the WTO. India's apparent MPS for rice appears to have been over 78% of the value of production in each of the last seven years for which India has notified data. Its apparent MPS for wheat appears to have been over 65% of the value of production in each of the years.

5.2. The cosponsors look forward to future discussion of the significance of India's MPS for rice and wheat for both India's market and for world markets – both with India and with other Members.
