WTO and its Impact on Indian Economy – a Critical Analysis

A dissertation to be submitted in partial fulfillment of the requirement for the award of degree of Master of Laws

Submitted by

Sanjay Goyal
University Roll No. 1200990037
School of Legal Studies

Under the Guidance of

Ms. Sonali Yadav
Assistant Professor
School of Legal Studies

BBD UNIVERSITY
Session:2020-21

CERTIFICATE

This is to certify that the dissertation titled "**WTO and its Impact on Indian Economy – a Critical Analysis**" is the work done by **Sanjay Goyal** under my guidance and supervision for the partial fulfilment of the requirement for the Degree of **Master of Laws** in School of Legal Studies Babu Banarasi Das University, Lucknow, Uttar Pradesh.

I wish him success in life.

Date: 14/06/2021
Place: Lucknow

Ms. Sonali Yadav
Assistant Professor
School of Legal Studies
BBDU, Lucknow

DECLARATION

Title of Dissertation: **WTO and its Impact on Indian Economy – a Critical Analysis**

I understand what plagiarism is and am aware of the University's policy in this regard.

Sanjay Goyal

I declare that

a) This dissertation is submitted for assessment in partial fulfilment of the requirement for the award of degree of **Master of Laws.**

b) This **DISSERTATION** is my original work. Wherever work from other source has been used i.e., words, data, arguments and ideas have been appropriately acknowledged.

c) I have not permitted, and will not permit, anybody to copy my work with the purpose of passing it off as his or her own work.

d) The work conforms to the guidelines for layout, content and style as set out in the Regulations and Guidelines.

Date: 14/06/2021
Place: Lucknow

Sanjay Goyal
University Roll No. 1200990037
LL.M. (2020-21)
Corporate & Commercial Law

ACKNOWLEDGEMENT

I feel proud to acknowledge the able guidance of our guide Ms. Sonali Yadav, Assistant Professor, School of Legal Studies, Babu Banarasi Das University, who has been instrumental in guidance and completion of this dissertation. I also acknowledge, with pleasure, unparallel support that I have received from Dr. Gitu Singh, Dean, School of Legal Studies, Babu Banarasi Das University, Lucknow. This work is the outcome of outstanding support that I have received from all the faculty members of the School of Legal Studies and I take this opportunity to thank all of them. I am also greatly indebted to the various writers, jurists and all others from whose writings and works I have taken help to complete this dissertation.

Date: 14/06/2021
Place: Lucknow

Sanjay Goyal
University Roll No.
1200990037 LL.M. (2020-21)
Corporate & Commercial Law

ABBREVIATIONS

AOA	Agreement on Agriculture
ATC	Agreement on Textile and Clothing
AIDS	Acquired Immune Deficiency Syndrome
A/An/R/I	Area planted, Animal numbers, Receipts, Income
BOP	Balance of Payments
CAP	Common Agriculture Policy
CPs	Contracting Parties
CAGR	Compound annual growth rate
DDA	Doha Development Agenda
DSB	Dispute Settlement Body
EU	European Union
ECOSOC	Economic and Social Council
EC	European Commission
FOGS	Functioning of GATT system
FTAs	Free Trade Areas
GATT	General Agreement on Tariffs and Trade
GDP	Gross Domestic Product
G & S	Good and Services
GATS	General Agreement on Trade in Services
GOI	Government of India
HDR	Human Development Report
ITO	International Trade Organization
ICITO	Interim Commission for the International Trade Organization
IMF	International Monetary Fund
ILO	International Labour Organization

ITCB	International Textile and Clothing Bureau
IT	Information Technology
LDCs	Least Developed Countries
LTA	Long Term Agreement
MFN	Most Favoured Nation
MFA	Multi Fiber Arrangement
MTN	Multilateral Trade Negotiations
N.A	Not Available
NAC	Nominal Assistance Coefficient
NPC	Nominal Protection Coefficient
NAFTA	North American Free Trade Area
NTM	Non-Tariff Measures
NTBs	Non-Tariff Barriers
OTRI	Overall Trade Restrictive Index
OECD	Organization for Economic Cooperation and Development
PSE	Producer Support Estimate
QRs	Quantitative Restrictions
RTAs	Regional Trade Agreements
S&D	Special and Differential
SCM	Subsidies and Counter Veiling Measures
TMB	Textile Monitoring Body
TPR	Trade Policy Review
TPRM	Trade Policy Review Mechanism
TSE	Total Support Estimate
TBT	Technical Barriers to Trade
TRQs	Tariff Rate Quotas
TPRB	Trade Policy Review Body
USA	United States of America

US	United State
UR	Uruguay Round
URAOA	Uruguay Round Agreement on Agriculture
UNCTAD	United Nations Conference on Trade and Development
USITC	United States Trade Commission
UK	United Kingdom
UN	United Nations
VHT	Vapour Heat Treatment
WTO	World Trade Organization
WB	World Bank

Table of Contents

List of Tables

List of Figures

CHAPTER-1

INTRODUCTION

1 World Trade Organization

The World Trade Organization (WTO) is an intergovernmental organization that regulates and facilitates international trade between nations. It officially commenced operations on 1 January 1995, pursuant to the 1994 Marrakesh Agreement, thus replacing the General Agreement on Tariffs and Trade (GATT) that had been established in 1948. The WTO is the world's largest international economic organization, with 164 member states and 25 observer governments representing over 96% of global trade and global GDP. The main objective of WTO is to regulate world trade fairly, freely and smoothly. It does this by administering trade agreements and settling trade disputes. It is only the international organization to regulate global trade.

1.1 Origin of WTO

1.1.1 ITO and GATT

In pursuance of World War II, western countries came out with their version of development, which is moored in promotion of free trade and homogenization of world economy on western lines. This version claims that development will take place only if there is seamless trade among all the countries and there are minimal tariff and non-tariff barriers.

In order to understand WTO, one must know General Agreement on Tariff and Trade (GATT). In fact, the WTO charter makes it clear that the GATT history is significant, prescribing (in Article 16) that "the WTO shall be guided by the decisions, procedures and customary practices followed by the Contracting Parties (CP) to GATT 1947 and the bodies established in the framework of GATT 1947"[1]. GATT was a

[1] https://www.wto.org/english/docs_e/legal_e/04-wto.pdf

provisional agreement and organization which provided rules for world trade from 1948 to 1994 for forty-seven years. The negotiators who drafted GATT worked with the experience of the great depression of 1930 and World War II. Trade protectionist measures were major contributor for the great depression. In view of this backdrop, a comprehensive plan for post World-War II reconstruction and development was prepared by the United States (US) and United Kingdom (U.K) at Bretton Woods, New Hampshire in 1944. The intention was to create third institution i.e., International Trade Organization (ITO), joining the Two Bretton woods institutions namely World Bank (WB) and the International Monetary Fund (IMF). Between 1934 and 1945, the United States (US) entered into thirty-two bilateral reciprocal trade agreements, many of which had clauses that foreshadowed those currently in GATT. In December 1945, the US Govt invited a number of nations to negotiate a multilateral agreement for the reduction of tariffs. In February 1946, ECOSOC the subordinate body of United Nations (UN) called for, to draft a charter for International Trade Organization (ITO) in its first meeting. A preparatory committee was formed which met in October, 1946 in London. Four meetings of the preparatory committee were held to prepare a draft charter for an ITO. The third and principal meeting was held in Geneva from April to November 1947 and was followed by the fourth meeting to complete the ITO charter in Havana, Cuba in 1948. The Geneva meeting was divided into three major parts. The first part was concerned with the preparation of ITO charter. The second part dealt with reducing tariffs reciprocally by negotiating a multilateral agreement. The third part focused on drafting the general clauses of tariff obligations. The second and third part together, constitutes the General Agreement on Tariff and Trade (GATT). The GATT was a provisional agreement until the ITO and the Havana charter was approved. But the Havana charter never entered into force. The main opposition to ratify the Havana charter was in the US Congress. In 1950, the United States Govt. announced that it would not seek congressional ratification of the Havana charter and the ITO was effectively dead. Consequently, GATT became de-facto platform for issues related to international trade. It has to its credit some major successes in reduction of tariffs (custom duty) among the member countries. Measures against dumping of goods like imposition of Anti-Dumping Duty in victim countries, had also been agreed upon. The GATT was originally signed by 23 countries on 30 October 1947. The founding members of GATT are officially called Contracting Parties (CPs). By 1986, when Uruguay round started (which was concluded in 1995 and led to creation of WTO in Marrakesh, Morocco), 123 countries were already its member. India has been member of GATT since 1948; hence it was party to Uruguay Round and a founding member of WTO. China joined WTO only in 2001 and Russia had to wait till 2012.

Box 1.1: Original Signatories of GATT

Australia, Belgium, Brazil, Burma, Canada, Ceylon, Chile, China, Cuba, Czechoslovakia, France, India, Lebanon, Luxemburg, Netherlands, New Zealand, Norway, Pakistan, Southern Rhodesia, Syria, South Africa, The United Kingdom and the United States.

One person who has played a very significant role in the evolution of GATT was Sir Eric Wyndham White, a British Citizen (Knighted in 1968) who was the chief administrative officer of the United Nations (UN) group that provided service for the drafting conferences of the ITO and GATT. He became the first GATT executive secretary, a post he held until he retired in 1968[2].

[2] Jackson, Johan Howard, 'The World Trading System, 2nd Edition: Law and Policy of International Economic Relations', The MIT Press, Massachusetts Institute of Technology, Cambridge, Massachusetts 02142, 1997, pp-43

1.1.2 Multilateral Trade Negotiations (MTN) or Rounds

1.1.2.1 Principles of Multilateral Trade Negotiations (MTN)

GATT was a multilateral treaty established to encourage multilateral trade. According to Hockman and Kostacki[3] (1995), multilateral trade negotiations refer to four principles namely: Non-Discrimination, Reciprocity, Market Access and fair competition.

The principle of Non-Discrimination includes Most Favoured Nation (MFN) Treatment and National Treatment. Most Favoured Nation treatment implies that any tariff reduction between two member countries will be applicable to all member countries. The National Treatment states that foreign and domestic products will be treated equally.

The principle of reciprocity means any concession given by one country has to be matched by other. It may be in two forms i.e., tariff concession against tariff concession or tariff concession against removal of quota.

The Third principle of market access is based on open trading system. In other words, competition prevails among member countries.

The Fourth principle is fair competition. According to this principle, trade should be conducted fairly and should not harm the trading partner.

1.1.2.2 From Geneva to Tokyo

GATT regulated world trade for 47 years by promoting multilateral trading system. During this period, GATT had completed eight rounds of multilateral trade negotiations. The number of countries which participated in trade negations increased

[3] Sharan, Vyuptakesh, 'International Business, Concepts, Environment and Strategy', Pearson education, New Delhi, 2011, pp-166.

from 23 in 1947 to 123 by 1994. The table 1.1 shows the trade rounds which took place under GATT along with participating countries and subjects covered during the trade round.

Table 1.1: Multilateral Trade Negotiation Rounds[4]

Year	Place	Subjects Covered	Participating Countries
1947	Geneva	Tariffs	23
1949	Annecy	Tariffs	13
1951	Torquay	Tariffs	38
1956	Geneva	Tariffs	26
1960-61	Geneva Dillon Round	Tariffs	26
1964-67	Geneva Kennedy Round	Tariffs and Anti-dumping measures (First sign of focus shifting to Non-Tariff issues)	62
1973-79	Geneva Tokyo Round	Tariff and Non-Tariff measures, framework agreement	102
1986-94	Geneva Uruguay round	Tariffs, non-Tariff measures, services, intellectual property textile, Agriculture, creation of WTO etc.	123

Clearly the early round of negotiation focused on reduction of tariffs. The first round of negotiations resulted in a package of trade rules and 45,000 tariff concessions affecting $10 billion of trade, about one fifth of the world's total. By the time of third MTN round, 8700 concessions were negotiated, resulting in tariff reduction of twenty five percent compared to 1948 level.

It is evident that first five trade rounds were concerned with tariff negotiation and it was in sixth round i.e., Kennedy Round that the focus shifted towards Non-Tariff Measures (NTM). It also brought about an anti- dumping agreement. But this round had limited success. The Tokyo round which lasted from 1973 to 1979 was the first major attempt to tackle Non-Tariff Barriers (NTBs).

[4] Source: Book on WTO, Text and Cases: Krishna, Rao Palle, "WTO Text and Cases Excel Books", New Delhi, 2008, pp. 2

The results included an average one third cut in customs duties in the world's nine major industrial markets, bringing the average tariff on industrial products down to 4.7 percent. A number of agreements resulted from Tokyo round of negotiations. These agreements are called "Tokyo codes" because they were not accepted by full GATT Contracting Parties (CPs). Many of these codes were amended in Uruguay Round (UR) and resulted in to multilateral agreements. Only four remained "Plurilateral" (voluntary membership)-those on government procurement, bovine meat, civil aircraft and dairy products. The Tokyo Round negotiations spared 33,000 tariff lines with the result that the average import weighted tariff on manufacture goods dropped to around 6 percent.

As a result of these seven rounds of negotiations many tariffs on non- primary goods imported to industrialized nations were reduced to such an extent that many economists are of the view that tariffs are not major barriers to imports. The table[5] 1.2 shows the success of the tariff reducing activity of GATT (The tariff averages refer to tariffs on non-primary products of industrial countries).

Table 1.2: Trade Values

Success of Multilateral Trade Negotiations Round	Place	Value of Trade Covered	Average Tariff Cut	Average Tariff Cut Afterwards
First	Geneva	$ 10 billion	35%	Not available
Second	Annecy	Unavailable	35%	Not available
Third	Torquay	Unavailable	35%	Not available
Fourth	Geneva	$ 2.5 billion	35%	Not available
Fifth	Dillon	$ 4.9 billion	35%	Not available
Sixth	Kennedy	$ 40 billion	35%	8.7%
Seventh	Tokyo	$ 155 billion	34%	6.3%
Eighth	Uruguay	$ 3.7 trillion	38%	3.9%

Although GATT was a provisional agreement, its success in liberalizing world

[5] Jackson, Johan Howard, "The World Trading System, 2nd Edition: Law and Policy of International Economic relations", The MIT Press, Massachusetts Institute of Technology, Cambridge, Massachusetts 02142, 1997, pp. 74.

trade is unquestionable. From the table 1.2 it is clear that value of trade covered was $ 10 billion in first round which rose to $ 3.7 trillion by the end of Uruguay Round (UR). World trade grew by around 8 percent a year on average during the 1950s and 1960s due to reduction of tariffs. The trade growth out- paced production growth throughout the GATT years. The GATT seemed a well-established multilateral treaty but all was not good with GATT. As the tariffs were reduced other forms of protection emerged such as Non-Tariff Measures (NTM). This and various other factors compelled the GATT members to enter into another round of negotiations that is Uruguay Round (UR) of negotiations.

1.1.2.3 Uruguay Round of Negotiations

GATT regulated the world commodity trade almost for 47 years. The basic principles of GATT remained same as they were in 1948. Although there were additions in the form of a section on development added in 1960s and plurilateral agreements (i.e., with voluntary membership) in 1970s. The structure of world trade had changed considerably during this period. The share of agriculture in world merchandise trade was 46 percent in 1950s, had declined to 13 percent in 1987. Also in agriculture, the loop holes in the multilateral system were heavily exploited and efforts to liberalize agriculture trade met with little success. The share of service sector in the Gross Domestic Product (GDP) of developed countries was increasing. Further the share of employment in service sector was also increasing. For instance, in USA, the services represented two thirds of GDP and employed over 70 percent of work force. In the textile and clothing sector an exception to the GATTs normal disciplines was negotiated in the 1960s and 1970s, leading to Multi- Fiber Arrangement (MFA). Thus, the trade environment had changed completely as it was in formational years of GATT. Even GATT's Institutional structure and its dispute settlement system were causing concern. These and other factors led to expansion of multilateral system through

Uruguay Round (UR) negotiations and the creation of WTO.

The seeds of Uruguay Round (UR) were sown in 1982 at a ministerial meeting of GATT members in Geneva. The intention was to start new negotiations, but the meeting focused on agriculture. Although, the work programme failed, yet it became the basis for UR negotiations. It took almost four years to launch the new round that is the eighth round of negotiations. It is popularly known as Uruguay Round (UR) of negotiations because it was launched at Punta del Este in Uruguay. It was started in September 1986 at a special session of GATT Contracting Parties (CPs) held at ministerial level. The agenda was to expand the world trading system through negotiations in new areas such as agriculture, services, textile and clothing, intellectual property etc. All the original GATT articles were up for review. Since it was the biggest trade negotiating mandate, four years' time frame was set to complete it that is beginning form 1986 and ending in 1990.

After two years, in December 1988, ministers met in Montreal to access the progress of negotiations and to clarify the agenda for remaining two years. But the talks failed. The ministers again met in April 1989 in Geneva to complete the midterm review. During Montreal meeting, the ministers were agreed to concessions on market access for tropical products aimed at assisting developing countries. They also agreed to Trade Policy Review Mechanism (TPRM) to review the trade policies of members regularly and to streamline the dispute settlement system. The ministers met in Brussels in December 1990 at the end of four years. By this time the negotiations were supposed to be completed. But due to disagreement among the participating countries on certain areas such as agriculture, textile, Trade Relate Intellectual Property (TRIPS) and anti-dumping measures, the talks were extended. The Uruguay Round (UR) entered its bleakest period. It seemed that talks have been failed. To break this deadlock, Mr. Arthur Dunkel, Director- General of GATT compiled a very detailed document, popularly known as Dunkel Proposals and tabled it before the member countries as a compromise document in Geneva in December 1991. This document fulfilled every part of the Punta del Este mandate except participating countries list of commitments for cutting import duties and opening their service market. Later on, Dunkel proposals became the basis for the final agreement i.e., the Marrakesh agreement.

In November 1992, the US and EU settled most of their differences on agriculture in a deal informally known as the "Blair House Accord". By July 1993 the "Quad" (US, EU, Japan and Canada) announced significant progress in negotiations on tariffs and market access. It took until December 15, 1993 for every issue to be finally resolved and for negotiations on market access for goods and services (G & S) to be concluded. On April 15, 1994 the deal was signed by ministers from most of the 123 participatory countries at a meeting of ministers in Marrakesh, Morocco. India signed the agreement along with 117 nations on April 15, 1994[6]. The fifteen original UR subjects are shown in box 1.2.

The Uruguay Round (UR) was the largest round of trade negotiations which took almost seven and half years. As described by the World Trade Organization (WTO): It covered almost all trade, from toothbrushes to pleasure boats, form banking to telecommunications, from the genes of wild rice to AIDS treatment[7].

Box 1.2: The 1986 Agenda

Tariffs, Non-Tariffs Barriers, Natural resource product, Textile and clothing, Agriculture, Tropical products, GATT articles, Tokyo round codes, Anti- dumping, subsidies, Intellectual property, Investment measures, Dispute settlement.

1.1.2.4 Creation of WTO

A. World Trade Organization (WTO)

WTO was born out of Uruguay Round (UR) of negotiations. It is the successor

[6] Dutt, Ruddar and K.P.M. Sundharam Indian Economy', S. Chand, New Delhi, 2007, pp-796.
[7] Bhaumik, T. K., 'The WTO, A Discordant orchestra', Sage Publication, New Delhi, 2006, pp-33.

of GATT. Although it replaced GATT, but the principles, rules and agreements of GATT formed an integral part of WTO. It is an international organization to regulate world trade which was established on January 1, 1995. It is a multilateral institution which was attempted in 1948 (i.e., the creation of ITO). Actually, the idea was not to create a multilateral institution during Uruguay Round (UR) but it came up much later. Some observers believe that it was a hidden agenda of Arthur Dunkel. The idea was introduced under the rubric of 'Functioning of the GATT System' (FOGS) in a meeting, the director general had with International Monetary Fund (IMF) and the World (WB) on the issue of coherence of global trade, monetary and fiscal policies.

The WTO was born out of negotiations and everything it does is the result of negotiations. There are many ways of looking at WTO. It is an international organization to liberalize world trade. It is an international institution to negotiate and implement trade agreements. It is a forum to settle trade disputes. It deals with the rules of trade between member countries at a global level. It is not concerned with the behaviour of private business. It is concerned with the actions of governments. Thus, the WTO is a regulator of the regulatory actions of Governments that affect trade and the conditions of competition facing imported products in domestic markets. The WTO literature comes from Uruguay Round (UR) negotiations and the earlier negotiations under the GATT. At the heart of WTO are agreements negotiated and signed by the member countries and ratified in their parliaments. The WTO agreement consists of preamble, sixteen articles and four annexes.

The Preamble of agreement establishing WTO states that "there is a need for positive efforts designed to ensure that developing countries, and especially the least developed among them, secure a share in the growth of international trade commensurate with the needs of their economic development. Articles of WTO are shown in table 1.3.

At present WTO has 164 members, accounting for over 96 percent world trade and around 25 others have negotiating membership. Its headquarters is at Geneva in

Switzerland.

Table 1.3: Articles of WTO

Article I	Establishment of the Organization
Article II	Scope of the WTO
Article III	Functions of the WTO
Article IV	Structure of the WTO
Article V	Relation with other organizations
Article VI	The secretariat
Article VII	Budget and contributions
Article VIII	Status of the WTO
Article IX	Decision making
Article X	Amendments
Article XI	Original memberships
Article XII	Accession
Article XIII	Non-Application of multilateral Trade Agreement between particular members
Article XIV	Acceptance, entry into force and deposits
Article XV	Withdrawal
Article XVI	Miscellaneous provisions

B. Difference between GATT and WTO

WTO was born out of Uruguay Round (UR) of negotiations by replacing GATT. It is not the extension of GATT but the successor of GATT. Although WTO replaced GATT, but the GATT still exists as the WTO's umbrella treaty for trade in goods updated as a result of Uruguay Round (UR). GATT had mainly dealt with commodity trade, the WTO covered other important aspects of world trade namely trade in services, agriculture, textile and clothing, intellectual property etc. Thus, WTO may be expressed as under:

WTO = GATT + GATS + TRIPS + TRIMS

Since GATT principles are part of WTO literature. Thus, WTO and GATT have many similarities. Despite similarities, the two differs on many counts. The main differences between GATT and WTO are presented in table 1.4.

Table 1.4 : Difference between GATT and WTO

GATT	WTO
It was a provisional agreement having no legal status.	It is a permanent organization having legal status.
GATT did not have institutional system	It is an institution having definite structure
GATT signatories were contracting parties (few-23 only).	WTO has 153 members (many).
GATT rules were applicable to commodity trade only.	Its rules are applicable to goods, services and trade related aspects of intellectual property.
GATT provisions were not binding on contracting parties.	WTO agreements are time bound on members.
It did not have a dispute settlement system.	It has a strong and efficient dispute settlement system

1.2 Nature of WTO

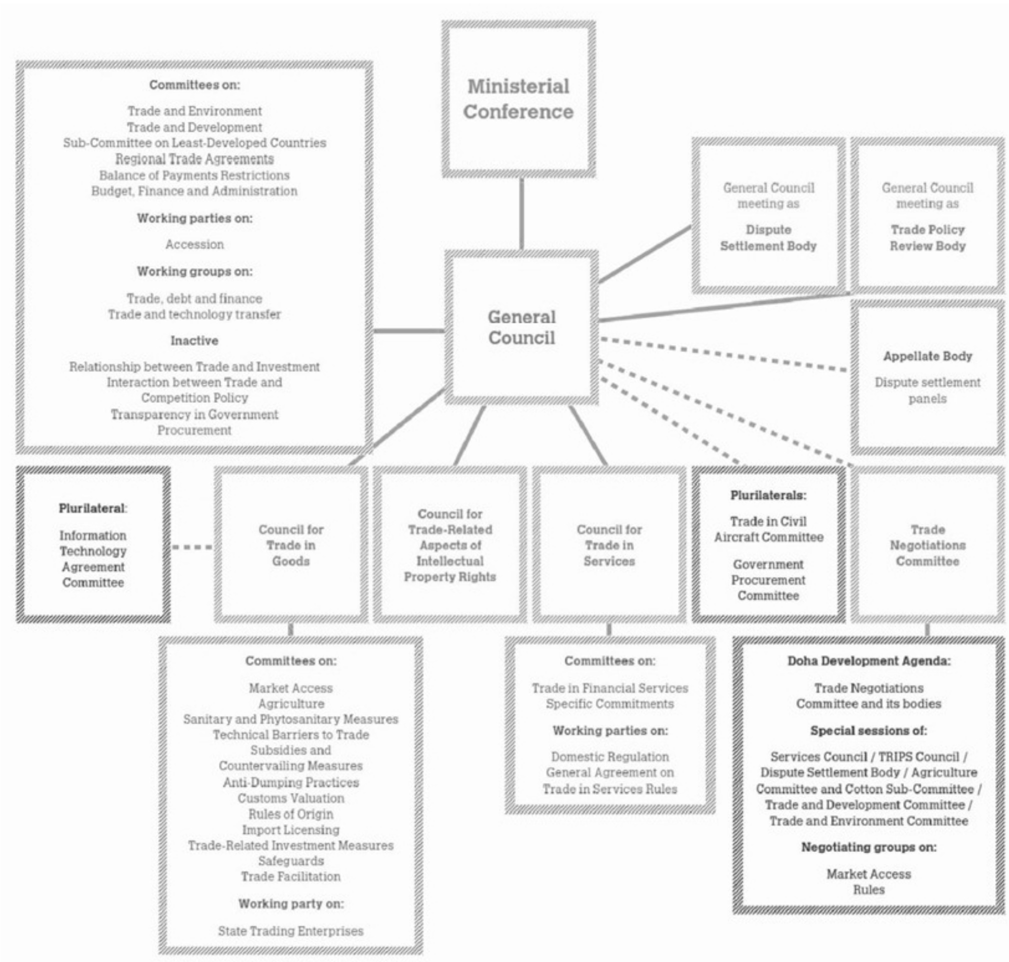
1.2.1 Organizational Structure of WTO

The institutional structure of WTO is set out in Article IV of WTO Agreement. At the highest level of WTO institutional structure is the Ministerial Conference. Article IV: 1 of WTO Agreement states, "There shall be a ministerial conference composed of representatives of all the members, who shall meet at once every two years. The ministerial conference shall carry out the functions of the WTO and take action necessary to this effect. The ministerial conference shall have the authority to take decisions on all matters under any of the multilateral agreements, if so, required by members[8]. At the next level is General council. The General council comprises of representatives from all member governments. It has the authority to act on behalf of the ministerial conference General council acts in two forms namely, the Dispute Settlement body (DSB) overseeing and supervising the dispute settlement procedures and the Trade Policy Review Body (TPRB) scrutinizing the trade policies of WTO

[8] Bosche, Peter Vanden, 'The Law and Policy of the World Trade Organization: Text, Cases and materials', Cambridge University Press, 2008, pp-122

members.

Fig: 1.1: Organizational Structure of WTO[9]



The structure of WTO is illustrated in above figure 1.1. The highest authority of the WTO is the Ministerial Conference, which must meet at least every two years. In between each Ministerial Conference, the daily work is handled by three bodies whose membership is the same; they only differ by the terms of reference under which

[9] https://www.wto.org

each body is constituted.

- **The General Council**
- **The Dispute Settlement Body**
- **The Trade Policy Review Body**

A. The General Council

The General Council, whose Chair as of 2020 is David Walker of New Zealand,[10] has the following subsidiary bodies which oversee committees in different areas:

A1. Council for Trade in Goods

There are 11 committees under the jurisdiction of the Goods Council each with a specific task. All members of the WTO participate in the committees. The Textiles Monitoring Body is separate from the other committees but still under the jurisdiction of the Goods Council. The body has its chairman and only 10 members. The body also has several groups relating to textiles.

A2. Council for Trade-Related Aspects of Intellectual Property Rights

Information on intellectual property in the WTO, news and official records of the activities of the TRIPS Council, and details of the WTO's work with other international organizations in the field.

A3. Council for Trade in Services

The Council for Trade in Services operates under the guidance of the General Council and is responsible for overseeing the functioning of the General Agreement on Trade in Services (GATS). It is open to all WTO members and can create subsidiary

[10] WTO Director-General selection process". World Trade Organization. Retrieved 24 June 2020

bodies as required.

A4. Trade Negotiations Committee

The Trade Negotiations Committee (TNC) is the committee that deals with the current trade talks round. The chair is WTO's director-general. As of June 2012, the committee was tasked with the Doha Development Round.

All WTO members may participate in all councils, committees except appellate body, Dispute settlement panels and plurilateral committees.

1.2.2 Functions of WTO

Article III of the WTO Agreement specifies the functions of WTO. The basic function of WTO is to help trade flows smoothly, freely, fairly and predictably across the countries. Specifically, the main functions of WTO are as follows:

- To facilitate the implementation, administration and operation of the WTO Agreements.
- To act as a forum for trade negotiations.
- To administer trade disputes among the members.
- To review national trade policies through TPRM.
- To cooperate with other international organizations such as IMF, World Bank (WB) etc.
- To assist developing countries in trade policy issues, through technical assistance.

1.2.3 Principles of Multilateral Trading System

The WTO is a multilateral trading system. The reason behind the word multilateral instead of global or world is that most of the major trading nations are the members of WTO but not all. The WTO Agreements are very complex and lengthy legal texts covering agriculture, textile and clothing, intellectual property, services and much more. Multilateral trading system has a number of fundamental principles. Five principles are of particular importance in understanding the functioning of the WTO:

A. Non-Discrimination

Non-Discrimination has two major components: The **Most Favoured Nations (MFN)** rule and the **National Treatment Principle**. The **MFN rule** requires that product made in one member country be treated no less favourably than a "like" (very similar) good that originates in any other country. Thus, if the best treatment granted to a trading partner supplying a specific product is a five percent tariff, this rate must be applied immediately and unconditionally to imports of this good originating in all WTO members. This principle is so important that it is the first article of the General Agreement on Tariffs and Trade (GATT), which govern trade in goods. MFN is also a priority in the General Agreement on Trade in Services (GATS – Article 2) and the Agreement on Trade Relate Aspects of Intellectual Property Rights (TRIPS - Article 4)[11].

However, **National treatment** requires that foreign goods, once they have satisfied whatever border measures are applied, be treated no less favourably, in terms of internal (indirect taxation) than like or directly competitive domestically produced goods (Article III GATT). That is, goods of foreign origin circulating in the country must be subjects to taxes, charges and regulations that are no less favourable than those that apply to similar goods of domestic origin. In simple words national treatment means imported and locally produced goods should be treated equally after the foreign goods have entered the home market. Thus, charging customs duty on foreign goods is not a violation of nation treatment.

B. Binding and Enforceable Commitments

The commitments to abide by certain rules have little value if they cannot be

[11] World Trade Organization, Geneva, (www.Mo.org)/understanding the WTO, pp-12.

enforced. The non-Discrimination principle, embodied in Article I (on MFN) and Article III (on national treatment) of the GATT, is important in ensuring that market access commitments are implemented and maintained. The tariff commitments made by WTO members in multilateral trade negotiations are enumerated in schedules of concession. These schedules establish "ceiling bindings" the member concerned raise tariffs above the bound level without negotiating compensation with the principal suppliers of the products concerned.

C. Reciprocity

It reflects both a desire to limit the scope of free-riding that may arise because of the MFN rule and a desire to obtain better access to foreign markets. A related point is that for a nation to negotiate, it is necessary that the gain from doing so be greater than the gain available from unilateral liberalization; reciprocal concessions intend to ensure that such gains will materialize[12].

D. Transparency

Transparency is a basic pillar of the WTO. It is a legal obligation, embedded in Article X of the GATT and Article III of the GATT. To enforce the commitments members must have access to trade policies followed by other members. In WTO, members are bound to publish the trade policies, to provide information to members on decision affecting trade and to notify changes in trade policies. Also, the trade policies are reviewed periodically by WTO through Trade Policy Reviews (TPRs).

E. Safety Valves

According to this principle, the members should be able to restrict trade in special circumstance. There are three types of measures for this. First category includes

[12] B. Hoekman, The WTO: Functions and Basic Principles, 43

the measures to protect public health or national security and to protect industries which are severely injured by imports. The second category includes the right to impose anti-dumping duties on imports which have been dumped. The third category includes the measures that can be taken in case of Balance of Payments (BOP) difficulties.

1.2.4 Trade Policy Review Mechanism (TPRM)

The main objective of World Trade Organization (WTO) is to regulate global trade freely, fairly, smoothly and transparently. To ensure transparency, WTO has Trade Policy Review Mechanism (TPRM). The Governments of member countries are required to notify their trade policies through notifications and also through Trade Policy Reviews (TPRs) which are conducted by WTO. These reviews are part of Uruguay Round (UR) of negotiations, but they commenced before the UR ended. The objectives behind Trade Policy Review (TPR) are as below:

- To increase the transparency and understanding of countries' trade policies and practices, through regular monitoring.
- To improve the quality of public and inter-governmental debate on the issue.
- To enable a multilateral assessment of the effects of policies on the world trading system.

The reviews have two broad results: they enable outsiders to understand a country's policies and circumstances and they provide feedback to the reviewed country on its performance. The frequency of the reviews depends on the country size as below:

- The four biggest traders — the European Union (EU), the United States (US), Japan and China — are reviewed approximately once every two years.
- The next sixteen countries in terms of share of world trade are reviewed every four years. India belongs to this category.
- The remaining countries are reviewed every six years.

For each review, two documents are prepared: a policy statement by the member country under review and a detailed report written independently by the WTO Secretariat. These two reports, together with the proceedings of the Trade Policy Review Body (TPRB) meetings are published shortly afterwards.

1.3 WTO Agreements- A Brief Outline

WTO is a rule-based organization. In fact, rules are agreements negotiated by member countries. Most of the WTO agreements are the results of Uruguay Round (UR) of negotiations. There are about 60 agreements and decisions totaling 550 pages[13]. The final Act signed in Marrakech in 1994 is like a cover note. Everything else is attached to it. First is the agreement establishing the WTO or WTO agreement. Annexed are the agreement on goods, services and intellectual property, dispute settlement, trade policy review mechanism and the plurilateral agreements. The schedule of commitments is also part of Uruguay Round (UR) agreement. A brief outline of Uruguay Round (UR) agreements is as follows:

1.3.1 Agreement Establishing the World Trade Organization

1.3.2 Annex I

1.3.2.1 Annex 1A: Multilateral Agreements on Trade in Goods

- GATT 1994
- Agriculture
- Sanitary and Phyto sanitary measures
- Textiles and clothing (Terminated on 1 January 2005)
- Technical Barriers to Trade (TBT)
- Trade related Investment Measures (TRIMS)
- Anti-dumping (Article VI of GATT 1994)
- Customs valuation (Article VII of GATT 1994)
- Pre-shipment inspection
- Rules of origin
- Import licensing
- Subsidies and countervailing measures

[13]World Trade Organization, Geneva, (www.wto.org) - Legal texts.

- Safeguards

1.3.2.2 Annexure 1B: General Agreement on Trade in Services (GATS)

1.3.2.3 Annex 1C: Trade Related Aspects of Intellectual Property Rights (TRIPS)

1.3.3 Annex 2. Dispute Settlement understanding

1.3.4 Annex 3. Trade Policy Review Mechanism

1.3.5 Annex 4. Plurilateral Trade Agreements

1.3.5.1 Annex 4 (a): Agreement on Trade in Civil Aircraft

1.3.5.2 Annex 4 (b): Agreement on Govt. Procurement

1.3.5.3. Annex 4 (C): International Dairy Agreement (Terminated end 1997)

1.3.5.4 Annex 4 (d): International Bovine Meat Agreement (terminated end 1997)

1.4 Ministerial Conferences[14]

The Ministerial Conference is the top decision-making body of the World Trade Organization (WTO). There have been eleven ministerial conferences from 1996 to 2017, usually every two years. Table 1.5 gives the dates and venue of all the ministerial conferences held so far.

The inaugural ministerial conference was held in Singapore in 1996. Its primary purpose was to initiate an international effort among global trading nations to overhaul the structure and mechanisms of the General Agreement on Tariffs and Trade (GATT) while preserving the considerable progress and success achieved by that system since its inception in 1948. Disagreements, largely between developed and developing

[14] https://en.wikipedia.org/wiki/Ministerial_Conference

economies, emerged over four issues initiated by this conference; afterward, these were collectively referred to as the "Singapore issues".

Table 1.5 : Ministerial Conferences Dates and Venue

#	Date	Host City
1st	9–13 December 1996	Singapore
2nd	18–20 May 1998	Switzerland Geneva, Switzerland
3rd	30 November – 3 December 1999	United States Seattle, United States
4th	9–14 November 2001	Qatar Doha, Qatar
5th	10–14 September 2003	Mexico Cancún, Mexico
6th	13–18 December 2005	Hong Kong
7th	30 November – 2 December 2009	Switzerland Geneva, Switzerland
8th	15–17 December 2011	Switzerland Geneva, Switzerland
9th	3–6 December 2013	Indonesia Bali, Indonesia
10th	15–18 December 2015	Kenya Nairobi, Kenya
11th	10–13 December 2017	Argentina Buenos Aires, Argentina

1.4.1 First ministerial conference

1.4.2 Second ministerial conference

The second WTO ministerial Conference was held in Geneva, Switzerland. The conference took place when the fiftieth anniversary of multilateral trading system establishment was being commemorated. The ministers in this conference reaffirmed the commitments made at Singapore. They welcome the successful conclusion of the negotiations on basic telecommunications, financial services and implementation of information technology agreement. The ministers were deeply concerned over the marginalization of Least Developed Countries (LDCs). They welcome the new WTO members joined since Singapore conference namely Congo, Democratic Republic of Congo, Mongolia, Niger and Panama. The conference acknowledged the progress of thirty-one applicants negotiating accession to WTO.

1.4.3 Third ministerial conference

The third conference in Seattle, United States ended in failure, with massive demonstrations and police and National Guard crowd control efforts drawing worldwide attention.

1.4.4 Fourth ministerial conference

The fourth ministerial conference was held in Doha, Qatar. The members launched a new round of negotiations, commonly known as the Doha Round and the following decisions were adopted:

- Declaration on the TRIPS agreement and Public health
- Decision on "Implementation- Related issues and concerns "
- Decision on "Procedures for extensions under Article 27.4 of the subsidies and counter veiling measures (SCM) agreement for certain developing country members"
- Decision on waive for "ACP-EC Partnership Agreement"
- Decision on the "Transitional Regime for the EC Autonomous Tariff Rate Quota Regime on Imports of Bananas"

The ministerial conference also approved the joining of China, which became 143 members.

1.4.5 Fifth ministerial conference

The fifth ministerial conference was held in Cancún, Mexico, aiming at forging agreement on the Doha round. An alliance of 22 southern states, the G20 (led by India, China and Brazil), resisted demands from the North for agreements on the so-called "Singapore issues" and called for an end to agricultural subsidies within the EU and the US. The talks broke down without progress.

1.4.6 Sixth ministerial conference

The sixth WTO Conference Ministerial was held in Hong Kong. It was considered vital if the four-year-old Doha Development Agenda negotiations were to move forward sufficiently to conclude the round in 2006. In this meeting, countries agreed to phase out all their agricultural export subsidies by the end of 2013, and terminate any cotton export subsidies by the end of 2006. Further concessions to developing countries included an agreement to introduce duty-free, tariff-free access for goods from the Least Developed Countries, following the Everything, But Arms initiative of the European Union — but with up to 3% of tariff lines exempted. Other major issues were left for further negotiation to be completed by the end of 2006.

1.4.7 Seventh ministerial conference

The seventh WTO ministerial conference was held in Geneva, Switzerland. The general theme for discussion was "The WTO, the multilateral trading system and the current global economic environment". The ministers declared that they want to conclude Doha Round talks quickly.

1.4.8 Eighth ministerial conference

The eighth ministerial conference was in Geneva, Switzerland. Membership agreement were made for Russia, Samoa, and Montenegro.

1.4.9 Ninth ministerial conference

The ninth ministerial conference was held in Bali, Indonesia. 159 members of World Trade Organization agreed to the Bali Package which eases barriers to international trade.

1.4.10 Tenth ministerial conference

The WTO's 10th Ministerial Conference was held in Nairobi, Kenya. The completion of Afghanistan and Liberia's accession to the WTO was on the agenda. It culminated in the adoption of the "Nairobi Package", a series of six Ministerial Decisions on agriculture, cotton and issues related to least-developed countries (LDCs). The Conference was chaired by Kenya's Cabinet Secretary for Foreign Affairs and International Trade, Amina Mohamed.

1.4.11 Eleventh ministerial conference

The WTO's 11th Ministerial Conference was held in Buenos Aires, Argentina. It was chaired by Minister Susana Malcorra of Argentina. The Conference ended with a number of ministerial decisions, including on fisheries subsidies and e-commerce duties, and a commitment to continue negotiations in all areas.

The agreement to host the **12th WTO Ministerial Conference** in Nur-Sultan, Kazakhstan was signed on October 30, 2019. The Ministerial Conference was scheduled for June 8-11, 2020, but was postponed and will take place on November 29, 2021 in Geneva, Switzerland, due to the COVID-19 pandemic.

CHAPTER-2

REVIEW OF LITERATURE

2 Overview

This chapter helps to understand the challenge of WTO promotion and the trade environment. There are important aspects that can be considered when designing trade policies and/or conservation policies in an opening world.

2.1 Beginning of WTO

To understand the subject, it is very essential to review the available literature from all sources so as to get a first-hand knowledge to guide the course of the prospective research. In this chapter an attempt has been made to present a review of literature in the area of WTO and its impact on World and Indian economy. A lot of work has been done by various research scholars in aforesaid area. A few of their works as well as material of the organizations has been reviewed in this chapter to establish the research gap and need of study.

Debroy (1996)[1], points out that there are several concerns that developing countries continue to have about the textile and clothing liberalization, although they do vary from country to country. Firstly, the liberalization only extends to quantitative restrictions (QRs), it does not cover tariffs. Before the UR, the average tariff that textile and clothing faced in developed country market was 15.5 percent. After the UR, this will merely drop to 12,1 per cent, 28 per cent of developed country imports of textile and clothing will continue to be subjected to tariff of over 15 per cent. Secondly, the liberalization is back loaded; most of the liberalization is concentrated in later years. Thirdly, protection could resurface through alternate means such as anti-dumping or countervailing duties. Also, there is a provision of temporary selective safeguards which could nullify many benefits of the liberalization.

[1] Debroy, Bibek, 'Textiles and Clothing' In 'Beyond the Uruguay Round', Response books, a division of sage publications India Pvt. Ltd., New Delhi,1996, pp-82, 83.

WTO Focus (1997)[2] mentions that during 1980 to 1995 least developed countries (LDCs) exports grew far slowly than world trade and their collective share of world merchandise exports consequently declined from about 0.8 per cent in 1980 to 0.46 per cent in 1995. In the 1990s, the annual growth in the value of LDC exports had averaged less than 2 per cent compared with 8 per cent for world trade as a whole, study further examined that EU, USA and Japan traded 34 per cent of the total agriculture exports and the main destination for their trade are developing countries viz. China, India, Brazil and South Africa.

2.2 Trade Policy

Trade Policy Review - India (1998)[3] revealed the initial spurt of reforms from 1990-91 to 1993-94 was successful, by all accounts, resulting in a jump in economic growth to 7.2% in 1994-95 (in terms of GDP at factor cost). GDP grew by 7.1% in 1995-96 and at 6.8% during 1996-97. The average growth rate during the latest three years at 7% probably places India among the top ten performers in the world during this period. Foreign currency assets grew by 16.4% during 1996-97. The average annual growth of exports during 1993-94 to 1995-96 was buoyant, amounting to 20% in US$ terms. Consequently, India's share in world exports increased from 0.41% in 1992-93 to 0.6% in 1995-96. The growth rate of imports also increased, from a rate of 15.3% in 1993-94 to 36.4 in 1995-96. However, a slow-down occurred in 1996-97, with exports registering a growth of only 4% and imports a growth rate of 6% with an increase in the trade deficit to $5.4 billion in 1996-97 as compared to $4.5 billion in 1995-96. The slowdown is partly related to a general slowdown in the growth of world merchandise trade from an annual increase of 19 per cent in 1995 to 4 per cent in 1996, it is also, to a degree, due to denial of meaningful market access to Indian goods and to Non-Tariff

[2] WTO, Focus 1997

[3] Trade policy review - India 1998 – WTO - www.wto.org

Measures (NTMs) including anti-dumping activity by developed countries. The multilateral negotiations have greatly helped in bringing down tariffs all over the world, similar success has not, however, been achieved on Non-Tariff Barriers (NTBs) affecting world trade. Although quantitative restrictions (QRs) are not overtly being used by most of the countries to restrict the flow of trade, quotas, standards, subsidies and indiscriminate use of anti- dumping/countervailing duty investigations are some of the most important NTBs being used to restrict the flow of trade from countries such as India.

2.3 WTO and Indian institutions

The Ministry of Commerce, government of India in its monthly newsletter of August 1999[4] mentioned that the integration process of items of textile and clothing sector into GATT (1994)/WTO had been very tardy, especially in the case of U.S. and E.U. The integration initiated by U.S. and E.U. in the first two stages has not led to the removal of restrictions on any item under specific restraint from India. The functioning of the Textile Monitoring Body (TMB) is not very encouraging and its structure issues tend to get divided into two distinctive blocks of importing country members and exporting country members as a result they end up issuing a finding rather than making a recommendation. Further there is a tendency to replace quotas or Quantitative Restriction (QRs) with other disguised anti- import measures both by the U.S. and E.U., especially after the finalization of Agreement on Textile and Clothing (ATC) in December 1993.

According to Chadha & others (2000)[5], the Indian economy has experienced a major transformation during the decade of the 1990s. Apart from the impact of various

[4] India and the WTO, monthly newsletter of the ministry of commerce, Vol. 1 No.8, published by the Ministry of Commerce, Govt. of India, Udyog Bhawan, New Delhi, August 8 ,1999.

[5] Chadha, Rajesh & Brown, Drusilla & Deardorff, Alan & Stern, Robert. (2000). Computational Analysis of the Impact on India of the Uruguay Round and the Forthcoming WTO Trade Negotiations.

unilateral economic reforms undertaken since 1991, the economy also had to reorient itself to the changing multilateral trade discipline within the newly written GATT-WTO framework. The unilateral trade policy measures have encompassed exchange-rate policy, foreign investment, external borrowing, import licensing, custom tariffs, and export subsidies. The multilateral aspect of India's trade policy refers to India's WTO commitments regarding trade in goods and services, trade-related investment measures, and intellectual property rights. The present study analyzes the economic effects on India and other major trading countries/regions of the Uruguay Round (UR) trade liberalization and the liberalization that might be undertaken in a new WTO negotiating round. India's welfare gain is expected to be 1.1% ($4.7 billion over its 2005 GDP) when the UR scenarios get fully implemented. The additional welfare gain is an estimated 2.7% ($11.4 billion) when the assumed future WTO round of multilateral trade liberalization is achieved. Resources would be allocated in India to the labor-intensive sectors such as textiles, clothing, leather and leather products, and food, beverages, and tobacco. These sectors would also experience growth in output and exports. Real returns to both labor and capital would increase in the economy. The scale effect (percent change in output per firm) is positive for all the ten sectors of manufacturing, indicating that Indian firms become more efficient than before. Finally, even if India undertakes unilateral trade liberalization of the order indicated in the WTO multilateral scenarios, it would still benefit, although less so than with multilateral liberalization.

Economic Survey, Government of India (2001-02)[6], while refuting the concerns that liberalization of imports resulting from the lifting of Quantitative Restrictions (QRs) on agriculture products would lead to surge of agriculture imports thus affecting adversely the Indian farmers, mentioned that the value of Agriculture imports in aggregate terms has come down to about US$ 1.8 billion in 2000-01 from US$ 2.9

[6] Economic Survey, Chapter-8, Agriculture, Export and Import of agriculture products, Govt. of India, 2001-02

billion and US$ 2.8 billion in 1998-99 and 1999-2000 respectively. India has considerable flexibility to counter flooding of Indian market by cheap agriculture imports by imposing tariffs (bound rates) under WTO for agriculture products which provide a fair level of protection. The Govt. in fact, raised the import tariffs for many agriculture products such as tea, coffee, pulses and edible oil in budget 2001-02. Countervailing duties can also be imposed to counter actionable subsidies given to agriculture products by the exporting countries apart from safeguard provisions to counter surge of imports.

Panagariya (2002)[7] while dwelling upon future promises the WTO holds mentioned that despite continued asymmetries between the influence of the rich and poor countries, WTO is by far the best hope for protecting trading rights of countries like India. A key condition for faster economic growth in countries such as India is guaranteed access to open world markets and the only institution that can deliver this access is WTO. In spite of the pressure, we face from the rich countries through WTO, it remains the best guarantor of our trading rights. Anyone who thinks otherwise only needs to contemplate a world without WTO. In that world, rich countries would not need to demand, they will simply impose it, it is the power of the WTO rules that protects smaller nations from unilateral trade sanctions by rich and powerful nations.

Trade Policy Review - India (2002)[8] reveals that Quantitative Restrictions (QRs) especially in the textile sector, are one of the most important of non-tariff barriers affecting India's trade. The major trading partners of India had not met any industrial adjustment nor had accorded any meaningful access to developing countries like India. The integration programme implemented by the importing countries had not been in line with the spirit of the Agreement on Textiles and Clothing (ATC), though it may have conformed to the narrow technical and legal requirements of the agreement. In the

---

[7] Panagriya, Arvind, India at Doha, Retrospect and Prospect', Economic and Political Weekly, Jan 26, 2002, pp 284.
[8] Trade policy review - India 2002 – WTO - www.wto.org

first stage starting from Jan. 1, 1995, major restraining countries integrated no product under restraint from India, and in the second and third stage, integration of restraint products has been negligible. The result is that even in the tenth year of the transition period, more than 95 per cent of India's apparel and yarn trade would remain un-integrated with some of its major trading partners. Further, the integration schedules have a greater concentration of low value-added products. It is thus obvious that the major importing countries have continued to backload the integration process and the bulk of the integration take place only at the conclusion of the transition period. Another problem is growing regionalization of textile trade on account of formation of Free Trade Areas (FTAs) and Preferential Trading Arrangements. It is estimated that 59 per cent of world trade in textiles is presently taking place under PTAs. Such localization of world textile trade is adversely affecting India's textile trade.

2.4 Effects of NTMs

It also reveals that market access has been affected by several Non-Tariff measures (NTMs). In the agriculture product sector, there are barriers to export of mangoes and other fruits on account of insistence of some of the major trading partners to use only the Vapour Heat Treatments (VHT) procedure. In the floriculture sector, there are certain plant quarantine procedures in some importing countries including zero tolerance for some insects and pests, which affect our market access. The export of Indian milk product is affected on account of certain conditions like proof of absence of TSE/Scar pie in India insisted upon by some trading partners. There is continuing ban on import of Indian meat by some countries even though India has been free from rinderpest for the last three years and the same has been published in the OIE bulletin released from Paris. There are different regulations on use of pesticides and pesticides residues by various importing countries, which have affected market access of Indian products like grapes, egg products, honey, meat products, milk products, tea and spices.

Non harmonization of regulations for approval of exporting units of Indian egg products and non-approval of India egg processing establishment by one of our major trading partners is another market access barrier.

Human Development Report (2003)[9] reveals that despite some significant recent initiatives, trade policies in rich countries remain highly discriminatory against the products produced in the poorest countries- especially in agriculture and textiles. The most important expectation of poor countries in the Uruguay Round (UR) of international trade negotiations (1986-94) was that rich countries would open their markets in these two sectors. But the results have been largely disappointing. Protection in most rich countries remains extremely high, through a variety of instruments. Most rich countries apply high tariffs to agriculture goods and simple manufacturers-the very goods that developing countries produce and can export. In agriculture, the tariffs of OECD countries are heavily biased against low-priced farm products produced by developing countries Bangladesh exports about $2.4 billion to U.S. every year and pays 14 per cent in tariffs while France exports more than $30 billion and pays 1 per cent in tariffs. Import quotas are a more extreme version of the same policy. Quotas on clothing and textiles are to be phased out by 2005. But in 2002, quotas still governed most of the same clothing products covering quotas in the late 1980s. This lack of progress raises doubts about the seriousness of OECD countries to meet their 2005 commitments. Another way is to pay large subsidies by rich countries to their domestic food producers. These subsidies are so large-totaling $311 billion a year that they affect world market prices of agriculture goods, causing direct harm to poor countries. Annual agriculture subsidies in rich countries considerably exceeds to the national income of all the Sub-Saharan Africa.

Economic Survey, Government of India (2003-04)[10] reveals that India's annual average merchandise exports expansion at around 8 per cent in the latter half of the

[9] Human Development Report ,2003, pp-154-155
[10] Economic Survey, Govt. of India, 2003-04, pp 104.

nineties was higher than the growth of overall world trade and expansion of trade of developing countries, resulting in a rise in the share of India's exports in world exports from 0.6 per cent in 1995 to 0.7 per cent in 2000. Between 2000 and 2003, India's exports have increased by around 32 per cent as compared to a rise of around 17 per cent in world exports, suggesting some improvement in overall competitiveness of India exports. The growth of exports has been broadly maintained in 2003, resulting in retention of India's share in world exports at 0.8 per cent.

Gorter (2004)[11] observed that the UR agreement on agriculture has not been defined and quantified in an optimal manner. Several categories of support are inappropriately categorized as non-distorting. A major reform is needed in the way in which the 'Aggregate measures of support' (AMS) - a measure for trade distorting domestic support policies - is defined and measured. These trade distorting polices were assigned to the amber box category of support. Uruguay Round Agreement on Agriculture (URAA) reduction commitments were supposed to measure domestic support, independent support due to import barriers and export subsidies. In reality, however the AMS is double counted with support derived from trade policies. Total support as measured by the OECD's 'Producer Support Estimate' is often less than domestic support, as measured by AMS. If each of these calculations measured what it was supposed to measure, this would not be possible. Hence, a new amber box should be created that includes only domestic support that is trade distorting and is not conflated with trade border measures. The method of measuring domestic support through AMS is somewhat misleading and penalizes some countries. Furthermore, some green box Govt. payments induce higher production because fixed costs are covered, production risk is reduced, input market constraints are removed and expectations are formed for more support in the future. In general, reduction commitments in URAA suffered from over-emphasis on border support in relation to

[11] Gorter, Harry De, Merlincla D, Ingco and Laura Ignacio, 'Agriculture and the WTO-Creating and Trading system for development', Atlantic publishers, New Delhi, 2004, pp-143

the amber-box and under emphasis on green box support.

Ghosh (2004)[12] in his paper examined that with the decline in import tariffs and quotas in recent years, India's apparel exports have been subjected to non-tariff measures (NTM). An examination of India's apparel exports indicates that on average nearly 46 per cent of the country's total exports to the E.U. were subjected to NTM. The corresponding figure for India's exports to the US is 36 per cent. The quota free trade (post 2005) would offer significant export opportunities to the Indian apparel industry. However, the extent to which India can exploit such opportunities will hinge on its ability to compete effectively with leading apparel exporters like China. Also, Indian exports currently contain lower end and low value-added items, further limiting the extent of increase in exports after dismantling of quotas. Thus, with the deregulation in world textile trade, Indian textile exports growth is likely to be uncertain, although more possibility exists for increase in exports after the accession of the textile trade to WTO.

Das (2005)[13] opines that the GATT which is now a part of WTO and is strict on the principle of Non-Discrimination allows deviation by permitting the countries to RTAs/FTAs wherein they can give higher concessions amongst themselves without extending to others. The original intention was to enable smaller economies to consolidate their production and trade into more viable economic sizes. But over the course of time, the developed countries have used it to form economic behemoths, like the European Economic Community and North American Free Trade Area (NAFTA). But all that did not cause much concern until the major developed countries started using the mechanism to extract concessions from the developing countries.

According to Goldar (2005)[14] a large reduction has been made in the level of

---

[12] Ghosh, Soumya Kanti, 'Apparel exports in Post-MFA Regime', Economic and political weekly, April 24, 2004, pp-1647, 1648.

[13] Das, Bhagirath Lal, 'Multitude of Mini-WTO's', Economic and Political Weekly, Oct. 29, 2005, pp 4668.

[14] Goldar, Bishwanath, 'Impact on India of Tariff and QRs under WTO', working paper No. 172, Indian

tariff between 1991 and 2004. The tariff reform did have a significant effect on Indian Industry, but these effects cannot be attributed to India's commitments. Two major components of liberalization to India's commitments are (a) removal of QRs on textile imports and (b) removal of QRs on 1429 items in 2000/2001. The liberalization of textile imports has led to a sharp increase in imports of textiles in the period 2000 to 2003. But the increase in imports of textiles is small in relation to the increase in exports in this period, so that the overall effect of imports increase has been modest. As regards the removal of QRs on 1429 items, the import increased substantially in a small number of them, uncompensated by export increase and this may have adversely affected capacity utilization in such industries. But, overall, there has been only a limited increase in the imports of 1429 items recently freed from Quantitative Restrictions (QR).

Khan (2005)[15] in his research paper evaluates that developing countries are concerned that only the minimum requirements of the ATC are being met, and that protection may still take place through other measures. Industry experts believe that the end of quota regime would not lead to any automatic growth in exports from the developing nations, like India. Importing nations that have less competitive textile industries may come under pressure to use customs as a protective instrument. In addition to it, potential exporters like China, India and other developing nations could face measures like antidumping and anti-subsidy action, enforcement of labour and environmental standards, discriminatory application of rules of origin criteria and implementation of cumbersome documentation procedures. Indian industry experts believe that after the end of the quota regime global competition will boost and prices of fabrics and made-ups would fall. Textile exporters in India may face difficulties in

Council for research on International Economic relations, India Habitat Centre, Lodi road, New Delhi (available at www.icrier.org), 2005.

[15] Khan, Kaleem Mohammad and Mohd. Afaq Khan, 'Opportunities and Challenges for Indian Textiles and Garments Sector in post quota regime', The Indian Journal of Commerce, Vol 58 No. 1, January-March, .2005, pp 83-84

accessing the EU markets, after the end of the quota regime. The E.U. has set stiff conditions on the use of chemicals in textile products. It is asking its companies to factor in labour and environmental concerns, an agenda that the EU had failed to push through into the multilateral trading system, during talks under the WTO. The EU is also contemplating the imposition of fresh quotas following accession of ten new countries into the E.U., despite the fact, that quotas have to be eliminated post Jan 1, 2005. India's export performance is not that heartwarming so far. Over the last decade, its share in the global textiles and clothing trade has hardly shown any significant improvement. From 1995 to 2002, India's share in the textiles trade improved from 2.88 percent to 3.73 percent and in clothing from 2.60 percent to 2.68 percent. Indian textile sector has the potential to reach a size of $ 85 billion by 2010, from the current size of $ 36 billion at an annual growth rate of 11 per cent.

Banerjee (2006)[16] analyses that the negotiation system under GATS is seriously flawed, thereby impeding the scope of market liberalization. First, given the fact that commitments are negotiated on a sector-by-sector basis and then followed by a mode-by-mode analysis in each sector, even a bilateral negotiation involves huge time and, consequently, significant transaction costs. Furthermore, having a balance of concessions in the GATS between countries in a multilateral framework becomes difficult, as member countries often don't hold a reciprocal interest in each other's markets. Second, since under the MFN framework, the offers are not member specific, but multilateral, that is any market concession to a WTO member is extended to all members, the free rider problem plays a major role here. Therefore, it makes sense for the countries to understand their own offers but to wait and gain from others offer's. As a result of this kind of 'mutual non-cooperation' the concessions on market access, negotiated at the GATS always remain sub- optimal.

[16] . Banerjee, Pritam, 'Towards an appropriate approach to trade diplomacy in Services' in D Sengupta, D. Chakraborty and P. Banerjee (ed.), 'Beyond the transition phase of the WTO: An Indian perspective on the emerging issues', New Delhi, Academic foundation, page 373- 404.

Trade Policy Review – India (2007)[17] revealed that the Indian economy is the second fastest growing economy among the large economies of the world today. In terms of purchasing power parity (PPP) GDP, India is the fourth largest economy after the US, China and Japan. India's share in world GDP (PPP) basis has increased from 4.3% in 1991 to almost 6% in 2005. The World Bank has reported that India has been in the top 10% of all countries in growth performance since the 1980s. Since the mid-1990s the growth rate in agriculture has dropped to 2% compared to the earlier trend rate of 2.5-3.0 percent. The growth in 2003-04 was 10% but it came down to 0% in 2004-05. The growth rate went up to 6% in 2005-06 and the advance estimate for 2006-07 puts the growth at 2.7%. In contrast to the sharp fluctuations in agriculture, industry and services have continued to grow steadily. They have been the twin engines driving the overall growth of the economy. The services sector grew at an average rate of 9% in the 1990s contributing nearly 60 percent of the overall growth of the economy. It continues to maintain impressive growth and has recorded, in the last three years, a growth rate of 9.6 per cent, 9.8 per cent and 11.2 per cent respectively. The industrial sector is also expanding rapidly. The sector revived in 2002-03 and its growth rate accelerated to 7.4 per cent in 2003-04 and to over 9 per cent in the next two years. Industrial growth is estimated to be 11 per cent in 2006-07. The growth rate of manufacturing has shown a steady acceleration from 7.8 percent in 2003-04 to 8.7 percent, 9.1 per cent and 11.3 percent respectively in the next three years.

2.5 Role of India

It also mentions that India has a current share of only 1 per cent of global merchandise exports. In 1995, this share was much less. However, it has been subjected to a disproportionate number of trade defense actions. For instance, during the period

[17] Trade Policy Review – Report by India, WTO Trade Policy Review Body - WT/TPR/G/182 18 April 2007

January, 1995 to June 30, 2006, Indian products have been subjected to 124 out of 2938 anti-dumping actions initiated globally, which amounts to more than 4 per cent of the total these 124 initiations resulted in measures being taken in 69 cases (55.6 per cent). The large-scale initiations of anti-dumping action, led to considerable disruption and loss of trade. Out of 69 measures, 15 each relate to chemicals and plastics, 8 to textiles and 22 to metal products-areas in which India has gained some measures of comparative advantage globally in recent times.

According to Chakraborty (2008)[18], there is sufficient evidence to demonstrate that the promised agriculture liberalization, which accounted for the bulk of the market access liberalization promised in the Uruguay Round (UR), has not happened. Rather, perversely, using exemptions, export subsidies on agriculture products in developed countries became higher after the UR began to be implemented. The quantitative restrictions (QRs) have been converted into artificially high tariff equivalents, referred to as dirty tariffication. Like the case of industrial products, there are specific duties, high peak tariffs and tariff escalation. The Tariff Rate Quotas (TRQs) have led to a huge tariff divergence on both sides of the threshold. Exemptions have been freely used to violate the spirit of AMS liberalization. While negotiations on subsidy questions may seem to be independent of the market access component, the two are actually related, since subsidies distort markets that are sought to be thrown open.

Sen (2009)[19] analyzed that under WTO, the Indian foreign trade has undergone significant changes in its composition, direction and quantity. But during 1995-98 i.e., in the initial three years of WTO, the volume of trade actually declined. Of course, it picked up later, but analysis of the balance of trade shows that India's export could never match the value of her imports throughout the period of economic reforms though

[18] Chakraborty, Debashis and Amir Lillah Khan. 'The WTO Deadlocked understanding the dynamics of International Trade', Sage Publications, New Delhi, 2008.
[19] Sen, Raj Kumar, WTO after ten years and large developing countries like India, 'WTO and Asian Union', published by Deep and Deep Publications Pvt. Ltd., New Delhi, 2009, pp 17.

one of the basis expectations from the WTO was quantum jump in the volume of exports. In fact, the export-import gap is rising and therefore safeguards measures needs to be taken. The global economy has expanded at a higher rate since the inception of WTO but in order to be a partner of this growth process, India requires removing the supply constraints existing in the sphere of foreign trade. On the demand side, emphasis must be on removal of numerous trade distortions and market access barriers still very much persisting in the high rich countries. On the whole, it appears that the multilateral trade mechanism under WTO has benefitted Indian economy only to a limited extent.

Trade Policy Review – India (2011)[20] observed that since the previous Review in May 2007, the period largely fell under the shadow of the global economic crisis. Most parts of the world are still struggling to recover from the recession. While India did not escape unscathed, the pragmatic economic policies and calibrated reforms pursued during the past two decades minimized the impact of the global meltdown and enabled a return to a near normal growth rate in 2009-10. While all the major macroeconomic variables, namely, GDP, exports and imports showed a decline in 2009-10, the impact on India was relatively muted when compared with most other major economies. The resilience of the Indian economy and its ability to cope with the global downturn despite greater openness, was the result of a range of reforms, including financial sector reforms, pragmatic banking regulations and supervision, a cautious approach towards the liberalization of capital flows, especially short-term debt, building up of ample foreign exchange reserves, coupled with strong domestic demand and underlying strong macroeconomic fundamentals. The focus of the Government has been on sustainable and inclusive development. Significant attention is being given to rural development, skill development, innovation and financial inclusion. India faces enormous challenges in several areas, namely, physical and social

[20] Trade Policy Review – Report by India, WTO Trade Policy Review Body - WT/TPR/G/249 10 August 2011

infrastructure, inflation, energy security, agricultural growth and food security. The Government has taken various policy initiatives to tackle these challenges and is determined in its efforts to overcome them to ensure a smooth road to growth and development.

It also observed that on the trade front, during the four-year period under review, exports grew at a compound annual growth rate of 18.1%, while imports grew by 17.2%. India's share in global exports registered a small increase from 0.9% in 2006 to 1.3% in 2009. Her share in world imports also increased from 1.3% in 2006 to 2% in 2009. 5. Despite the global meltdown and its effect on the economy, India's engagement with the world continued to widen and deepen. India's ongoing transparency and trade facilitation efforts, including autonomous reduction of tariffs, stayed on course. India remained an active participant in efforts to further liberalize trade, especially in the multilateral trade negotiations in the WTO.

In terms of purchasing power parity (PPP), the Indian economy is the fourth largest after the United States, China and Japan.2 India's share in world GDP (PPP) has increased from 4.3% in 1991 to 5.3% in 2009. While the growth rates of agriculture and industry have fluctuated, the services sector has been the engine of India's economic growth. With a share of more than 55% of the GDP and an annual growth rate of over 10%, this sector contributes about a quarter of the total employment.3 It accounts for a high share in foreign direct investment inflows, and over one-third of total exports. The growth of the services sector has been consistently above the overall GDP growth since 1997-98 and has contributed to India sustaining a reasonable growth rate even during the crisis. While the rate of growth of agriculture and industry declined to (-) 0.1% and 4.4% respectively, in 2008-09, the services sector grew by more than 10%, resulting in an overall GDP growth rate of 6.8%. The Indian economy in 2011 is far more open to the external sector than it was in 2006-07. India's total trade in goods (exports plus imports) as a percentage of GDP increased from 32.9% in 2006-07 to 39.7% in 2008-09, though it came down to 33.7% the next year as a fallout of the global economic crisis. This increased openness has enhanced productivity and competitiveness, as reflected in India's export performance in recent years.

Trade Policy Review – India (2015)[21] observed that the foreign trade today has begun to play a significant part in India's economic development. India's two-way merchandise trade crossed US$760 billion in 2013-14 or 44.1% of the GDP. If services trade is added, India's trade reached nearly US$1 trillion. This has been achieved despite the global contraction and is indicative of India's resilience and increasing integration with the global economy. During the four-year period under review (2010-11 to 2013-14), exports grew at a compound annual growth rate of 8.0%, while imports grew by 6.8%. 2.7. During the four-year period under review (2010-11 to 2013-14), exports grew at a compound annual growth rate of 8.0%, while imports grew by 6.8%. India's share in global exports registered a small increase from 1.5% in 2010 to 1.7% in 2013. Its share in world imports increased from 2.3% in 2010 to 2.5% in 2013. 2.8. The Indian economy has continued the trend of increasing trade openness during the period under review. India's total trade in goods (exports plus imports) as a percentage of GDP was 42.4% in 2008-09 which declined to 36.3% in 2009-10, as a result of the global economic crisis. It however recovered in the following years and the trade-GDP ratio increased to 44.1% by 2013-14.

2.6 Trade Facilitation Agreement (TFA)

In the field of WTO negotiations, the review observed that in keeping with its strong commitment to multilateralism and the Doha Development Agenda, India has been working with rest of the WTO Membership to ensure that the imbalances in global trade rules are corrected in order to ensure better integration of developing countries in international trade. The outcome of the Bali Ministerial Conference of the WTO in

[21] Trade Policy Review – Report by India, WTO Trade Policy Review Body - WT/TPR/G/313 28 April 2015

December 2013 is significant for its recognition of some of the imbalances in the agricultural trade rules through the decisions on the issues of public stockholding for food security purposes, and export competition. The need for policy space in the area of food security, a very genuine requirement of the developing countries to ensure the livelihood and food security of their poor, was not only recognized but it was also decided in November 2014 in WTO to find a permanent solution on the issue in a time bound manner. A major outcome of the Bali Ministerial Conference is the decision on a Trade Facilitation Agreement (TFA). India is a party to this decision and would abide by the obligation to notify its Category A and B commitments in accordance with the provisions of the Agreement. India has undertaken a host of autonomous reforms even before the WTO agreed to have a TFA, with the following objectives:

i. To simplify laws and procedures and streamline fees and formalities dealing with release and clearance of goods;
ii. To ensure greater transparency in trade law administration; and
iii. To enhance and initiate measures for border cooperation and free movement of transit goods.

India took up customs modernization in 1990s with the introduction of the EDI (Electronic Data Interchange) system at major customs locations, which was subsequently rolled out to other locations. Some further trade facilitation reforms that India took up autonomously include the introduction of the "Risk Management System" and "Post Clearance Audit" for imports. Very recently India has launched the Risk Management module for exports also. Where feasible, India allows for electronic payments of customs duties, which is again one of provisions in the Trade Facilitation (TF) text. In 2012, India launched the Authorised Economic Operators (AEO) Programme, based upon the WCO's SAFE Framework. While substantive customs reforms have been undertaken in India, the implementation of TFA involves multiple border management agencies owing to which its implementation is a challenge. While many of the TF provisions are already in place in India, some of them would require suitable legal and/or procedural modifications. In such cases, being a developing country, India would be entitled to adequate transition time for implementing the Agreement. India is in the process of finalizing its categorization of commitments under the Agreement and would be filing the notification in keeping with the provisions of TF agreement. The process of constituting a National Trade Facilitation Committee is also underway. On future negotiations under the aegis of the WTO, India is committed to the Doha Development Agenda (DDA). The DDA primarily seeks to restore a balance in international trade by providing a level playing field to the developing countries. Special and Differential Treatment is the cornerstone of the DDA, as it provides opportunities to the developing countries to better integrate into the global trading system in accordance with their developmental needs. Agriculture is the mainstay of the developing countries and India is no exception. With a large population dependent on agriculture, India has very high stakes in the negotiations on agriculture in the WTO. The historically high domestic support and export subsidies available to farmers in the rich countries are a matter of grave concern to the developing countries. India's efforts are, therefore, to protect the interests of the poor farmers, which can be achieved through substantial reduction in the very high level of trade distorting subsidies given by some of the developed countries, as well as through specific provisions in the WTO Agreement on Agriculture to provide protections and options to the developing countries for a level playing field. Similar cooperation is required to conclude the rest of the issues of the Doha Development Agenda. India is working with Members to ensure that the development mandate of the Doha round is not diluted. There is a need to respect the special needs of the developing countries to encourage and protect their nascent and vulnerable industries, which include the micro, small and medium enterprises, employment intensive sectors, industries employing socially and economically vulnerable sections such as women, traditional artisans and fishermen, as well as industries in the rural, semi urban, economically disadvantaged and geographically inaccessible regions of the country.

Trade Policy Review – India (2020)[22] observed that after a brief period of moderation, the Indian economy had begun to regain momentum towards the end of 2019 with the Index of Industrial Production (IIP) rebounding from negative growth at the end of 2019 to 5.2% in February 2020, the highest level observed since July 2019. The COVID-19 pandemic and the preventive country-wide lockdown in late March 2020 however affected this revival, and has linked India's economic recovery to the containment of COVID-19, within its own territory as well as globally. The Government has focused on carrying out structural reforms and ensuring inclusive growth. These reforms, along with a host of measures taken by the government after the outbreak of COVID-19, should enable the country to bounce back on its targeted growth path. The fundamentals of the Indian economy are strong and this has ensured macroeconomic stability. Inflation is within limits and FDI inflows have increased substantially in the recent years with the highest ever FDI inflow of USD 74.39 billion during the financial year 2019-20. Improvement in the trading environment has enabled the country to better its position in the World Bank's Doing Business ranking from 142 in 2015 to 63 in 2019. India's position in the Global Innovation Index has also risen from 81 in 2015 to 52 in 2019, while its ranking in World Bank Logistics Performance Index changed from 54 in 2014 to 44 in 2018. These developments clearly suggest an improved confidence of the global business and trade in the Indian economy. The Government envisions that India would be a USD 5 trillion economy by 2024-25. The ability to boost investments and an improved performance in trade would substantially contribute towards the success of this endeavour. India's low debt leverage, progress made in financial inclusion and formalization of the economy can result in credit becoming a key contributor to driving the economic growth. Infrastructure development is a cornerstone of the Indian growth strategy, with its strong backward and forward

[22] Trade Policy Review – Report by India, WTO Trade Policy Review Body - WT/TPR/G/403 25 November 2020

linkages that can fuel the economy and improve the competitiveness of the country. As a part of infrastructure development, India has launched the National Infrastructure Pipeline on 31st December 2019 of ₹ 103 trillion (approx. USD 1.5 trillion). This initiative focuses on housing, access to clean and affordable energy, healthcare, world class educational institutions, railways, logistics and warehousing. Strategic disinvestment in public sector undertakings is aimed at further increase of private sector participation in the economy, creating efficiencies and generating revenue, which will, in turn, enhance the capacity of the Government to invest in developmental projects.

2.7 WTO and GDP of India

It further mentions that on the trade front, during the five-year period under review, exports grew at a compound annual growth rate of 4.5%, while imports grew by 5.7%. India's share in global exports and imports registered a marginal increase from 1.6% & 2.4% in 2015 to 1.7% & 2.5%, respectively, in 2019. Total exports, inclusive of services, crossed half a trillion-dollar mark for the first time to reach a new high of USD 538.1 billion in 2018-19. This feat was repeated in 2019-20. The period under review also saw the multilateral trading system face unprecedented challenges. As a founding member of the WTO, India remained committed to the centrality of the WTO for an integrated global trading system and was an active participant in the efforts to safeguard and strengthen the WTO. In order to build a consensus towards this direction, India took the initiative to host two informal mini-ministerial meetings in New Delhi, in March 2018 and May 2019. In almost all interventions, a need to preserve and enhance the functioning and credibility of the rules-based multilateral trading system, which is transparent and inclusive, with development as the core objective, was highlighted. During this period, India also implemented India – ASEAN Services and Investment Agreement and expanded the coverage of Asia Pacific Preferential Trade Agreement (APTA).

Further, India's total trade in goods (exports plus imports) as a percentage of GDP has shown an uneven trend. After declining from 37% in 2015-16 to 36% in 2016-17, it showed a steady increase and reached 41% in 2018-19. However, it declined to 37.8% during 2019-20. The slowdown of world output has definitely had an impact on reducing the export to GDP ratio. In 2019-20, the major commodity groups in India's export basket in terms of percentage shares were Chemical and Related Products (14.4%), Petroleum Crude and Products (13.2%), Gems and Jewellery (11.5%), Textile and Allied Products (10.8%); Machinery and Electrical Appliances (9.1%); Agriculture and Allied Products (8.4%); and Base Metals (7.6%). According to the WTO data, India's share in world's commercial services exports has risen steadily over the past decade to reach 3.5% in 2018, twice the share in world's merchandise exports at 1.7%. India now ranks 8th among the world's largest commercial services exporters. It continues to register strong growth performance relative to the other major services-exporting countries as well as world services export growth. India's services exports outperformed merchandise exports during the period 2015-16 to 2019-20, recording a compound annual growth rate (CAGR) of 8.4%, higher than the CAGR of merchandise export (4.7%) during the same period.

Overall, despite the challenges confronting the Indian economy, global business and trade continue to repose confidence in the country, given the structural reforms initiated and handsome returns the economy has brought to fruition in the past. Infrastructure upgradation coupled with numerous social measures and skill upgradation programs are expected to have a positive spillover effect on the targeted growth trajectory of the country. In the multilateral arena, India believes that respecting trade rules of the WTO is the only solution to addressing the unfolding crisis and will continue to play a positive role to establish a fair and equitable multilateral trading system. Simultaneously, it will also engage in concluding new trade and economic partnership agreements with the partner countries. The Trade Policy in India would continue to endeavour to build synergies with ongoing initiatives, with a strong focus on diversification of exports, and with an aim to properly anchor the elements of foreign trade within a composite approach to economic development.

CHAPTER-3

RESEARCH DESIGN& METHODOLOGY

3 Methodology

The research design refers to the overall strategy that one chooses to integrate the different components of the study in a coherent and logical way, thereby, ensuring effective addressing of the research problem. It constitutes the blueprint for the collection, measurement and analysis of data. A well selected and appropriately adopted methodology is an important component of research. It adds to the incisive insight, precision, reliability and validity of the research findings.

3.1 Research Components

World trade is a complex issue with many variables. The desired outcomes sometimes don't match with the unique requirements of the member countries as well as their tendency of overprotecting their own sectors of economy. The matter becomes all the more complex when it comes to envisaging a level playing field for the developed as well as developing economies. It is in this context that the present chapter has been discussed under the following heads:

- Need for the study
- Objectives
- Study area
- Data collection
- Period of study
- Analytical framework
- Limitations

The details of them are given in the following section:

3.1.1 Need for the study

The WTO was expected to play a crucial role to carry out the new world trade system as discussed in Uruguay Round (UR). When the WTO was set up, agreed promise was held out to underdeveloped world that developed countries would remove all restrictions in the areas of trade to make the way for free multilateral trade. But the various studies have found that the developed countries had raised new barriers to trade at the international level. At the same time, during WTO meetings more pressure is being put on the developing countries to make their economies global by removing all types of barriers in order to capture the developing countries market. In view of this, the present study has been undertaken to examine the impact of WTO regime upon various sectors of Indian economy and the role of various member countries in influencing various decisions at the apex level of the world trade body.

3.1.2 Objective

The present study is an attempt to study the impact of WTO on Indian economy. The specific objectives of the study are:

i. To study the main elements of AOA, ATC and GATS along with their impact on Indian economy.
ii. To study the performance of agriculture trade, textile and clothing trade and service trade during pre and post WTO era.
iii. To study the merchandise trade of goods and services before and after WTO.
iv. To study India's markets share in world trade before and after WTO.
v. To study the trend of India's trade to selected countries during pre and post WTO era.

3.1.3 Study Area

The present study includes crucial sectors of Indian economy viz agriculture, textile and clothing and service. It also evaluates the performance of merchandise trade of goods and services during pre and post WTO era.

3.1.4 Data Collection

Only secondary data has been collected for the accomplishment of the objectives of the study. The secondary data has been obtained from World Trade Organization, Trade Policy Reviews, Economic Surveys, Handbook of Statistics on Indian economy, Ministry of Agriculture, UNCTAD, OECD, Books, Journals and internet.

3.1.5 Period of Study

The period of study is from 1986-87 to 2019-20. It has been categorized into two periods:

i. Pre WTO era i.e., from 1986-87 to 1994-95
ii. Post WTO era i.e., from 1995-96 to 2019-20.

3.1.6 Analytical Framework

3.2 Operational Definitions

3.2.1 Percentage Producer Support Estimate(%PSE)

It is the key indicator to measure support to agriculture producers. It expresses the estimated monetary value of policy transfers from consumers and tax payers to producers as a percentage of gross farm receipts. It is the most appropriate measure to compare changes in the level of support. On the other hand, Producer Support Estimate (PSE) is expressed in the Local Currency of each country. When it is converted into a common currency to calculate aggregate PSE, the year-on-year variations will result in total level of transfers denominated in a single currency due to changes in the level of transfers measured in each national currency and exchange rate movements. The per cent (%) PSE solves the problem of exchange rate.

3.2.2 Producer Nominal Assistance Coefficient (Producer NAC)

It is the ratio between the value of gross farm receipts including support and the value of farm receipts at border prices.

3.2.3 Producer Nominal Protection Coefficient (Producer NPC)

It is the ratio between the producer price (including payments per unit of output) and the border price. It shows the degree to which policies increases prices received by domestic producers.

3.2.4 Total Support Estimate (TSE)

It is the sum of transfers to agriculture producers individually and collectively as well as subsidies to consumers.

3.2.5 Per cent Total Support Estimate (%TSE)

It is the total support estimate (TSE) value expressed as percent of G.D.P

3.2.6 Export-Import Ratio (%)

It is the ratio between the value of exports and imports. The ratio of Export-import is given below as equation 3.1.

$$\text{Export} - \text{import ratio} = \frac{\text{Value of exports}}{Value\ of\ imports} \text{ X } 100 \qquad --- (3.1)$$

It shows the trade gap. Higher is the ratio, lower is the trade deficit.

3.3 Tabular Analysis

Tabular analysis was extensively used to analyze the impact of WTO on crucial sectors of Indian economy and merchandise trade. The average, percentage and ratios were computed to achieve the specific objectives. The data has also been presented graphically.

3.4 Limitations

The main limitations of the study are as under:

i. The study is mostly for the period from 1986-87 to2018-19. However, in certain cases the figures are till 2011-12 due to insufficiency of coherent data on the topics covered.
ii. The data used is secondary. Primary data has not been used.
iii. The data has been analyzed from 1986-87 to 2018-19 except where it was not available strictly for this period.
iv. The study includes only crucial sectors of the economy.
v. The study includes only major trading partners of India

CHAPTER-4

WTO AND CRUCIAL SECTORS OF INDIAN ECONOMY

4.1 WTO and Indian Agriculture

4.1.1 Overview of Indian Agriculture

Indian is an agriculture-based country, where more than 50% of population is dependent on agriculture providing employment to more than 250 million persons which constitutes about 60 percent of total working population. This constitutes the main source of income and can be taken as the backbone for Indian Economy. The contribution of agriculture in the initial two decades towards the total national output was between 48% and 60%. However, by the year 2001-2002, this contribution declined to around 26%. Agricultural exports constitute a fifth of the total exports of the country. India's agri-exports increased from Rs. 38,078 crores in 2004-05 to Rs. 2.7 lakh crores in 2018-19, registering an increase of nearly 7 times in the span of 15 years.[1] Therefore, any change in the sector, positive or negative, will have a multiplier effect on the entire economy. In perspective of the overwhelming position of the Agricultural Sector, gathering and support of Agricultural Statistics expect incredible significance.

4.1.2 Agreement on Agriculture (AOA)

Although GATT was applicable to agriculture but its implementation was ineffective. The presence of Non- Tariff Measures (NTMs) and subsidies distorted the world agriculture trade significantly. The Uruguay Round (UR) attempted to remove the NTMs such as import quotas and subsidies which distorted the world agriculture trade for decades. The objective was to reform agriculture trade by reducing domestic subsidies and export subsidies by implementing Agreement on Agriculture (AOA) which forms a part of the final Act of Uruguay Round (UR). Agreement on Agriculture

[1] Agriculture Statistics at a Glance 2018, Ministry of Agriculture & Farmers Welfare, Government of India.

(AOA) applied mainly to three broad areas: Market Access, Domestic Support and Export Subsidies. The implementation period was 10 years for developing countries and 6 years for developed countries which began in 1995. The Least Developed Countries (LDC) were exempted. Table 4.1 below indicates the reduction of agricultural subsidies agreed upon in the Uruguay Rounds.

Table 4.1 : Reduction of Agriculture Subsidies Agreed in the UR

Category	Developed Countries (6 years: 1995-2000)	Developing Countries (10 years: 1995-2004)
Tariffs		
Average cut for all agricultural products	-36%	-24%
Minimum cut per product	-15%	-10%
Domestic support		
Total AMS cuts for sector (Base Period 1986-88)	-20%	-13%
Exports		
Value of Subsidies	-36%	-24%
Subsidized quantities (Base Period 1986-90)	-21%	-14%
Least developed countries do not have to make commitments to reduce tariff or subsides The base level for tariff cuts was the bound rate before Jan. 1, 1995; for unbound tariffs, the actual rate charged in September 1986 when the UR began		

Source: World Trade Organization, Geneva

4.1.2.1 Market Access

Before Uruguay Round (UR) the agriculture import was restricted by quotas and other Non-Tariff measures (NTMs). After the formation of WTO these Non-Tariff measures (NTMs) have been replaced by tariffs. The process of converting quotas and Non- Tariff Measures (NTMs) to tariffs is called tariffication. Under the Uruguay Round (UR) agreement the members have agreed that developed countries would cut the tariffs by an average of 36 percent in equal steps over six years. The developing countries would cut the tariffs by 24 percent over 10 years (table 4.1). The least developed countries do not have to cut their tariffs.

The other element of market access is at minimum level of imports of each agricultural product as a percentage of domestic consumption at 1986-88 level. If the current level of import is negligible, the minimum access should not be less than three percent of domestic consumption. This minimum level is to rise to five percent by the year 2000 in the case of developed countries and by 2004 in the case of developing countries.[2]

4.1.2.2 Domestic Support

The problem with domestic support is that it encourages overproduction which results low priced dumping on world markets or squeezes the imports. The agriculture agreement defines the policies which support the production directly and those having no direct effects. The domestic policies which effects production have to be cut down. The agreement on agriculture (AOA) had classified the domestic support in three forms namely amber box measures, green box measures and blue box measures.[3]

---

[2] India and WTO, a monthly newsletter of the Ministry of Commerce, Vol. I No. 5, May, 1999.
[3] Dispute Settlement in International Trade, Investment and Intellectual Property, UN Conference on Trade and Development, 3.15 Agriculture, Ch 3, pg 21.

A. **Amber Box Measures**

The member countries have calculated total annual support of this type for agriculture in the base years of 1986-88 using calculations "Total Aggregate Measurement of Support (AMS)". The developed countries agreed to cut these figures by 20 per cent over six years starting 1995 while developing countries agreed to reduce them by 13 per cent over ten years. The least developing countries did not have to make any cuts.

B. Green Box Measures

It includes those measures which have minimum effect on trade. Thus, these can be used freely. Green box measures include government services such as research, disease control, infrastructure and food security. The payments made directly to farmers which do not stimulate production are also included in this category.

C. Blue Box Measures

It includes the payments to farmers to limit production, government assistance programmes to encourage agriculture and rural development in developing countries and other support on a small scale compared with the total value of products supported (de minimis) i.e., less than 5 percent for developed countries and less than 10 percent for developing countries.

4.1.2.3 Export Subsidies

The agriculture agreement prohibited the export subsidies except those which are listed in schedule of commitments. Even the listed subsidies had to be cut down over a period of time. Taking 1986-90 as base period, the developed countries had to cut the value of export subsidies by 36 percent over the six years starting in 1995 while developing countries had to cut them by 24 percent over ten years. Further, the quantity of subsidized exports had to be reduced by 21 percent over the six years starting 1995 by the developed countries and by 14 percent for developing countries over 10 years.

4.1.2.4 India's Commitment

A. Market Access

The only commitment India undertook under the agreement was to bind its agriculture tariffs. This commitment has been fulfilled by India through binding its tariffs for primary agriculture products at 100 percent, processed food products at 150 percent and edible oils at 300 percent.[4] India has been maintaining Quantitative Restriction (QRs) on imports on Balance of Payments (BOP) grounds for many decades. The WTO prohibits the use of Quantitative Restriction (QRs). In May 1997, India has notified a total of 2714 tariff lines to the WTO on which Quantitative Restriction (QRs) were maintained. Out of these 1285 items were freed by April 1, 1999.[5] Consequent to the signing of bilateral agreement between India and US, India was required to remove

---

[4] WTO, Trade Policy Review, April 1998.

[5] India and the WTO, a monthly newsletter of the ministry of Commerce and Industry, Vol 2 No. 1, January 2000.

all its remaining Quantitative Restrictions (QRs) on 1429 tariff lines by April 1, 2001.[6]

B. Domestic Support

India does not provide any product specific support other than market price support. During 1986-88, India had market price support programme of 22 products, out of which 19 are included in our list of commitments filed under GATT. The total product specific Aggregate Measure of support (AMS) was Rs. 24,442 crores and non-product specific AMS was Rs. 4581 crores during the base period.[7] The total AMS (product specific and non-product specific) was Rs. 19869 crore. The Aggregate Measure of Support (AMS) for product specific support was negative because international prices were higher than domestic prices and AMS is calculated by subtracting the domestic price from international price and then multiplying by quantity of production. Since India's total Aggregate Measure of Support (AMS) is negative, the question of reduction does not arise.

C. Export Subsidies

India does not provide any direct subsidy to agricultural exporters. The only subsidy to the exporters is exemption of export profit form income tax which is not a listed subsidy.

---

[6] Ibid

[7] India and the WTO, a monthly newsletter of the ministry of Commerce and Industry, Vol. 2 No. 6-7, June-July 2000.

4.1.3 Analysis of Domestic Support and Subsides in OECD Countries during WTO Era

The main cause of distortion of world agriculture trade before Uruguay Round (UR) was the agriculture support provided by developed countries to their producers. The Agreement on Agriculture (AOA) was signed to get rid of these trade distorting measures. It was expected that reduction of agriculture subsidies in developed countries by implementing Agreement on Agriculture (AOA) would benefit the low-cost producers in developing countries. The table 4.2 provides estimates of support to agriculture in OECD countries. It shows that the average support to producers in the OECD was at US$ 226940 million during 1986-89 as measured by the Producer Support Estimates (PSE). The producer support increased to US$ 244126 million by year 2002-05 and further to 252787 in the year 2010-13. It decreased slightly to US$ 235469 million by the year 2018-19.

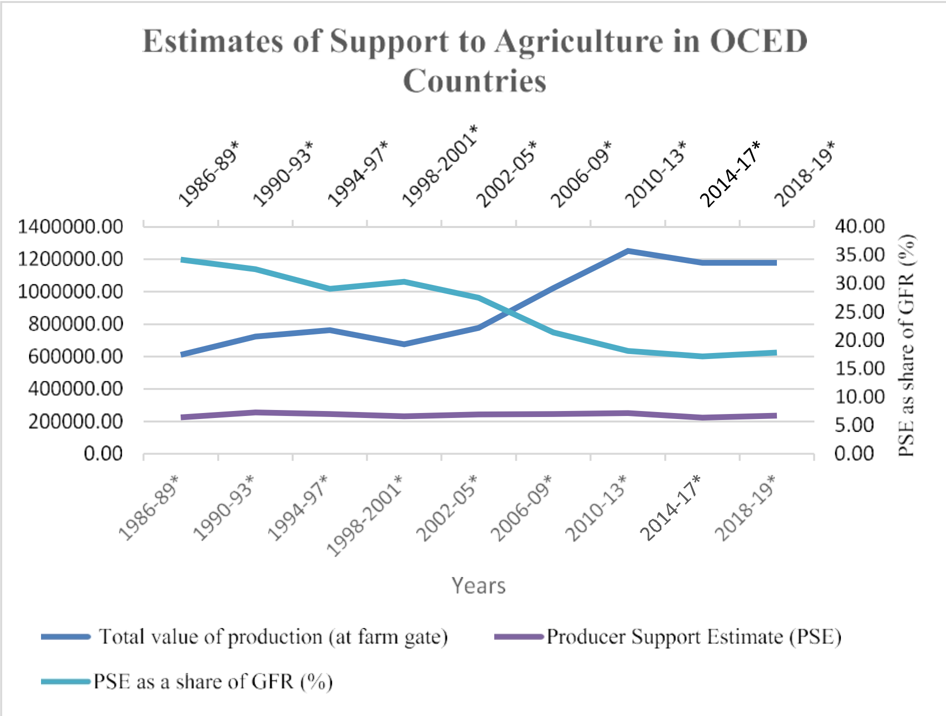
Further the percent Producer Support Estimates (%PSE) which is better measure than Producer Support Estimate (PSE) declined form 34.21 percent in 1986-89 to 17.87 percent in 20018-19 for OECD countries. It means the support to producers was 17.87 percent of gross farm receipts in 2018-19 down from 34.21 percent in 1986-89 for OECD countries. Estimates of support to Agriculture in OECD Countries have been presented in Figure 4.1

Table 4.2*Average for years

Estimates of Support to Agriculture in OECD Countries									
Fig. in US$ million									
	1986-89*	1990-93*	1994-97*	1998-2001*	2002-05*	2006-09*	2010-13*	2014-17*	2018-19*
Total Value of production (at farm gate)	611731.01	722887.17	764574.06	676004.27	777480.34	1022325.90	1251120.35	1178202.00	1178475.82
Share of MPS commodities in total value of production (%)	71.40	70.20	72.08	70.75	70.27	71.66	73.75	72.39	71.57
Total value of consumption (at farm gate)	571782.38	688242.79	746742.74	660640.81	758449.98	968532.08	1142411.09	1044791.14	1073663.82
Producer Support Estimate (PSE)	226940.17	255808.10	245388.41	233070.71	244126.62	246112.06	252787.52	224527.45	235469.32
PSE as a share of GFR (%)	34.21	32.53	29.07	30.34	27.53	21.39	18.15	17.20	17.87
Support based on commodity output	184480.62	202604.58	171601.33	157086.62	145980.53	115427.86	113504.39	99265.61	104438.07
Share of Support based on commodity output, in total PSE (%)	81.27	79.20	69.73	67.17	59.88	46.91	44.89	44.23	44.32

Source: OECD, Agriculture Policy Monitoring and Evaluation 2020: https://www.oecd-ilibrary.org/agriculture-and-food/data/oecd-agriculture-statistics_agr-data-en.

Figure 4.1 : Estimates of Support to Agriculture in OCED Countries



Source: Based ondata from table 4.2

4.1.4 Indian Agriculture Trade- Pre and Post WTO Era

4.1.4.1 Volume of Agriculture Trade during Pre WTO-Era

Agriculture export is a major component of India's international trade. In 1990-91, the agriculture export was 18.49 percent of total national exports. The agriculture export in aggregate terms had increased from Rs. 6012.76 crore in 1990-91 to Rs. 13222.76 crore by the year 1994-95. Throughout the period from 1990-91 to 1994-95, the agriculture exports had increased in absolute terms. But as a percent of total national

Table 4.3 : India's Exports and Imports of Agriculture Commodities vis-â-vis Total National Exports and Imports (**Figures in Rs. Crore)**

Year	Agricultural Imports	Total National Imports	% of Agricultural Imports to Total National Imports	Agricultural Exports	Total National Exports	% of Agricultural Exports to Total National Exports
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1990-91	1205.86	43170.82	2.79	6012.76	32527.28	18.49
1991-92	1478.27	47850.84	3.09	7838.04	44041.81	17.80
1992-93	2876.25	63374.52	4.54	9040.30	53688.26	16.84
1993-94	2327.33	73101.01	3.18	12586.55	69748.85	18.05
1994-95	5937.21	89970.70	6.60	13222.76	82673.40	15.99
1995-96	5890.10	122678.14	4.80	20397.74	106353.35	19.18
1996-97	6612.60	138919.88	4.76	24161.29	118817.32	20.33
1997-98	8784.19	154176.29	5.70	24832.45	130100.64	19.09
1998-99	14566.48	178331.69	8.17	25510.64	139751.77	18.25
1999-00	16066.73	215528.53	7.45	25313.66	159095.20	15.91
2000-01	12086.23	228306.64	5.29	28657.37	201356.45	14.23
2001-02	16256.61	245199.72	6.63	29728.61	209017.97	14.22
2002-03	17608.83	297205.87	5.92	34653.94	255137.28	13.58
2003-04	21972.68	359107.66	6.12	36415.48	293366.75	12.41
2004-05	22811.84	501064.54	4.55	41602.65	375339.53	11.08
2005-06	15977.75	660408.90	2.42	45710.97	456417.86	10.02
2006-07	23000.28	840506.31	2.74	57767.87	571779.28	10.10
2007-08	22549.81	1012311.70	2.23	74673.48	655863.52	11.39
2008-09	28719.24	1374435.55	2.09	81064.52	840755.06	9.64
2009-10	54365.29	1363735.55	3.99	84443.95	845533.64	9.99
2010-11	51073.97	1683466.96	3.03	113046.58	1136964.22	9.94
2011-12	70164.51	2345463.24	2.99	182801.00	1465959.31	12.47
2012-13	95718.89	2669161.96	3.59	227192.61	1634318.29	13.90
2013-14	85727.30	2715433.91	3.16	262778.54	1905011.00	13.79
2014-15	121319.02	2737086.58	4.43	239681.04	1896348.42	12.64
2015-16	140289.22	2490305.54	5.63	215396.32	1716384.40	12.55
2016-17	164726.83	2577675.37	6.39	226651.91	1849433.55	12.26
2017-18 (P)	152095.20	3001033.43	5.07	251563.94	1956514.53	12.86

Source: Agriculture statistics at a glance 2018, Ministry of Agriculture, Delhi

(P) Indicates provisional data

export, it declined to 17.80 percent in 1991-92, further declined to 16.84 percent in 1992-93 and then jumped to 18.05 percent in 1993-94. In 1994-95 it again decreased to reach 15.99 percent. The percentage share of agriculture export to total national export had ranged between 18.49 percent and 15.99 percent during pre-WTO era. Table 4.3 reveals that agriculture imports was Rs. 1205.86 crore in 1990-91 which was 2.79 percent of total national imports. It increased to Rs. 1478.27 crore in 1991- 92, further increased to Rs. 2876.25 crore in 1992-93. It declined to reach Rs. 2327.33 crore in the next year, again increased to touch Rs. 5937.21 crore in 1994-95. In percentage terms it was 2.79 percent of total imports in 1990-91. The agriculture imports continued to increase till 1992-93 when it was 4.54 percent. Then it decreased to reach 3.18 percent in1993-94. In 1994-95, it picked up again to reach 6.6 percent. Clearly the agriculture imports during pre-WTO period i.e., from 1990-91 to 1994-95 had increased in absolute terms as well as in percent to total national imports except during 1993-94. Agriculture trade as per cent of total national trade has been presented in Table 4.3.

4.1.4.2 Volume of Agriculture Trade during Post WTO Era (1995-2018)

The agriculture exports continued its increasing trend till 1998-99. It increased form Rs. 20397.74 crore in 1995-96 to Rs 25510.64 crore in 1998-99. In the next year, it declined to Rs 25310.64 crore. It increased steadily between 2000-01 and 2013-14. During this period, it increased from Rs. 28657.37 crore in 2000-01 to reach Rs. 187475.89 crore in 2011-12. The volume of agriculture exports increased in absolute terms during WTO era, but the percentage share of agriculture exports to total national exports increased till 1996-97 when it touched 20.33 percent. After 1996-97, it started declining. It declined continuously till 2005-06. The agriculture export as percent of total national exports was 10.78 percent in 2005-06 which was 20.33 percent in 1996-97. Between 2006-07 to 2017-18, it shows a mixed trend. During 2011-12, it was 12.85

percent of total export.

On the other hand, the agriculture imports increased continuously in absolute terms during post WTO era. It increased from Rs. 5890.10 crore in 1995-96 to Rs. 164726.83 in the year 2016-17. The agriculture imports as a percent of total imports shows mixed trend during this period. In 1995-96 it was 4.8 percent of total national imports. It continued to increase till 1998-99 when it touched 8.17 percent. After 1998-99 it declined for next two years to reach 5.29 percent in 2000-01. It again increased to 6.63 percent in 2001-02 then declined in the next year to reach 5.92 percent. After 2003-04 it again decreased in the next two years. In 2005-06 it went down to 2.42 percent. Between 2006-07 to 2017-18, it shows a mixed trend, hovering between the range of 2-5%.[8]

4.1.4.3 Composition of Agriculture Trade in WTO Era

A. Composition of Agriculture Export

Agriculture export has a sizeable share in country's total exports. It had ranged from 18.49 percent to 12.86 percent between 1991-92 and 2017-18. The major commodities of agriculture exports are: Cereals, marine products, oil meals, coffee, tea, spices, cashew and fruits and vegetables. (Table 4.8) reveals that in 2019-20, the top five agricultural commodities were i.e., marine products, basmati rice, spices buffalo meat and sugar. The other important items of agriculture export include tea, tobacco, Non- basmati rice, fruits & vegetables and Raw Cotton.

Agriculture Surplus touched US$ 18283.19 Million in 2018-19 and it decreased to US$ 13740.48 million in financial year 2019-20 owing to

[8] Agriculture statistics at a glance 2018, Ministry of Agriculture, Delhi

the significant decline in commodities such as Marine Products, Basmati Rice, Non- Basmati Rice and Raw Cotton. Oil meals saw one of the sharpest falls of approximately 50%. On the other hand, there was an increase in export of Spices, Sugar etc as depicted in the Table 4.4.

Table 4.4 : India Export of Agriculture Commodities

INDIA'S EXPORT OF AGRICULTURAL COMMODITIES

(IN MILLION DOLLARS)

	2018-19	2019-20	Apr-Sep 2019	Apr-Sep 2020	% Growth
Marine products	6802.56	6722.07	3355.65	2709.98	-19.24
Basmati rice	4712.44	4372.00	2032.10	2123.49	4.50
Non-Basmati rice	3038.16	2031.25	1021.77	1953.70	91.21
Buffalo meat	3587.15	3199.60	1599.87	1365.13	-14.67
Spices	3322.45	3621.38	1962.34	1907.79	-2.78
Raw Cotton	2104.41	1057.34	226.44	464.58	105.17
Fruits & Vegetables*	1732.21	1531.17	753.50	735.69	-2.36
Oilseeds	1156.76	1318.08	480.77	507.99	5.66
Oilmeals	1508.65	827.90	430.11	460.04	6.96
Castor Oil	883.78	894.36	523.11	438.01	-16.27
Coffee	822.34	738.86	392.64	367.54	-6.39
Tobacco	981.34	905.15	485.79	421.26	-13.28
Processed F&V	933.61	958.54	451.11	535.50	18.71
Cashew	658.30	570.07	282.85	169.75	-39.99
Tea	830.93	826.53	444.02	356.54	-19.70
Sugar	1360.29	1966.44	808.32	1362.40	68.55
Guargum meal	674.88	461.53	268.09	122.03	-54.48
TOTAL EXPORTS**	39203.53	35600.47	17317.75	18116.00	4.61
TOTAL IMPORTS	20920.34	21859.99	11225.97	9543.45	-14.99
TRADE SURPLUS	18283.19	13740.48	6091.78	8572.55	40.72

**Includes seeds; **Incudes other farm commodities*

Source: Department of Commerce

Table 4.5: Share of Agriculture & Allied Sectors in Total GVA

	Year					
Items	2014-15	2015-16	2016-17*	2017-18#	2018-19@	2019-20**
Share of GVA of Agriculture & Allied Sector in GVA of Total Economy (per cent)	18.2	17.7	18.0	18.0	17.1	17.8
Share of Crops	11.2	10.6	10.6	10.4	9.4	NA
Share of Livestock	4.4	4.6	4.8	5.1	5.1	NA
Share of Forestry & logging	1.5	1.5	1.5	1.4	1.3	NA
Share of Fishing & aquaculture	1.0	1.1	1.1	1.2	1.2	NA

Source: Department of Agriculture, Cooperation & Farmers Welfare (DAC&FW).
Note:**As per the Provisional Estimates of Annual National Income 2019-20 released by CSO on 29th May 2020. @As per the First Revised Estimates of National Income, Consumption Expenditure, Saving and capital Formation for 2018-19 released on 31st January, 2020. # Second Revised Estimate. * Third Revised Estimate.
NA- Data not available.

Source: Economic Survey 2020-21

Table 4.5 depicts the share of agriculture and allied sectors in Total Gross Value Added at current prices between 2014-15 to 2019-20. Over the span of five years share of Agriculture in GVA has stayed more or less the same between 17-18.2% approximately, therefore displaying a mixed trend. The share of crops declined from 11.2 to 9.4 over the time range. Livestock share has increased over the years. The chunks of Forestry, logging, fishing and Aquaculture have more or less remained constant with very little variations.

B. Composition of Agriculture Imports

Table 4.6 shows the CAGR in agri-imports over a period covering Pre-WTO and Post-WTO. Wheat as an imported commodity grew at a very sharp rate over the years in the Post-WTO period as shown below. Rice showed a negative CAGR until 2009-10, but it increased sharply after 2010 between 2011-12 to 2015-16. The import of Oilseeds too increased in the Post-WTO period when compared to the Pre-WTO period. Jute's CAGR in import has seen a decline in the Post-WTO period when compared to the Pre-WTO period. Cotton as a commodity showed a positive CAGR of 12% during 1990-1999 but it decreased to negative levels in the next decade. But again since 2011 it has a positive CAGR of 29.06%.

Table 4.6: CAGR of Agri-Imports (1993-94 = 100)

Item	**1991-92 To 1999-00**	**2001-02 to 2009-10**	**2011-12 to 2015-16**	**Overall**
Wheat	19.58	84.07	109.88	-3.54
Rice	-37.50	-22.91	43.23	-8.03
Oilseeds	-8.39	50.92	19.65	11.54
Other Cereals	60.98	33.13	31.1	27.88
Cotton	13.88	-8.24	29.06	15.60
Jute	12.78	-0.58	-12.94	16.42

Source: Department of Commerce

Agriculture imports constitute only a small percentage of total imports. The agricultural exports as a percentage of India's agricultural GDP increased from 9.4 % in 2017-18 to 9.9 % in 2018-19. While the agricultural imports as a percentage of India's agricultural GDP has declined from 5.7 % to 4.9 % indicating exportable surplus and decreased dependence on import of agricultural products in India.

Table 4.7 shows top 15 Agriculture Products that were imported by India between 2013-16. The main commodity includes Vegetable Oils which forms the largest component of Agri-imports followed by Pulses and Fruits. Wheat has seen a staggering jump in its import between the years. In 2013-14 India had imported 11,000 tonnes of Wheat, but it shot up to 516,000 tonnes in the year 2015-16. Apart from wheat, even Sugar imports have been on the rise between the years as displayed in the table below.

Table 4.7: AGRICULTURE IMPORTS OF TOP 15 PRODUCTS

Quantity: '000 tonnes Value in Rs. Crores

Sl No		2013-14		2014-15		2015-16	
		Qty	Value	Qty	Value	Qty	Value
1	Vegetable Oils	7943	44038	11548	59094	15639	68630
2	Pulses	3178	11037	4585	17063	5798	25619
3	Fresh Fruits	769	7716	858	9544	836	11013
4	Cashew raw	776	4668	941	6600	962	8701
5	Spices	156	3452	161	4392	191	5382
6	Sugar	881	2287	1539	3668	1943	4038
7	Alcoholic Beverages		2076	0	2508	0	2915
8	Cotton Raw Incld. Waste	181	2376	259	3101	232	2563
9	Misc Processed Items		1474		1749	0	1799
10	Cocoa Products	52	1072	65	1551	56	1399
11	Wheat	11	27	29	61	516	870
12	Coffee	60	729	75	930	66	802
13	Fruits / Vegetable Seeds	8	449	14	611	14	702
14	Marine Products	31	411	28	452	50	635
15	Cereal Preparations	53	419	63	569	61	573

Source: DGCIS, Kolkata

4.1.4.4 India's Agriculture Trade vis-â-vis World Agriculture Exports

India's agrarian diversity and varied geographical variations along with its regional climate have significantly contributed to the global food bowl. India's agricultural products exports of marine, rice, sugar and spices have witnessed an increasing trend in 2019-20, said the Economic Survey. India has been witnessing the

Trade Surplus in the Agriculture sector since the Reforms began. India's share of Agriculture Commodities imports in the World Trade is around 1.9% as in 2017 and its share of Exports is 2.27% as part of the World Trade. It is among the world leader in exporting Rice, Sugar, Spices, Marine Products, wheat and others.

Table 4.8: India's Share in World Agri-Exports (Pre-WTO)

(Values in Million $)

Year Pre WTO	World	India	India's Share in World agricultural Exports
1990	414723	3506	0.80
1991	418236	3361	0.80
1992	447887	3676	0.82
1993	429335	4167	0.97
1994	500913	4399	0.88
Average	442218.8	3821.8	0.85
CAGR(1990-1994)	4.12	6.92	3.91

Source:- WTO, International Trade Statistics

Table 4.8 and Table 4.9 show that India's average exports share in the world in the Post WTO period became as high as 1.49%, which was quite low (0.85%) in the pre WTO era. This means that there has been tremendous shift in share of Indian Agricultural export in the post WTO period. Other than this India's share of agri -export in 1995 was 1% which had improved to 1.69% in 2010 and 2.06% in 2011. This sudden increase of share of Agricultural export globally brought India to leading exporters of agricultural commodities in the World. Though the share has gradually declined from 2.56% in 2012 to 2.20% in 2015. with negative growth in these consecutive years, India still holds a good position in agricultural export market.

4.1.4.5 India's Agriculture Exports in Select Markets

Figure 4.2 shows the Direction of Indian Agricultural exports between three sub-periods namely 1996-97, 2005-06 and 2014-15. Period 1996-97 shows the major portion of exports were channelled towards Asia with 43%. Second market was Europe with 28% followed by North America Africa and Latin America. In the period 2005-06 the share of Asia had increased to 48%, while the share of Europe and North America

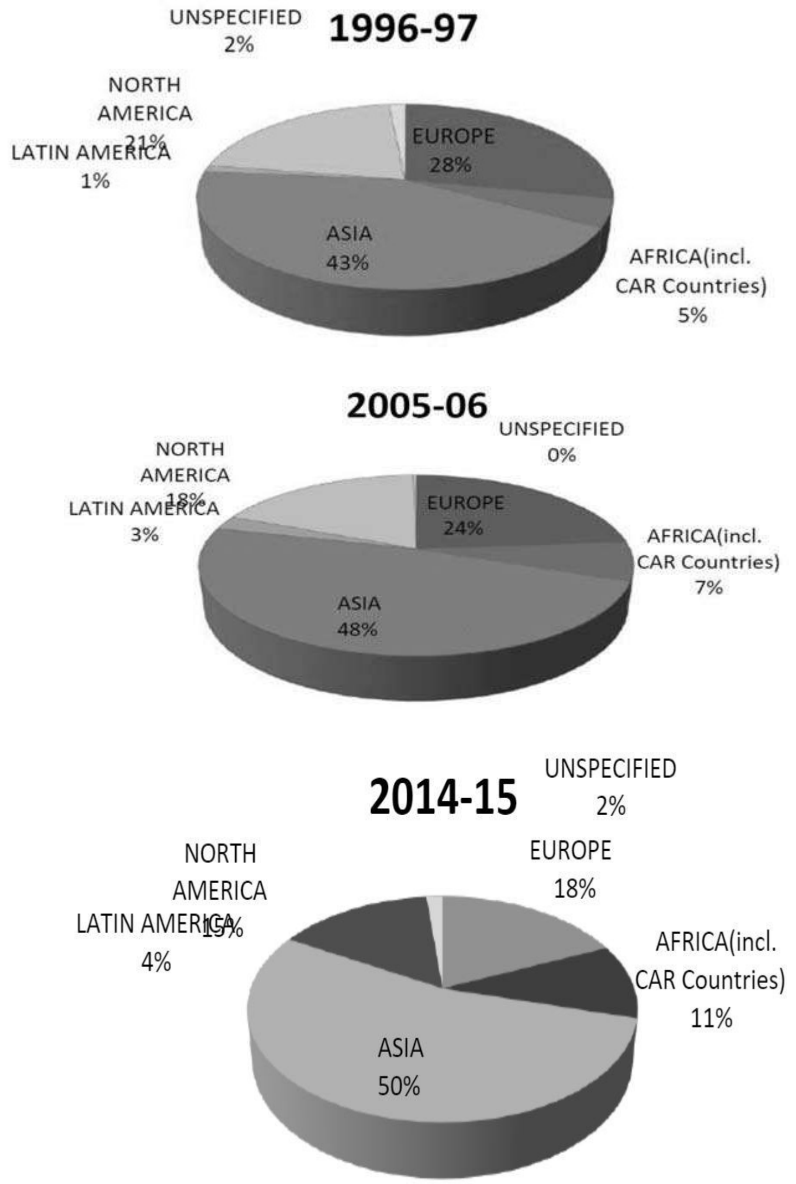
Table: 4.9: India's Share in World Agri-Exports (Post-WTO)

(Values in Million $)

Post WTO			
1995	583200	6322	1.0
1996	592870	7040	1.18
1997	589230	6863	1.16
1998	560560	6235	1.11
1999	543820	5835	1.07
2000	552250	6401	1.15
2001	554130	6265	1.13
2002	582530	7025	1.20
2003	683336	7935	1.16
2004	788084	8588	1.08
2005	851847	10134	1.18
2006	943676	12353	1.30
2007	1127667	16020	1.42
2008	1348136	21251	1.57
2009	1181391	16384	1.38
2010	1366469	23106	1.69
2011	1659524	34323	2.06
2012	1656711	42356.50	2.56
2013	1744833	43357.92	2.48
2014	1765405	39290.56	2.23
2015	1568337	34503.42	2.2
Average	1011620.76	17218.50	1.49
CAGR(1995-2015)	7.26	11.90	4.46

Source:- WTO, International Trade Statistics

Figure 4.2: Direction of Exports



Source:- Economic Survey of various years.

showed a retarding trend with percentage being 24% and 18% respectively. While in markets such as Africa and Latin America the percentage of agricultural exports increased to 7% and 3% respectively.

In 2014-15, Asia's percentage increased to 50%. Simultaneously proportion of exports to Africa increased to 11% and Latin America to 4%. North America portion decreased to 15%.

A. Agriculture Export Growth in Selected Market (CAGR)

India's agriculture export growth rate (CAGR) to USA had declined to reach 11.2 percent in the post WTO period (i.e., from 1994-95 to 2011-12) which was 50 percent in the pre-WTO era (Table 4.10). For EU the growth had declined from 29 percent (pre-WTO) to 9.8 percent (post WTO period). Similarly, the agriculture Export growth rate to Japan had fallen form 33 percent (pre-WTO) to 6.3 percent (post WTO era). The agriculture growth rate to Russia was 5.1 percent in the post WTO period while it grew negatively in the pre-WTO era.

Table 4.10: Export Growth Rates of Selected Agriculture Commodities in Select Markets (CAGR) (**Values in Percentages)**

Market	Pre WTO	Post WTO	
	1990-91 to 1994-95	1994-95 to 2011-12	2014-15
USA	50	11.2	11.5
Japan	33	6.3	2.45
Russia	(17.4)	5.1	1.16

Source: ITC database, Switzerland

4.1.5 Impact of WTO on Indian Agriculture

4.1.5.1 WTO and Agriculture Support

WTO and its members have taken numerous steps to bring reforms in the Agriculture Sector to address the Subsidies and other distortions which have an impact on free and fair trade. It aims to bring uniformity, fairer trading system, transparency, increased Market access and improve the livelihood of people.

WTO Agreement on Agriculture forms a part of Final Act of the Uruguay Round and had come into force in 1995 in order to make the market more competitive and transparent. The Agriculture Committee bears the onus of overseeing the implementation of this Agreement.

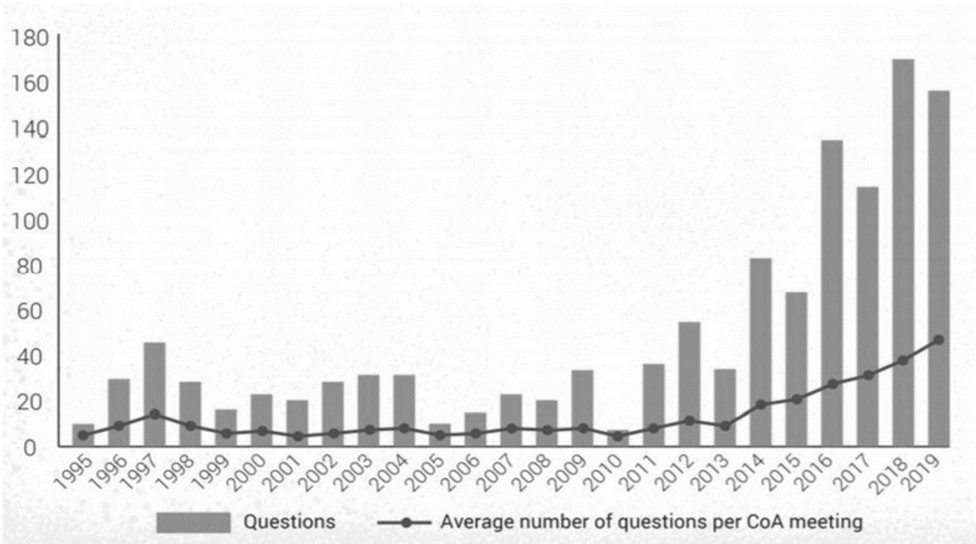
The Agreement constitutes: -

- Market Access- the use of trade restrictions, such as tariffs on imports
- Domestic Support - the use of subsidies and other support programmes that directly stimulate production and distort trade
- Export Competition - the use of export subsidies and other government support programmes that subsidize exports

Table 4.11 indicates the number of Review questions posed to the Committee on Agriculture by the respective members over the span of 25 Years starting from 1995.

We also witness that a slew of changes and reviews have been taken amongst the COVID-19 Pandemic including Export Restrictions and Agricultural Subsidies. They have an important bearing on Global Agri-markets. The Committee of Agriculture acts as a very important platform to facilitate information exchange and review Members agricultural policies in response to COVID-19. We witness an uptrend in the graph, meaning thereby the review questions had increased over the years.

Table 4.11: Number of Review questions posed to the Committee on Agriculture



Source: WTO

The root cause for the formulation of AOA was due to the excessive subsidies provided by the Developed nations, which in turn led to excess production leading to flooding and dumping of Developing nation's markets. The main objective of Agreement on Agriculture (AOA) was to liberalize agriculture trade through reduction of agriculture subsidies provided by the developed countries. But the support to agriculture had increased as measured by Product Support Estimate (PSE) and Total Support Estimate (TSE) in OECD countries. It declined slightly during 2008-10 as measured by Product Support Estimate (PSE). The support to producers in OECD countries as measured by percent (%) PSE was 20 percent of gross farm receipts during 2008-10 down from 37 percent during 1986-88. The support to agriculture producers as measured by percent (%) TSE was 0 9 percent of OECD's Gross Domestic Product (GDP) during 2008-10 down from 2.2 percent during 1986-88. Also, the farm receipts in OECD countries during 2008-10 were 25 percent higher than if generated at border prices without any support (Producer NAC 1.25). The same were 59 percent higher during 1986-88 (Producer NAC 1.59). Further the prices received by farmers in OECD countries had decreased but still these were 11 percent higher than international prices (Producer NPC 1.11) during 2008-10. Country wise also, the percent (%) PSE and percent (%) TSE had declined significantly from 1986-88 to 2008-10. Similarly, Producers NPC and Producer NAC also decreased for USA, EU, Canada and Japan during this period i.e., from 1986-88 to 2008-10. During the post WTO era, the support based on commodity output of OECD countries as % of PSE had declined to 46 percent (2008-10) which was as high as 82 percent in 1986-88 It declined considerably for USA and EU during this period. For Canada and Japan, this support was 55 percent and 86 percent of PSE respectively which is greater than OECD's support. During post WTO era, the support based on commodity output had been replaced by the payments for which production is not required by the OECD countries It had increased to 24 as % of PSE during 2008-10 which was 1 percent only during 1986-88.

4.1.5.2 Impact of AOA on Agriculture Trade

Domestic support and subsidies form the major factors which act as a bone of contention between the Member countries of WTO owing to the distortions met by them in the International Trade. The humongous support extended by the government has increased which was INR 28.5 billion in 1991-92 to INR 1349.19 Billion in 2015-16 and the share of food subsidy has also increased manifold from 23.3% to 55.78% over the same span of time.

Three key issues stem out from Indian point of view.

- The first is with due to food security program which is believed to bring in trade distortions. There is a growing concern that with increasing population and food consumption, India's food subsidy bill will rise breaching the de Minimis level under its WTO commitments. The issue from developed countries against India's huge public stockholding of food grains stems from the possibility of distortion in trade practices and dumping of food stock procured for domestic consumption.

- The second is that the Developed member nations are rooting for capping the minimum support price (MSP) as well as the reducing the input subsidies provided by Indian government to its farmers. India provides domestic support to its farmers in the farm of direct price support as MSP (Minimum price support) and indirect product subsidies like fertilizer, fuel, seeds etc. The average support in form subsidy received by an Indian farmer is in the range of ₹ 1000-1500 ($ 20- 22) when compared with the average support of $ 2500 to a US farmer. This shows that India extends a smaller share of subsidy to its farmers when compared to its counterparts like USA and EU. But the main reason for the contention is because the subsidies extended by India fall under the category of AMBER BOX (Trade Distorting) and the removal of them would spiral up the cost of Products, henceforth shooting up the Food Inflation. This in turn would increase the gap of inequality in India and have socio-economic repercussions as around 30% of the Indian Population belong to the Marginalised section of the Society.

- The third is the method of calculation of Aggregate Measurement of Support (AMS) which also draws India and other developed countries poles apart. According to India the manner of calculation of AMS is flawed as it doesn't take into consideration the Inflation, Exchange Rate Fluctuations for its computation and hence is obsolete. Whereas, MSP is linked to the Current Prices and which would should be considered.

The percent share of agriculture export in country's total exports had ranged between 16 and 18 percent during pre-WTO era (1990-91 to 1994- 95). During post WTO era, it moved up to 20.33 percent (1996-97) but after this it kept on decreasing steadily till 2005-06 when it went down to 10.78 percent. After 2006-07, it increased till 2007-08 when it touched 12.05 percent. After 2007-08, it again went down to reach 10.28 percent in 2010-11. During 2011-12, it improved again to reach 12.85 percent. It increased to reach 13.9% in 2012-13 and in 2017-18 it fell to 12.86%. On the other hand, the percentage share of agriculture import in total imports had shown mixed trend for the entire period (1990-91 to 2017-18). It had ranged between 4.8 percent and 8. percent during post WTO era. Also, the agriculture export growth rate during post WTO era was less than that of pre-WTO era. During the post WTO era it (overall) had gone down to 14.8 percent which was growing at a healthy rate of 21.7 percent during pre-WTO era. Even the agriculture imports growth rate (17.4percent) was greater than agriculture export growth rate (14.8 percent) during post WTO era During 2004-05, the top five commodities (cereals, marine products, oil meals, cashew and tea) accounted for more than 58 percent of country's total agriculture experts. Between 1996-97 and 2004-05, the top three commodities (vegetable oil, cashew nut and pulses) contribution in country's imports was above 80 percent. The agriculture commodities having significant share in world exports during WTO era are rice, tea and mate and spices. The percentage share of rice in world exports had risen to 16.8 percent (2011) which was 12.1 percent in 1996. The share of tea and mate declined to 8.6 percent (2007) from 18.5 percent (1997). It again increased to 11 percent during 2011. Similarly, the

percentage share of spices in world exports had gone down to 8.2 percent during 2004 which was 12.5 percent in 1996. After 2004, it again started increasing and by the year 2011 it was as high as 18.1 percent. As far as the export growth of selected commodities to USA, EU and Japan is concerned, it witnessed a considerable fall during post WTO era as compared to pre-WTO era.

4.2 WTO and Textiles and Clothing

4.2.1 Overview

After agriculture, textile and clothing is other crucial sector of Indian economy. During 1994-95, the contribution of this sector in country's total exports was 27.0 percent. Besides it; the garment sector is India's largest net foreign exchange earner; sixty million people are employed in the textile industry and 20 percent of industrial output originates in this sector.[9] Thus, this sector has vital role in India's export. But the trade in textile and clothing remained outside GATT discipline for decades. It was subjected to quotas imposed under Multi-Fibre Arrangement (MFA) and bilateral

[9] Debroy, Bibek, Textiles and Clothing in 'Beyond the Uruguay Round, Page 78, Response books, a division of Sage Publication, India Pvt, Ltd., New Delhi,1996.

agreements The World textile trade had been regulated under Long Term Agreement (LTA) since the early 1960s. Long Term Agreement (LTA) regarding International trade was signed in 1962 under the auspices of GATT. It was renegotiated several times until it was replaced by the Multi-Fibre Arrangement (MFA) which came into force in 1974 MFA was replaced by Agreement on Textiles and clothing (ATC) on January 1, 1995.

4.2.2 Agreement on Textiles and Clothing

The agreement on textiles and clothing was negotiated in the Uruguay Round (UR) of trade negotiations Under this agreement, the members had agreed to remove quotas during ten years transition period beginning on January 1, 1995. The objective of this agreement (ATC) was to integrate this sector fully into GATT rules. The agreement (ATC) provided that, "this agreement and all restrictions there under shall stand terminated on the first day of the 121st month that the WTO agreement is in effect, on which date the textile and clothing sector shall be fully integrated into GATT 1994. There shall be no extension of this agreement."[10] Thus, it was terminated on Jan 1, 2005. It means that trade in textiles and clothing is quota free. The main elements of ATC are: integration Process, Market Access, Transition safeguard and Textile Monitoring Body (TMB).

4.2.2.1 Integration Process

Integration means to bring the textiles and clothing sector under GATT rules. Under the Agreement on Textiles and clothing (ATC), the member had agreed to phase

[10] World Trade Organization, GATS, Article 9, Geneva, www.wto.org

out all Quantitative Restrictions (QR) during the transition period. The members had agreed to notify the restrictions to the Textiles Monitoring Body (TMB) within 60 days of the entry of the WTO agreement into force. The Textiles Monitoring Body (TMB) shall circulate these notifications to all members for their information. The agreement sets out four stage process for the integration of the sector. During stage I i.e., on the day of entry into force of WTO agreement (Jan. 1, 1995), all members shall integrate at least 16 percent of the total volume of the 1990's imports of products into GATT 1994. The products to be integrated must come from all the following four groups; tops and yarn, fabrics, made up textile products and clothing. During the state II, which began on Jan 1, 1998 at least 17 percent products (from all four groups aforesaid) of total volume of 1990's imports would be integrated. Similarly, during stage III, (Jan. 1 2002) at least 18 percent products of total volume of 1990's imports shall have been integrated. During the last stage which began on Jan 1, 2005 (i.e., from 121st month form WTO agreement), the remaining restrictions (49% of members 1990's imports) have been phased out. The products to be integrated during all stages must be taken from all the four groups (aforesaid). Thus, the textile and clothing sector stood integrated on Jan. 1, 2005. Further, the agreement lays down that during stage I i.e. from the date of WTO agreement to the 36th month the level of each restriction under MFA bilateral agreement in force for the 12 month prior to the date of entry into force of the WTO agreement shall be increased by 16 percent, for stage II (from 37th month to 84th month that the WTO agreement in force, inclusive) the growth rate for the respective restriction during stage I, be increased by 27 percent.[11] For stage III (from 85th month to the 120th month that the WTO agreement is in effect, inclusive), the growth rate for the respective restriction during stage II, be increased by 27 percent.[12]

Textiles and Clothing are now governed by **the general rules and disciplines**

[11] World Trade Organization, GATS, Article 2, Paragraph 13, Geneva
[12] World Trade Organization, GATS, Article 2, Paragraph 14(a) and14 (b), Geneva

embodied in the multilateral trading system.

Table 4.12: Schedule of Quota Integration under ATC

Date	*Minimum volume integrated* [a] *(Per cent)*	*Accumulated volume integrated (Per cent)*	*Growth rate of remaining quotas (Per cent)*
1 January 1995 (Stage I)	16	16	16
1 January 1998 (Stage II)	17	33	25
1 January 2002 (Stage III)	18	51	27
1 January 2005 (Full integration)	49	100	

Source: UNCTAD (1994).

4.2.2.2 Market Access

Under the agreement (ATC), the members had agreed to take such action as may be necessary to achieve improved access to markets for textile and clothing products through measures such as tariff reductions and bindings, reduction of Non-tariff Barriers (NTBs) etc. The agreement proposes that members shall avoid discrimination against imports in the textile and clothing section.

4.2.2.3 Transitional Safeguard

The transitional period may necessitate a safeguard mechanism at the disposal of any member. But it cannot be applied to the products which are not integrated into GATT 1994 under Article 2. The transitional safeguard may be applied when it is shown that imports of a particular product is causing serious damage or threat to the domestic industry. The agreement provides that while applying safeguard action; the least developed countries, members having small volume of textile and clothing export, wool producing members whose economy are dependent on wool sector shall be given more favourable treatment.

4.2.2.4 Textile and Monitoring Body (TMB)

Under Article 8 of this agreement, the Textile and Monitoring Body (TMB) was established to oversee the implementation of the agreement. The TMB shall have a chairman and 10 members. It will be a standing body relying on notification by the members. The TMB shall review any particular matter referred to it by any member. It makes recommendations after inviting participation of such member as may be affected. The findings or recommendations shall be communicated to the members concerned and to the Council for Trade in Goods for its information. The TMB submits a detailed report to the Council for Trade in Goods before a review at the end of each stage of integration process.

4.2.3 Implementation of Agreement on Textile and Clothing (ATC)

The table 4.13 reveals the pace of quota elimination by the restraining members. USA applied 937 quotas on the imports of textile and clothing products at the start of Agreement on Textile and clothing (ATC). Similarly, European Union (EU), Canada and Norway applied 303, 368 and 54 quotas respectively before ATC. On Jan. 1, 1995 i.e., stage I of integration, US and EU did not abolish any quotas while Canada phased out 8 quotas only. On this date, Norway abolished 46 quotas. On Jan 1, 1998 i.e., stage II of integration, Norway eliminated all remaining quotas on imports of textile and clothing trade. On this date USA, EU and Canada phased out only 15, 21 and 26 quotas respectively. On Jan. 1, 2002 i.e., stage III of integration, US, EU and Canada abolished only 88, 70 and 42 quotas respectively. Clearly the pace of quota elimination by restraining members except Norway was very tardy. As on March 2004, USA had eliminated only 10.9 percent of the total quotas while EU and Canada had phased out 30 percent and 20.6 percent quotas respectively till that time. Clearly USA had abolished 834 quotas i.e., 89 percent of total quotas on January 1, 2005. Similarly, EU and Canada had eliminated 212 (i.e., 70 percent of total quotas) and 292 (i.e., 79.4 percent of total quotas) quotas respectively on the last day of integration process.

Table 4.13 : Pace of Quota Abolition

	USA	EU	Canada	Norway
Total number of quotas at start of ATC[a]	937	303	368	54
Of which phased-out[b]:				
(i) Stage 1 (from 1995):				
By integration under Art. 2.6	0	0	8	0
By early elimination under Art. 2:15				46
(ii) Stage 2 (from 1998):				
By integration under Art. 2.8(a)	3	21	26	0
By Art.2.8(a) and Art.4	2			
By early elimination under Art. 2:15	10[c]			8
(iii) Stage 3 (from 2002):				
By integration under Art. 2.8(b)	69	57	42	0
By Art.2.8(b) and Art.4	2			
Under bilateral agreements				
Under AGOA	17	13		
Total number of quotas abolished as of March 2004	103	91	76	54
Quotas to be abolished on 1 Jan. 2005	**834**	**212**	**292**	**0**

Source: Ministry of Commerce and Industry, New Delhi.

4.2.4 Textile and Clothing Trade

4.2.4.1 Textile and Textile Products Export

The exports of textile and textile products had increased form Rs. 39.08 billion in 1987-88 to Rs. 223.49 billion in 1994-95 (Table 4.14). It continued to increase in aggregate terms during post WTO era also. During the transition period i.e., from 1995 to 2004, it rose to reach Rs. 609.06 billion in 2004-05. After the integration of textile and clothing sector on January 1, 1995, it touched Rs. 1341.75 billion in 2011-12. Before the ATC, the percent share of readymade garments in textile and textile products export was around 46 percent. During the transition period (from January 1, 1995 to January 1, 2005) it increased to 48 percent. After the transition period it further increased to 48.9 percent in 2011-12. Also, the percent share of cotton yarn, fabrics and made ups in textile export had ranged between 29 to 30 percent during pre-WTO era. In the post WTO era, it declined to 25.4 percent in 2004-05, further declined to 24.3 percent in 2011-12 (post integration period). Before the ATC, the percent share of textile and textile products exports in country's total export had ranged between 25 to 27 percent. In the post WTO era, it declined to 16.2 percent (2004-05), further went down to 9.19 percent in 2011-12. But it was 12.9 percent in the year 2018-19. India s Export of textile and textile products (1987-2018) as percent of total exports has been depicted in Figure 4.3.

Table 4.14: India's Export of Textile and Textile Products (1987-88 to 2017-18)

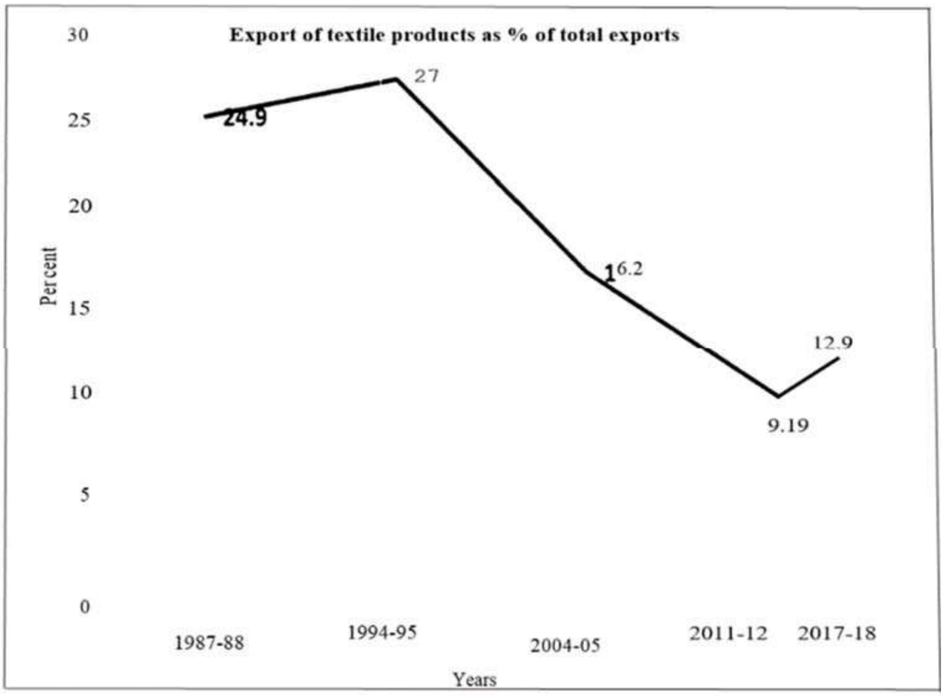
(Figures in Rs. Billion)

COMMODITY	1987-88	1994-95	2004-05	2011-12	2017-18
Textile and textile products	39.08	223.49	609.05	1341.75	1102.1
Cotton yarn, fabrics made ups etc	11.45	70.14	155.02	326.12	415.81
Readymade garments	18.2	103.05	294.81	656.0	1217.89
Other textile products	9.43	50.3	159.23	359.63	117.1
Total export	156.74	826.74	3753.4	14592.81	22115.5
Export of textile product as a % of total export	24.9	27	16.2	9.19	12.9

Source: Handbook of statistics on Indian Economy 2017-18, RBI.

Figure 4.3: India's Export of Textile and Textile Products

(1987-88 to 2017-18)



Source: Based on data from table 4.14

Table 4.15 shows the share of India's Textile and Clothing industry in the world. As shown, India's share has risen from 2004 to 2013 (2.97% to 4.66% respectively) and is reported to be 5% in 2018.

Table- 4.15: Share of India's Textile and Clothing industry in the World

YEAR	WORLD	INDIA	SHARE IN GLOBAL EXPORTS %
2004	453	13.5	2.97
2005	479	16.1	3.36
2006	530	19.5	3.68
2007	588	19.7	3.35
2008	618	22.0	3.54
2009	527	20.6	3.9
2010	602	23.9	3.96
2011	712	30.0	4.21
2012	707	29.1	4.11
2013	766	35.7	4.66

Source:- WTO International Trade Statistics

India's textiles industry contributed 7% to the industry output (by value) in 2018-19. The Indian textiles and apparel industry contributed 2% to the GDP, 12% to export earnings and held 5% of the global trade in textiles and apparel in 2018-19. The share of the India's textiles and apparel exports in mercantile shipments was 11% in 2019-20. Textiles industry has around 4.5 crore employed workers including 35.22 lakh handloom workers across the country.

Textile Industry is said to be one of the *biggest Employers* in India, employing around 45 million people directly under its ambit. Main markets for Apparel export from India include: -

- USA
- European Union

- Parts of Asia
- Middle East

India is the largest cotton producer in the world at 33.7 million bales of 170 kgs each. In the future, India's apparel export is expected to increase considerably. Total export of textiles and apparel are expected to touch US$ 82 billion by 2021 at a CAGR of 12.06% from FY18.

A. Export Growth of Textile and Textile Products

The export growth rate (CAGR) of textile and textile products during pre-WTO era i.e., from 1987-88 to 1994-95 was 28.2 percent per annum. During the same period, total export grew by 26.7 percent per annum. During the transition period, 1994-95 to 2004-05, the growth rate was 10.5 percent per annum which was far less than pre-WTO growth. However, the total export also grew by 16.2 percent per annum during this period. This trend continued in the post transition period also (2004-05 to 2011-12). In this period textile and textile products export grew by 11.9 percent per annum while total export growth rate was 21.3 percent per annum during this period.

The textile sector has witnessed a series of investments in last five years since 2015. The industry has managed to float US$3.68 billion between April 2000-2020 in the form of Foreign Direct Investment. As per the Reports of Invest India (National Investment and Promotion Agency) the Textile and Apparel industry has shown a CAGR growth rate of 10% between 2004-05 to 2019-20 and is projected to fetch a CAGR of 12% between 2019-20 and 2024-25 as depicted in the source.

Domestic textiles and apparel market stood at an estimated US$ 100 billion in 2018-19. The production of raw cotton in India is estimated to have reached 35.4 million bales in 2019-20. During FY19, production of fibre in India stood at 1.44 million tonnes (MT) and reached 1.60 MT in FY20 (till January 2020), while that for yarn, the production stood at 4,762 million kgs during same period.

Table 4.16: Textile and Textile Products Export Growth Rates (CAGR) during Pre WTO and Post WTO Era (**Percent per Annum)**

Component	1987-88 to 1994-95 (Pre WTO)	1994-95 to 2004-05 (Transition Period)	2004-05 to 2019-20 (Post Transition Period)	2019-25 (projected)
Textile	28.2	10.5	11.9	12
Total exports	26.7	16.2	21.3	21.84

Source: Based on data from table 4.14

4.2.4.2 India's Textile and Clothing Eaxport to Selected Countries

A. Export of Cotton Yarn, Fabrics and Made ups to Selected Countries

During 1990-91 to 2011-12, the value of total exports of cotton yarn, fabrics and made ups had increased in absolute terms. During this period, it had increased from Rs. 21 billion to Rs. 326.12 billion. Despite this, its percentage share in textile and textile products had gone down from 30.0 percent (1994-95) to 24.3 percent (2011-12), yet it had significant share.

Table 4.17: Exports of Cotton Yarn, Fabrics and Made Ups

(Rs. Billion)

Country	1990-91	1994-95	2004-05	2011-12
UK	2.52	7.32	6.96	8.27
USA	2.23	8.17	27.36	60.57
Germany	1.75	4.28	6.47	12.26
Japan	.61	3.08	4.08	4.95
Italy	1.29	3.44	8.50	9.18
ROW	12.6	43.85	101.65	230.89
Total export (cotton yarn, fabrics and made ups)	21.00	70.14	155.02	326.12

Country wise, India's Exports of cotton yarn, fabrics and made ups to USA was Rs. 8.17 billion in 1994-95, followed by UK (Rs. 7.32 billion) and Germany (Rs. 4.28 billion). Italy and Japan were other important destinations of textile exports. The volume of textile exports to Italy and Japan was Rs. 3.44 billion and Rs. 3.08 billion respectively in 1994-95. The exports of cotton yarn, fabrics and made ups to UK had declined to Rs. 6.96 billion during 2004-05. The exports of cotton yarn, fabrics made ups to USA had increased steadily since 1990-91 in aggregate terms. It had increased to Rs. 60.57 billion (2011-12) which was Rs. 2.23 billion in 1990-91. Similarly, the volume of exports of cotton yarn, fabrics and made ups to Japan (Rs. 0.61 billion to Rs. 4.95 billion), Germany (Rs 1.75 billion to Rs. 12.26 billion) and Italy (Rs 1.29 billion to 9.18 billion) had increased during 1990-91 to 2011-12.

Table 4.18 shows the Country wise export of Cotton from India between 2009-10 to 2018-19. It shows that China was the top export market for

India between 2009-10 and 2013-14, but between 2014-15 to 2018-19 Bangladesh emerged as a top Importer for Indian Cotton. Other major markets include – Pakistan, Turkey, Indonesia, Thailand, Vietnam, Taiwan etc as shown in the figure below.

B. Export Earning from Silk and Silk Goods

Table 4.19 shows the export earnings from Silk and Silk Goods spanning 2014-15 to 2019-20. Silk and silk goods include a range of products such as Cocoons, Raw Silk, silk yarn, fabrics, readymade garments, silk carpet and silk waste. Major part of the earning in this sector comes from the Fabrics and made-ups; and Ready-made Garments. Fabrics and made ups have seen a Mixed trend over the years spanning 2014-15 to 2019-20. It was 1465.44 Crores INR in 2014-15 and it stooped down to 138.95 Crores INR in 2019-20. The ready-made garments export has taken a fall between the years, showing a small uptrend only in year 2018-19. Silk yarn has also been on a decline between the mentioned years, there again rising only minutely in 2018-19. Silk carpets have shown an Uptrend in this span of time. It fetched an earning of INR 15.97 Crores IN 2014-15 and INR 143.43 Crores in 2019-20. Cocoons and Raw Silk form a very small share of the total Export earnings from silk and its products. Silk waste more or less hovers around the same range in respect to its earnings between the years.

Table 4.18: Country wise export of Cotton from India

Country-wise Exports of Cotton from India during cotton season 2009-10 to 2018-19

(Quantity in bales/value in Rs.crores)

Country	2009-10		2010-11		2011-12		2012-13		2013-14	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
China PRP	4154150	5242.94	4770796	8700.40	10047330	18351.18	5789876	9680.89	6482069	12679.05
Pakistan	986870	1205.72	629102	1563.58	440984	774.57	1126247	1966.35	948530	1900.52
Turkey	402550	486.81	60593	130.63	26963	48.09	30122	55.76	325467	630.15
Indonesia	448200	576.16	236065	464.51	157033	279.91	169940	191.21	325169	635.61
Thailand	161850	190.00	67384	131.48	93572	161.04	73548	139.44	137161	271.83
Vietnam Soc	381800	469.35	196747	397.51	275906	490.71	541246	191.21	760362	1490.61
Bangla Desh	859050	999.29	1102637	2067.11	1559680	2737.14	1865261	3438.89	2160691	4440.02
Hong Kong	337810	450.86	62249	136.06	82059	139.05				
Taiwan	180940	214.65	231030	312.99	71644	140.47				
Korea PR	10790	11.30	16170	32.58	8270	14.42	10985	18.46	3673	113.10
Others	375990	423.13	276101	546.46	194058	352.01	529029	1780.66	552444	992.35
Total	**8300000**	**10270.21**	**7648874**	**14483.31**	**12957499**	**23488.59**	**10136254**	**17462.87**	**11695566**	**23153.24**

COUNTRY	2014-15		2015-16		2016-17		2017-18		2018-19*	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Bangladesh	2291279	3893.66	2203453	3767.22	2404837	4463.88	2397390	5456.59	1543584	2202.53
China P RP	1675989	2690.47	646064	1046.79	919383	2335.20	813144	1623.19	1417593	2095.31
Vietnam Soc Rep	801086	1274.61	619332	1013.83	796404	1401.12	1190193	2321.74	622564	669.68
Pakistan	378804	624.80	2718356	4417.35	789657	1984.92	1276055	2311.67	713759	592.83
Indonesia	147471	233.62	289414	463.14	385584	700.56	384790	746.64	75698	55.09
Taiwan	131726	206.36	61684	100.66	83316	116.76	56191	112.29	11447	25.14
Thailand	80215	129.23	54138	90.60	139880	233.52	111045	232.62	30001	60.16
Ethiopia	63276	106.88	4469	8.03	5871	9.15	1061	1.60		
Malaysia	49762	75.66	32748	56.14	45064	62.68	322906	663.23	58715	126.83
Turkey	42761	71.49	117176	190.84	83063	115.14	30784	67.04	891	2.25
Korea RP	30842	50.80	14262	23.33	11221	13.91	24141	55.29	10974	22.20
Italy	25792	41.23	29546	47.59	6719	7.95	36204	78.21	22097	45.96
Bahrain IS	11399	18.18	14425	28.67	15649	19.82	27151	62.94	13572	31.72
Japan	10270	28.96	9712	27.65	7540	15.93	8583	23.17	10447	27.22
Singapore	2347	3.86	49948	81.84	32872	60.08	1484	3.03		
Morocco	615	0.95	6801	11.38	2470	2.54	631	1.19		
Other Countries	28135	49.11	35407	59.74	91035	132.84	101099	216.27	73970	165.66
Total	**5771769**	**9499.87**	**6906935**	**11434.80**	**5820565**	**11676.00**	**6782852**	**13976.71**	**4605312**	**6122.58**

Source: DGCIS, Kolkata

*Position upto May 2019

Table 4.19: Export Earning from Silk and Silk Goods

EXPORT EARNINGS FROM SILK AND SILK GOODS						
Items	2014-15		2015-16		2016-17	
	Crore Rs.	Mn.US $	Crore Rs.	Mn.US $	Crore Rs.	Mn.US $
Cocoons	0.06	0.01	2.47	0.38	0.32	0.05
Raw Silk	0.69	0.11	1.43	0.22	0.44	0.07
Silk Yarn	24.66	4.03	26.41	4.03	14.57	2.17
Fabrics & Made-ups	1465.44	239.69	1280.60	195.60	1051.65	156.80
Readymade Garments	1214.01	198.56	1078.39	164.71	864.33	128.87
Silk Carpet	15.97	2.61	16.88	2.58	63.78	9.51
Silk waste	109.12	17.85	89.80	13.72	98.33	14.66
TOTAL	**2829.95**	**462.86**	**2495.98**	**381.24**	**2093.42**	**312.13**
Items	2017-18		2018-19		2019-20	
	Crore Rs.	Mn.US $	Crore Rs.	Mn.US $	Crore Rs.	Mn.US $
Cocoons	0.05	0.01	0.01	0.002	-	-
Raw Silk	-	-	1.36	0.19	1.15	0.16
Silk Yarn	15.61	2.42	23.34	3.35	15.62	2.20
Fabrics & Made-ups	864.81	134.18	1022.43	145.85	982.91	138.95
Readymade Garments	650.48	100.93	742.27	107.30	504.23	71.18
Silk Carpet	17.34	2.69	113.09	16.11	143.43	20.30
Silk waste	101.19	15.70	129.38	18.56	98.31	13.88
TOTAL	**1649.48**	**255.93**	**2031.88**	**291.36**	**1745.65**	**246.67**

Source: DGCI&S, Kolkata

Compiled by: Central Silk Board, Bengaluru

4.2.4.3 Global trade (Import and export) in Merchandise trade

Amongst the biggest exporters China is the leader with the Market share of 16.2% followed by Extra-EU, USA, Japan and others. India ranks 13th with a market share of 2.1% and a value of 324 billion $ in terms of export market share in 2019. U.S.A. is the largest importer of Merchandise trade capturing a market share of 16.2%

followed by E.U., China, Japan and others. India ranks 8th in terms of Imports of Merchandise trade with a share of 3% and a value of 484 billion $ in the year 2019.

Table 4.20: Global trade (Import and export) in Merchandise trade

Leading exporters and importers in world merchandise trade (excluding intra-EU trade), 2019
(Billion dollars and percentage)

Rank	Exporters	Value	Share	Annual percentage change	Rank	Importers	Value	Share	Annual percentage change
1	China	2499	16.2	0	1	United States of America	2568	16.2	-2
2	Extra-EU Exports	2386	15.4	-2	2	Extra-EU Imports	2166	13.6	-4
3	United States of America	1646	10.6	-1	3	China	2077	13.1	-3
4	*Japan*	*706*	*4.6*	*-4*	*4*	*Japan*	*721*	*4.5*	*-4*
5	Korea, Republic of	542	3.5	-10	5	United Kingdom	692	4.4	3
6	Hong Kong, China	535	3.5	-6	6	Hong Kong, China	578	3.6	-8
	Domestic exports	15	0.1	18		Retained imports (1)	138	0.9	-10
	Re-exports	517	3.3	-7					
7	United Kingdom	469	3.0	-4	7	Korea, Republic of	503	3.2	-6
8	Mexico	461	3.0	2	8	India	484	3.0	-6
9	Canada	447	2.9	-1	9	Mexico	467	2.9	-2
10	Russian Federation	419	2.7	-5	10	Canada	464	2.9	-1
11	Singapore	391	2.5	-5	11	Singapore	359	2.3	-3
	Domestic exports	184	1.2	-12		Retained imports (1)	153	1.0	-9
	Re-exports	206	1.3	1					
12	Chinese Taipei	331	2.1	-2	12	Chinese Taipei	287	1.8	0
13	India	324	2.1	0	13	Switzerland	277	1.7	-1
14	Switzerland	314	2.0	1	14	United Arab Emirates (1)	262	1.6	0
15	United Arab Emirates (1)	280	1.8	-12	15	Russian Federation (2)	254	1.6	2
16	Australia	272	1.8	6	16	Viet Nam	254	1.6	7
17	Saudi Arabia, Kingdom of (1)	269	1.7	-9	17	Thailand	237	1.5	-5
18	Viet Nam	264	1.7	8	18	Australia	222	1.4	-6
19	Thailand	246	1.6	-3	19	Turkey	210	1.3	-9
20	Malaysia	238	1.5	-4	20	Malaysia	205	1.3	-6

Source: World Statistical Review 2020

4.2.4.4 India top Export Markets of Textile and Apparel Products

Table 4.21 shows India's Top Ten export markets of Textile and Apparel Products. USA maintains the top position with a percent share of 22% in 2019-20. The absolute value of export to USA alone stands at US$ 8255 Million. U.A.E., Bangladesh, U.K. are at the second position for Indian Export Markets with a share of 6% each. People's Republic of China comes next with a percentage share of 4%, followed by Germany and Spain.

Table 4.21: India's Top Ten export markets of Textile and Apparel Products

Sl No.	Country	Export 2019-20 in USD Million	% Share
1	U S A	8255	22%
2	U ARAB EMTS	2279	6%
3	BANGLADESH PR	2172	6%
4	U K	2071	6%
5	CHINA P RP	1441	4%
6	GERMANY	1112	3%
7	SPAIN	951	3%
8	FRANCE	862	2%
9	ITALY	698	2%
10	NETHERLAND	676	2%
	Sub-Total	20517	55%
	Total Textiles &Apparel Exports (Ch-50 to 63)	37498	

Source: DGCI&S

4.2.5 Impact of ATC on India's Textile and Clothing Sector

4.2.5.1 Implementation of ATC

Integration of textiles and clothing sector into GATT (1994) was a major breakthrough of Uruguay Round (UR). The expectation was that with the integration of the sector, the export from developing countries will get a boost. But the pace of integration has been very tardy. In fact, the restraining members had met the legal requirements in the initial stages of integration as far as quota elimination is concerned. The US, EU and Canada had phased out 89 percent, 70 percent and 79.4 percent quotas respectively on the last day of the integration process. Furthermore, since MFA reform is measured in volume terms, the developed countries by passed the reforms by back-loading the phase-out schedule by keeping most of the high value items of clothing and made ups out of the integration process till the end of transition period.[13] Thus, restraining members had adhered to legal requirements only in the transition period. The integration of textiles and clothing has not been commercially meaningful

4.2.5.2 Impact of ATC on Textile and Clothing Trade

During the Pre-WTO era (1987-88 to 1994-95), the exports of textile and textile products had recorded growth rate of 28.2 percent per annum while during post WTO era, this export growth went down considerably. It had decreased to 10.5 percent per annum during 1994-95 to 2004-05, then improved slightly between 2004-05 and 2017-18. Even in the post-transition period (2004-05 to 2017-18), it was 11.9 percent which is quite less than the pre-WTO growth. Also, the export growth rate of textile and

[13] Chakraborty, Debashis and Amir Ullah Khan, Textiles and Clothing in the Post MFA period, 'WTO Deadlocked understanding the dynamics of International Trade', Sage Publications, New Delhi, 2008.

textiles products during transition period (1994-95 to 2004-05) as well as during post transition period (2004-05 to 2017-18) was quite low as compared to total exports growth rate. Further, the percentage share of textile products to total exports had declined during post ATC period. It decreased to 9.19 percent in 2011-12 which was 27 percent during 1994-95. The percentage share of readymade garments in total textile trade had increased to 48.9 percent during post ATC period (from 46.1 percent in1994-95) while the per cent share of cotton yarn, fabrics and made ups had decreased to 24.3 per cent (2011-12) which was 30.0 per cent in1994- 95. Also, India's percent share of textile trade in world textile trade had improved to 5.1 percent in the year 2011 which was 2.1 percent in 1990. It further improved to 6% of total world's textile export in the year 2017. But this increase has been modest when compared to China. China's share in world textile export touched 32.2 percent during 2011 which was 6.9 percent in 1990. China did report a share of massive 33.6% in Global Textile Exports.

4.3 WTO and Services

4.3.1 Overview

Service sector or tertiary sector is very vital for Indian economy. It covers a wide range of activities like transportation, travel, communications, insurance, finance, education, banking, health, tourism, information technology etc. Indian service industry has overtaken the manufacturing sector as main contributor to the economy. During FY 2020, service sector's share in our total Gross Value Added at current prices was 55.39%.[14] It represents the fastest growing sector of the global economy and accounts for 60 per cent global output, 30 per cent of global employment and nearly 20 percent

[14] Economic Survey, Govt. of India, 2019-20.

of global trade.[15] India's service export accounted for USD 17.6 Billion in 2020 while its contribution in our imports was USD 10.68 Billion. India is the largest recipient of FDI inflows US $85.86 Billion between April 2000 and December 2020. Government of India through its various initiatives like Make in India, Pradhan Mantri Kaushal Vikas Yojna, MOU with other nations regarding 5G technologies, Submarine Technology, Pharmaceutical, Bharat Net, Start-up India, National Digital Health Mission (NDHM), National Broadband Mission, Services Exports from India Scheme are helping to boost this sector and helping India emerge as a major Service Exporter to the world.

4.3.2 General Agreement in Trade and Services (GATS)

GATS was negotiated for the first-time during Uruguay Round (UR) of multilateral trade negotiations. India signed GATS in 1994 which came into force on Jan. 1, 1995. The main objective of the agreement was to liberalize trade in services. The agreement has three elements: the main text containing general obligations and disciplines; annexes dealing with rules for specific sectors and individual countries specific commitments to provide access to their markets. All WTO members are at the same time members of the GATS and, to varying degrees, have assumed commitments in individual service sectors. It is inspired from its counterpart in merchandise trade, the General Agreement on Tariffs and Trade (GATT). GATS showcase four modes of supplying services namely:

- cross-border trade
- consumption abroad
- commercial presence
- presence of natural persons

[15] World Trade Organization, Geneva, Understanding the WTO services. Rules for growth and investment

4.3.2.1 Scope and Definition

The agreement applies to all internationally traded services such as banking, tourism, insurance, financial services, professional services etc. Trade in services is defined as the supply of a service:

- From the territory of one member into the territory of any other member and is known as *cross-border supply* (mode 1) e.g., international telephone calls.
- In the territory of one member to the service consumer of any other member and is known as *consumption abroad* (mode 2) e.g., tourism
- By a service supplier of one member, through commercial presence in the territory of any other member and is known as *commercial presence* (mode 3) e.g., branches of foreign banks in a country
- By a service supplier of one member, through presence of natural persons of a member in the territory of any other member and is known as presence of *natural persons* (mode 4) e.g., fashion models or consultants.

4.3.2.2 General Obligations and Disciplines

A. Most-Favoured Nation Treatment (MFN)

Favour one, favour all. Under MFN principle, if a country allows foreign competition in a sector, it has to be given to service providers from all other WTO members. It means treating one's trading partners equally on the principle of non-discrimination. The agreement (article II) provides that each member shall accord immediately and unconditionally to services and service providers of any other member treatment no less favourable than that it accords to like services and service suppliers of any other country. MFN applies to all services *except* where some special temporary exemptions are allowed. The temporary exemptions applicable to preferential agreements in services among members could only be made once and will last no more than ten years. For example, if a nation (member) reduces tariffs by 5% for one nation, the MFN clause states that all WTO members will have their tariffs cut by 5% into that nation.

B. Transparency

Article III of GATS states that each member shall publish, at the latest by the time of their entry into force, all relevant measures which affect the operation of this agreement. International agreements pertaining to or affecting trade in services to which a member is a signatory shall also be published. Each member shall promptly and at least annually inform the council for trade in services of the introduction of any new or any changes to existing laws, regulations or administrative guidelines which significantly affect trade in services covered by its specific commitments under this agreement.[16]

4.3.2.3 Specific Commitments

A. Market Access

Under article XVI with respect to market access, each member shall accord services and service suppliers of any other member treatment no less favourable than that provided for under the terms, limitations and conditions agreed and specified in its schedule. Also, in sectors where market access commitments are undertaken, the members shall not maintain or adopt measures which are defined as[17]:

i. Limitations on the number of service suppliers whether in the form of numerical quotas, monopolies, exclusive service suppliers or the requirements of an economic needs test;

[16] World Trade Organization, GATS, Article III, paragraph 1, 3
[17] World Trade Organization, GATS, Article XVI, paragraph 2

ii. Limitations on the total value of service transactions or assets in the form of numerical quotas or the requirement of an economic needs test;
iii. Limitations on the total number of service operations or on the total quality of service output expressed in terms of designated numerical units in the form of quotas or the requirement of an economic needs test;
iv. Limitations on the total number of natural persons that may be employed in a particular service sector or that a service supplier may employ;
v. Measures which restrict or require specific types of legal entity or joint venture through which a service supplier may supply a service; and
vi. Limitations on the participation of foreign capital in terms of maximum percentage limit on foreign shareholding or the total value of individual or aggregate foreign investment

B. National Treatment

It requires that each member shall accord to services and service suppliers of any other members, in respect of all measures affecting the supply of services, treatment no less favourable than that it accords to its own like services and service suppliers, in the sectors inscribed in its schedule.

4.3.2.4 Progressive Liberalization

Under this agreement, the members had agreed to enter into successive rounds of negotiations, not later than five years from the data of entry into force of WTO agreement and periodically thereafter, to achieve higher level of liberalization. Such rounds of negotiations shall aim at the reduction of the measures having adverse effects on trade in services in order to provide effective market access.

A. Schedule of Specific Commitments

The agreement provides that each member shall set out in a schedule of specific commitments it undertakes. The schedule of specific commitment shall specify[18]:

a) Terms, limitations and conditions on market access
b) Conditions and qualifications on national treatment
c) Undertakings relating to additional commitments
d) Where appropriate the time frame for implementation of such commitments
e) The date of entry into force of such commitments

B. Council for Trade in Services

The council for trade in services was established to administer the operation of agreement. The council may establish subsidiary bodies to discharge its functions. The chairman of the council shall be elected by the members. The council shall review all exemptions granted for a period of more than five years.

4.3.3 Pre and Post WTO Trade in Services

4.3.3.1 Volume of Trade in Services

India's service exports in aggregate terms had increased to reach $208,000 million in 2018-19 from $ 148,128 million in 2012 and it was $ 3363 million in 1987. During the same period, our service imports were $126,060 in 2018-19 and $ 125,875 million in 2012 and $ 4629 million in 1987. Before WTO, our service import was greater than that of service export which had contributed to ever increasing trade deficit. But the trade balance in services became favourable after WTO. The value of service exports had exceeded the value of service imports by $ 22253 million in 2012. The major components of service trade are transportation, travel and other services.

Services trade as % of total trade in goods and services has been on the rise post-

[18] World Trade Organization, GATS, Schedule of specific commitments, article XX, paragraph 1.

WTO. It was 19.1% in 1994 and it increased to 34.1% in the year 2012 and it further increased to 38.1% in the year 2018. On the other hand, the imports share of services as a part of total imports were 20.7% in 1987 and 21.6% in 1994. Later in the post-WTO era it has shown very little variation 22.4% in 2012 and it was 19.9% in 2018.

4.3.3.2 India's Service Trade and World Service Trade - Pre and Post WTO Era

During the pre-WTO era i.e., from 1987 to 1994, the value of India's service exports had increased in absolute terms. Despite this, our service exports as per cent of world service exports had decreased. India's service export was 0.59 per cent of world exports during 1987 which declined to 0.56 per cent during 1994. But after the GATS, it had increased considerably. Its contribution in world export was 1.10 per cent during 2000 which further increased to touch 3.34 per cent during 2012 and in 2018 it has reached 3.5% of the total world service trade. Similarly, the share of our service imports in world service imports was 0.75 per cent during 1994 which increased to 1.26 per cent during 2000.

It was as high as 2.97 per cent during 2012 and it increased to 3.2% in 2018. Thus, the percentage share of our service trade (both exports and imports) in world service trade had gone up significantly during post GATS period. India's service trade as percent of world service

Table 4.22: Pre WTO and Post WTO Service Trade (1987-2018)

(Figures in million $)

Subject	1987		1994		2012		2018	
	Export	Import	Export	Import	Export	Import	Export	Import
Total services	3363	4629	6038	8200	148128	125875	208,000	126,060
Total trade in goods and services	15247	22290	31561	37872	433575	561339	535450	631290
Services trade as % of total trade in goods & services	22.0	20.7	19.1	21.6	34.1	22.4	38.8	19.9

Source: United Nations Conference on Trade and Development (UNCTAD), Paris

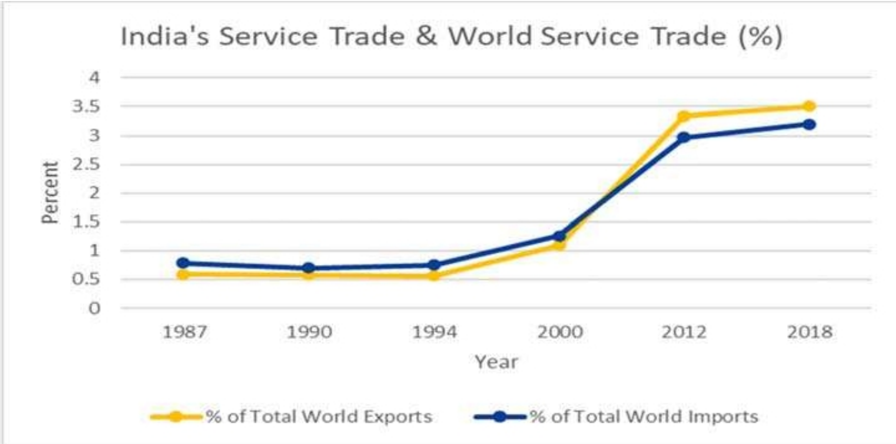
Table 4.23: Exports and Imports of Total Services

(Figures in million US dollars)

Year	Export			Imports		
	World	**India**	**% of Total World**	**World**	**India**	**% of Total World**
1987	574700	3363	0.59	443700	4629	0.79
1990	831300	4625	0.58	875200	6090	0.70
1994	1083500	6038	0.56	1093600	8200	0.75
2000	1521300	16685	1.10	1520000	19188	1.26
2012	4423200	148128	3.34	4229200	125875	2.97
2018	5878024	208000	3.5	5825674	126060	3.2

Source: United Nations Conference on Trade and Development (UNCTAD), Paris.

Figure 4.4: India's Service Trade and World Service Trade (%)



Source: Based on data from table 4.23

4.3.3.3 Growth of Service Trade-Pre and Post GATS

During pre-WTO era, India's service exports grew at 8.7 per cent per annum (CAGR) while growth rate of world service export was 9.4 per cent per annum. Before GATS, India's service import growth rate was 8.5 per cent per annum while that of world service import was 13.7 per cent per annum.

Table 4.24: Growth Rates of Services Trade (CAGR)

(Percent per Annum)

TRADE	Pre-WTO (1987 to 1994)		Post-WTO (1994 to 2018)	
	India	World	India	World
Service Exports	8.7	9.4	19.4	8.1
Service Imports	8.5	13.7	16.4	7.8

Source: Based on data from table 4.23

After the WTO formation, India's service trade grew at a very healthy rate. During the period from 1994 to 2018, India's service exports and imports growth rates were 19.4 per cent and 16.4 per cent respectively. During this period world service exports and imports growth rates were 8.1 per cent and 7.6 per cent respectively.

4.3.4 Impact of WTO on India's Service Trade

During post GATS era (1994-2018) our service exports and imports had grown significantly. During this period, service export had recorded more than twenty fourfold increase. Contribution of service sector in our total exports had nearly doubled in this period. Service exports accounted for 34.1 per cent of total exports while contribution of service imports in total imports was 22.4 per cent during 2012. Before GATS, share of service exports and imports in total trade was 19.1 per cent and 21.6 per cent respectively. Also, our service exports and imports growth rates are higher during post GATS period (1994-2018) as compared to the pre-GATS period (1987-1994). It also reported CAGR of 17% between 2015-20. Before GATS, India's service trade growth rates (exports as well as imports) were less than that of world service trade growth, but after the GATS, India's service trade growth outpaced the world service trade growth significantly. In fact, world service exports and imports growth rates had fallen during post GATS period as compared to pre-GATS period while our service trade growth rates (exports as well as imports) were more than that of world's growth after GATS. Also, India's share in world service exports had increased to 3.5% in 2018 which was 3.34 per cent during 2012 and 0.59 per cent during 1994. During this period, our share in world imports had gone up to 3.2% in 2018 from 2.97 per cent in 2012 and it was 0.75 per cent in 1994. Trade balance of the service sector became favourable after GATS (2012) which was unfavourable before GATS.

4.3.5 FDI in the Indian Service Sector

Table 4.25. shows the growth of FDI in Service sector as a percentage of Gross FDI received by India. We see a huge jump in the inflows post the Economic Reforms in India. Between 1990-2000 where the contribution was 15.29% of total FDI, it moved on to increase significantly after year 2000. Service industry ranked First in FDI inflow as per data released by Department of Promotion of Industry and Internal Trade.

Table: 4.25: FDI in Indian Service Sector as % of Total FDI

(Figures in Percent)

Industry	1990-2000	2000-10	2010-20
Service	**15.29**	**63.93**	**67.2**

Source: Handbook of Statistics on Indian Economy, RBI

India improved its position from 12th in 2018 to 9th in 2019 in the list of the world's largest FDI recipients according to the latest World Investment Report 2020 by United Nations Conference on Trade and Development (UNCTAD). FDI into India recorded almost 17 per cent jump during April-September 2020 over the corresponding period last year, despite the global slowdown, the COVID-19 pandemic, lockdown measures and supply chain disruptions. Services sector, being the largest recipient of FDI in India, witnessed a strong growth during April-September 2020. The gross FDI equity inflows (excluding re-invested earnings) into the services sector jumped 34 per cent YoY during April-September 2020 to reach US$ 23.61 billion, accounting for almost four-fifth of the total gross FDI equity inflows into India during this period (Table: 4.26).

Table: 4.26: Gross FDI Equity Inflows into Service Sector

Services Sub-sectors	Share in Gross FDI Equity Inflows into Services sector in 2019-20 (per cent)**	Gross FDI Equity Inflows (US$ million)			
		2018-19	2019-20	April-Sep 2019	April-Sep 2020
Financial, Business, Outsourcing, R&D, Courier, Tech Testing & Analysis	9.54	9,158	7,854	4,455	2,252
Computer Software & Hardware	74.34	6,415	7,673	4,025	17,554
Trading	4.02	4,462	4,574	2,143	949
Telecommunications	0.03	2,668	4,445	4,280	7
Information & Broadcasting	0.68	1,252	823	196	161
Hotel & Tourism	1.20	1,076	2,938	859	283
Hospitals & Diagnostic Centers	0.69	1,045	635	376	163
Education	2.56	777	3,245	216	604
Retail Trading	5.21	443	472	243	1,230
Consultancy Services	0.46	411	1,047	473	110
Sea Transport	0.61	279	199	173	144
Air Transport	0.41	191	918	114	97
Agriculture Services	0.25	88	46	23	60
Gross FDI Equity Inflows into Services Sector (US$ million)		28,265	34,868	17,577	23,612
Change from Previous Year (per cent YoY)		-2.4	23.4	33.1	34.3
Gross FDI Equity Inflows into India (US$ million)		44,366	49,977	26,096	30,004
Share of Services Sector in Gross FDI Equity Inflows (per cent)		63.7	69.8	67.4	78.7

Source: Department for Promotion of Industry and Internal Trade (DPIIT).
Note: *Excludes re-invested earnings.

4.4 WTO and Indian Economy

4.4.1 WTO and India's Economic Growth

Economic growth is the increase in the national income of a country indicating the value of goods and services produced in the economy during a year. It is estimated at current prices or constant prices. The Gross Domestic Product (GDP) at market price had increased from US$ 279.03 Billion in 1986-87 to US$ 1827.64 Billion in 2011-12 and it went on to reach US$ 2868.93 Billion 2018-19 (Table 4.27). Table 4.27 reveals that India's Gross Domestic Product (GDP) growth rate (CAGR) had increased to 6.9 per cent per annum during post WTO era (1994-95 to 2018-19).

Before WTO, this growth rate was 5.4 per cent per annum. The trend in GDP growth during pre-WTO and post WTO era is presented in Table 4.28. During post WTO era (1995-96 to 2018-19), average annual growth rate of GDP had increased to 6.9 per cent which was 4.8 per cent during pre-WTO era i.e., from 1986-87 to 1994-95. Annual Growth rates of Gross Domestic Products- pre and post WTO has been presented in Figure 4.28.

Table 4.27: GDP at Factor Cost at Current Prices and CAGR

(Figures in US$ Billion CAGR in percent)

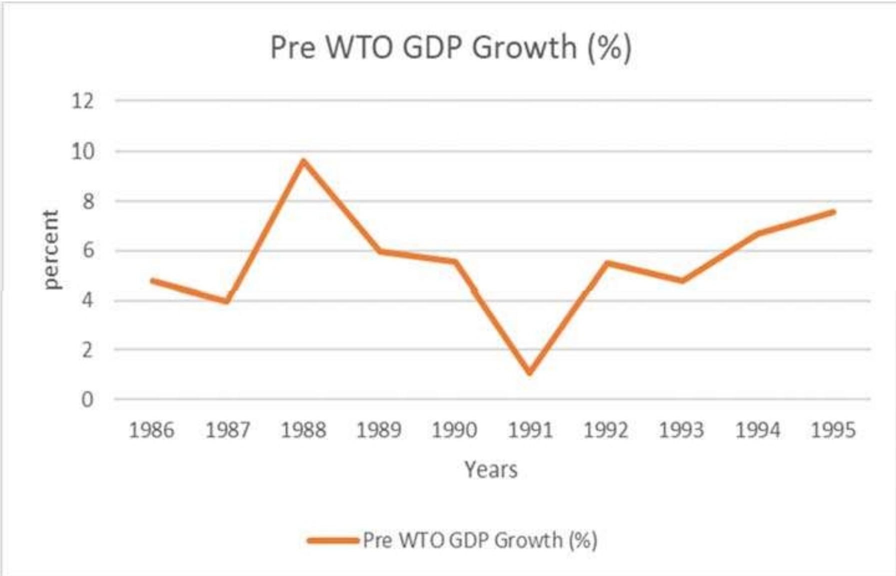
YEAR	GDP	CAGR	
1986-87	279.03	PRE-WTO	5.4%
1994-95	360.28		
2011-12	1827.64	POST-WTO	6.9%
2018-19	2868.93		

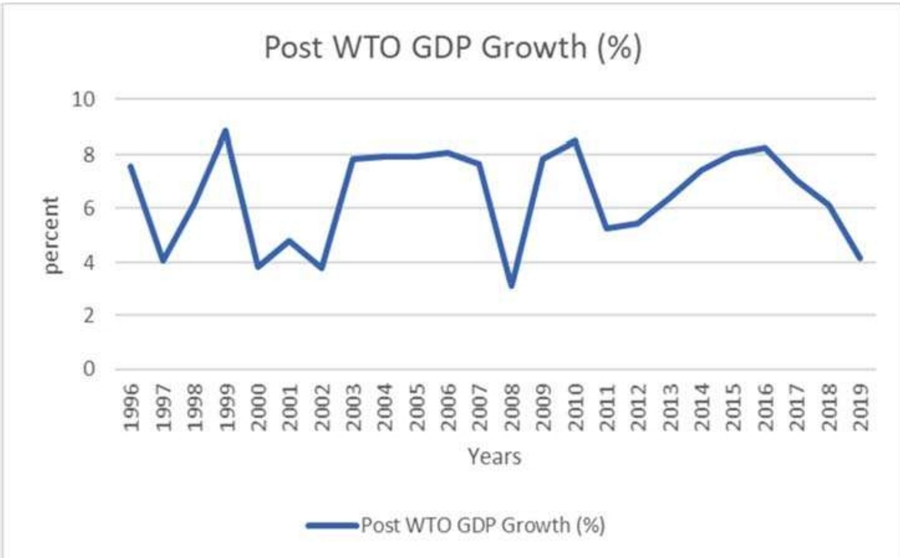
Table 4.28: Annual Growth Rates of Gross Domestic Products

Annual Growth Rates of Gross Domestic Products (at nominal prices)			
Pre WTO		**Post WTO**	
Year	GDP Growth (%)	Year	GDP Growth (%)
1986	4.78	1996	7.55
1987	3.97	1997	4.05
1988	9.63	1998	6.18
1989	5.95	1999	8.85
1990	5.53	2000	3.84
1991	1.06	2001	4.82
1992	5.48	2002	3.8
1993	4.75	2003	7.86
1994	6.66	2004	7.92
1995	7.57	2005	7.92
		2006	8.06
		2007	7.66
		2008	3.09
		2009	7.86
		2010	8.5
		2011	5.24
		2012	5.46
		2013	6.39
		2014	7.41
		2015	8
		2016	8.26
		2017	7.04
		2018	6.12
		2019	4.18

Source: Economic Survey, Government of India

Figure 4.2 : Annual Growth Rates of Gross Domestic Products – Pre & Post WTO





Source: Based on data from table 4.28

Table 4.29: Average Annual Growth Rate of GDP

Period	**Years**	**Growth Rate**
Pre-WTO	1986-87 to 1994-95	4.8%
Post-WTO	1995-96 to 2018-19	6.92%

Source: Based on data from table 4.4.1

4.4.2 Structural Change of GDP

Table 4.30 contains the structural change of GDP at factor cost (current prices) during pre-WTO and post WTO era. Structural Change denotes the change in the composition of sector's share of the GDP.

There are three sectors mainly:

- Primary (Agriculture)
- Secondary (Industry/ Manufacturing)
- Tertiary (Services)

Table 4.30: Structural Change of GDP at Factor Cost

YEAR	PRIMARY	SECONDARY	TERTIARY	TOTAL
1986-87	32.5	23.1	44.4	100
1994-95	30.7	24.0	45.3	100
2004-05	21.9	25.1	53.0	100
2011-12	19.9	24.3	55.8	100
2019-20	15.87	29.73	54.40	100

Source: Economic Survey, Government of India

Table 4.30 shows how there is a decline in Primary Sector's contribution in

GDP over the years from Pre-WTO to Post-WTO time period. In the secondary sector there is an increase in contribution to GDP. Tertiary sector or the Service industry has shown the highest increase in GDP contribution over the years. Its contribution was 54.4% in the year 2019-20.

CHAPTER-5

INDIA'S GLOBAL TRADE-PRE AND POST W.T.O. ERA

5 The effect of WTO on India

The World Exchange Organization (WTO) is an exclusively worldwide organization. It addresses the world rules of exchange between countries. Its primary perform is to create beyond any doubt that trade streams as swimmingly, typically and unreservedly as feasible. World Trade Organization (WTO) controls international trade among nations. Its play a significant difference on trade policies of India with the different countries. In the present chapter, the study is accomplished to know the influence of WTO on international business of India.

5.1 Overview

Trade plays a very vital role in the development of economy. In fact, trade is the engine of growth. Thus, under developed countries has raised the slogan "Trade and Aid". In an economy like India, requires large imports during initial years of development. It is natural that the balance of trade in such a situation will turn negative which necessitates the expansion of exports. As a result, India had deficit in its balance of payments (BOPs) with some exceptions till 1990s. Our export covers a wide range of items such as agriculture and allied products, manufactured goods, petroleum products etc. Our imports consist of mainly capital goods, petroleum products etc. To keep check on rising imports, India started to liberalize its economy during early 1990s. When India signed WTO on Jan. 1, 1995, the expectation was that developed countries would open up their economies which would lead to increase in India's exports. India's share in world exports was 0.5 per cent in 1990 which increased 1.1 per cent during 2005.[1] As per the WTO data released in April 2019, for the year 2018, India's share in global exports for merchandise was 1.7 % and in global imports was 2.6 %. For the year 2018 for service sector, India's share in global exports was 3.5 % and imports was 3.2 %[2].

---

[1] Economic Survey, Govt, of India, 2012-13.

[2] Ministry of Commerce & Industry, Indian Global Trade Share, Posted On: 27 NOV 2019 1:58PM by PIB Delhi

5.2 Behavioral Trend of India's Trade

During the period, 1990-91 to 2011-12, the value of exports as well as imports had increased steadily in aggregate terms. During this period, the exports rose to Rs 14592.81 Billion in 2011-12 from Rs 325.58 Billion in 1990-91. In this period the value of import had gone up to Rs 23459.73 Billion from Rs 431.93 Billion. From the year 2012-13 onwards, the exports have seen a net decline in aggregate terms in the year 2014-15, 2015-16 and year 2019-20. Similarly, the value of imports has seen a net decline in aggregate terms in the year 2015-16 and 2019-20. Table 5.2 1 indicates the entire pre-WTO and post WTO trade data. It also indicates as average decline of export to import ratio by about 25 ratio points during the year 1990-91 till 2019-20.

Figure 5.1: Annual Growth Rate of India's Exports and Imports

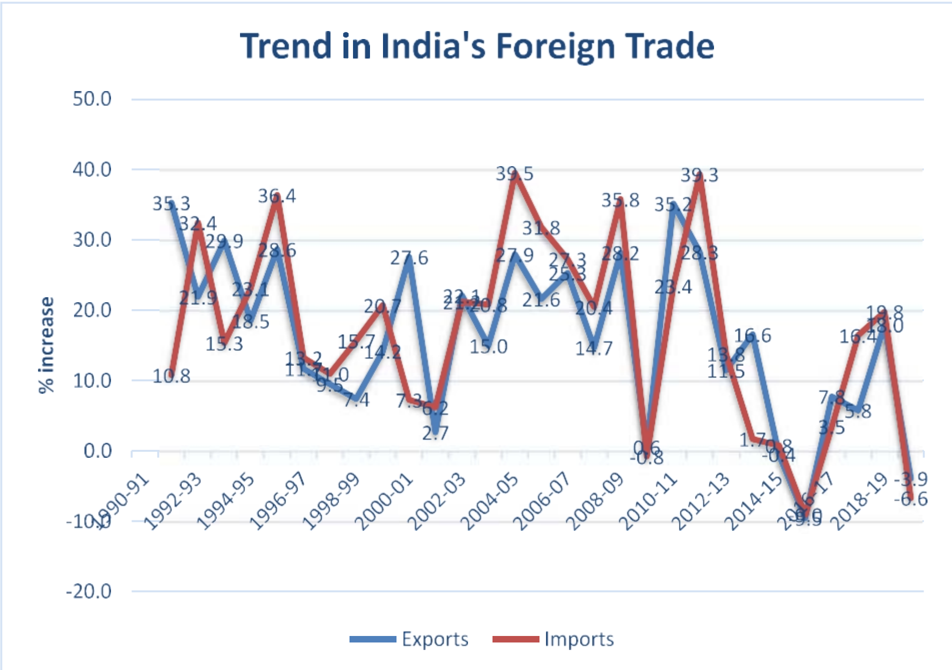


Table 5.1: Trend in India's Foreign Trade (₹ Crore)

	Exports	Annual % increase in Exports	Imports	Annual %increase in Imports	Trade Balance	Export-Import Ratio
1990-91	32558		43193		-10635	75.4
1991-92	44042	35.3	47851	10.8	-3809	92.0
1992-93	53688	21.9	63375	32.4	-9686	84.7
1993-94	69751	29.9	73101	15.3	-3350	95.4
1994-95	82674	18.5	89971	23.1	-7297	91.9
1995-96	106353	28.6	122678	36.4	-16325	86.7
1996-97	118817	11.7	138920	13.2	-20103	85.5
1997-98	130101	9.5	154176	11.0	-24076	84.4
1998-99	139753	7.4	178332	15.7	-38579	78.4
1999-00	159561	14.2	215237	20.7	-55675	74.1
2000-01	203571	27.6	230873	7.3	-27302	88.2
2001-02	209018	2.7	245200	6.2	-36182	85.2
2002-03	255137	22.1	297206	21.2	-42069	85.8
2003-04	293367	15.0	359108	20.8	-65741	81.7
2004-05	375340	27.9	501065	39.5	-125725	74.9
2005-06	456418	21.6	660409	31.8	-203991	69.1
2006-07	571779	25.3	840506	27.3	-268727	68.0
2007-08	655864	14.7	1012312	20.4	-356448	64.8
2008-09	840755	28.2	1374436	35.8	-533680	61.2
2009-10	845534	0.6	1363736	-0.8	-518202	62.0
2010-11	1142922	35.2	1683467	23.4	-540545	67.9
2011-12	1465959	28.3	2345463	39.3	-879504	62.5
2012-13	1634318	11.5	2669162	13.8	-1034844	61.2
2013-14	1905011	16.6	2715434	1.7	-810423	70.2
2014-15	1896445	-0.4	2737087	0.8	-840641	69.3
2015-16	1716384	-9.5	2490306	-9.0	-773921	68.9
2016-17	1849434	7.8	2577675	3.5	-728242	71.7
2017-18	1956515	5.8	3001033	16.4	-1044519	65.2
2018-19	2307726	18.0	3594675	19.8	-1286948	64.2
2019-20	2218233	-3.9	3355762	-6.6	-1137530	66.1
Note: Data for 2018-19 are revised and for 2019-20 are provisional.						
Source: Directorate General of Commercial Intelligence and Statistics						

Table 5.1 reveals that during pre-WTO era (1990-91 to 1994-95) the annual percentage increase for exports was greater than 18 per cent. In this period, the average annual percentage increase in exports was 25.2 per cent. It declined to average 13.5 per cent in post WTO sub-period I (1995-96 to 2004-05). It further declined to average 10.1 per cent during post WTO sub period-II (2005-06 to 2011-12) and further to average 5.7 during the post WTO sub period -III (2012-13 to 2019-20). The average annual percentage increase in exports during post WTO era (1995-96 to 2019-20) was 14.64 per cent which is less than that of pre-WTO average.

On the other hand, the average annual percentage increase in imports had also declined during post WTO era but this decrease is quite less as compared to average percentage decrease in exports. Average annual percentage increase for imports had gone down to 16.38 per cent during 1995-96 to 2019-20 which was 19.1 per cent during 1990-91 to 1994-95. Further, the value of trade balance had remained negative during the entire period from 1990-91 to 2019-20. It means that the value of imports was greater than that of exports during this period. But average annual trade balance had increased sharply during post WTO period. It had increased to Rs -655.76 Billion during sub period I which was Rs -69.55 Billion only during pre-WTO era. It further increased to reach Rs -4726.12 Billion during post WTO sub period II which further increased to -957133.5 Billion during the WTO sub-period III. During post WTO era i.e., from 1995-96 to 2019-20 the average annual trade balance was Rs -456397.68 Billion.

Clearly, the trade deficit had increased alarmingly after the WTO formation. Widening of trade deficit has also shown by declining average exports-imports ratio. The average exports-imports ratio had fallen to 72.7 during post WTO era (overall) which was 87.8 during pre-WTO era. Annual growth rate of India's exports and imports has been presented in Figure 5.1.

Table 5.2: Pre and Post WTO Trade Growth

Years/Period	Average Annual Percent Increase		Average Export-Import	Average Annual Trade
	Export	Import	Ratio	Balance
Pre WTO 1990-91 to 1994-95	25.2	19.1	87.8	(69.55)
Post WTO				
(Sub-period I) 1995-96 to 2004-05	13.5	12.76	82.4	(655.76)
(Sub-period II) 2005-06 to 2011-12	10.1	28.5	65.0	(4726.12)
(Sub-period III) 2012-13 to 2019-20	5.7	5.05	67.1	(957133.5)
(Overall) 1995-96 to 2019-20	14.64	16.38	72.7	(456397.68)

Source: Based on data from Table 5.1

Figures in parenthesis denote negative trade balance

5.3 Composition of Trade

5.3.1 Pattern of Exports

Exports of India has been classified into following four categories:

i. Primary products which comprise agriculture and allied products and ores and minerals

ii. Manufactured goods

iii. Petroleum products

iv. Other products.

Despite increasing in aggregate terms, the percentage share of primary products in country's total exports had declined steadily during the period between 1987-88 and 2018-19. From 26.1 per cent in 1987- 88, it had gone down to 19.8 per cent during 1994-95, further went down to 16.2 per cent during 2004-05. It was as low as 14.9 per cent during 2011-12 and 11.57 during 2018-19. Further the export growth rate of primary products during post WTO era had declined to 16.4 per cent per annum which was 21.8 per cent during pre-WTO era. The exports growth rate of primary products was 14.0 per cent during sub period-I (1994-95 to 2004-05) which increased to 20.0 per cent during sub period-II (2004-05 to 2011-12).

Table 5.3: Pattern of Indian Exports (Rs. Billion)

Commodity	Years				
	1987-88	1994-95	2004-05	2011-12	2018-19
I.Primary products (Agriculture & allied products and Ore & Minerals)	40.98	163.73	608.97	2184.04	2670.59
	(26.10)	(19.8)	(16.2)	(14.9)	(11.57)
II.Manufactured goods	106.26	640.67	2728.72	8951.25	15016.58
	(67.7)	(77.4)	(72.7)	(61.3)	(65.07)
III.Petroleum products	6.49	13.09	314.04	2658.19	3861.50
	(4.1)	(1.6)	(8.3)	(18.2)	(16.73)
IV.Others	3.02	9.26	101.67	799.33	1528.59
	(2.1)	(1.2)	(2.8)	(5.6)	(6.62)
Total Exports	156.74	826.74	3753.40	14592.81	23077.26
	(100)	(100)	(100)	(100)	(100)

Source: Hand book of statistics on Indian economy 2019-20, RBI.
*Figures in parenthesis are percentages to total exports.

Also, the percentage share of manufactured goods in total exports had increased till 1994-95. It had increased to reach 77.4 per cent in 1994-95 from 67.7 per cent in 1987-88. By the year 20011-12, it declined to 61.3 per cent which was mainly due to the sharp increase in exports of petroleum products. It showed a slight improvement in later years and increased up to 65.07 % by 2018-19. The contribution of petroleum products in total exports was 18.2 per cent during 2011-12 which was only 1.6 per cent during 1994-95. It showed a slight decline in the later years and was 16.73 in the year 2018-19. Also, the export growth rate of manufactured goods had fallen to 16.8 per cent during post WTO era which was 29.2 per cent during pre-WTO era.

Also, the total export growth rate had gone down to 18.4 per cent during post WTO era. The export was growing at a healthy rate of 26.8 per cent per annum during pre-WTO era During post WTO era the export growth rates for primary products and manufactured goods were less than that of total export growth rate.

5.3.2 Pattern of Imports

India s import has been classified into two categories

i. Bulk imports

ii. Non-bulk imports.

Bulk imports comprise (a) Petroleum, crude and products (b) Bulk consumption goods (c) other bulk items. Non bulk imports consist of capital goods, mainly export related items and others.

Table 5.4 reveals that our imports in aggregate terms had increased to Rs 23459.73 Billion in 2011-12 from Rs 222.44 Billion in 1987-88. As a result, the import recorded a growth rate of 22 per cent per annum during pre-WTO era. During post WTO sub period I, imports grew at the rate of 18.7 per cent per annum which increased to 24.7 per cent during sub period-II.

Table 5.4: Patterns of Indian Imports (1987-88 to 2011-12)

Commodity		**Years**			
		1987-88	**1994-95**	**2004-05**	**2011-12**
I	**Bulk Imports**	**91.01**	**355.45**	**1905.13**	**10295.76**
		(40.9)	**(39.5)**	**(38.0)**	**(43.9)**
A	Petroleum, crude	40.43	186.13	1340.94	7427.64
	and products	(18.2)	(20.7)	(26.7)	(31.7)
B	Bulk consumption	14.79	35.92	139.50	556.60
	goods	(6.6)	(4.0)	(2.8)	(2.4)
C	Other bulk items	35.79	133.40	424.69	2311.53
		(16.1)	(14.8)	(8.5)	(9.8)
II	**Non-Bulk Imports**	**131.43**	**544.26**	**3105.52**	**13163.96**
		(59.1)	**(60.4)**	**(62.0)**	**(56.1)**
A	Capital goods	65.66	239.83	1129.36	4761.85
		(29.5)	(26.6)	(22.5)	(20.3)
B	Mainly export	33.51	135.54	768.13	2610.37
	related items	(15.1)	(15.1)	(15.3)	(11.1)
C	Others	32.26	168.89	1208.04	5791.75
		(14.5)	(18.7)	(24.2)	(24.7)
	Total imports	**222.44**	**899.71**	**5010.65**	**23459.73**
		(100)	**(100)**	**(100)**	**(100)**

Source: Handbook of Statistics on Indian Economy 2012-13, RBI.

Figures in parenthesis are percentages to total imports

The overall growth rate of imports during post WTO era was less than that of pre-WTO growth. It means that liberalization had not resulted into surge of imports. Further, the percentage share of bulk imports to total imports had ranged from 39.5 percent to 43.9 percent during post WTO era. Among the bulk imports, the percentage share of petroleum, crude and products had increased to 31.7 per cent during 2011-12 which was 18.2 per cent during 1987-88 while the percentage share of bulk consumption goods and other bulk items of imports had declined to 2 4 per cent from 6.6 per cent during the same period [Table 5.4]. Also, the imports growth rate of petroleum products was around 24 per cent during the entire period (pre-WTO as well as post WTO). Further, the contribution of non-bulk imports to total imports was 60.4 percent during 1994-95. After increasing to 62.0 percent in 2004-05 it declined to 56.1 percent during 2011-12. The imports growth rate for this category had fallen to 20.6 per cent annum during post WTO era from 22.5 per cent during pre-WTO era.

5.4 Direction of Trade

Table 5.5 reveals that India exported over 58 per cent to OECD countries before WTO was established. After the WTO formation, it declined to 33.8 per cent during 2011-12 which improved in the year 2019-20 to 39.62 percent. Within OECD countries, the percentage share of E.U and North America had fallen during post WTO era. The contribution of E.U. and North America in India's export was 29.2 per cent during 2011-12 which was 44.7 percent during 1987-88. It slightly improved in the year 2019-20 to 35.04 percent. Also, the percentage share of OECD countries in India's total imports had gone down to 28.06 percent during 2019-20 from 51.4 per cent in 1994-95. Thus, India's trade (Exports as well as Imports) had declined to OECD countries during post WTO era. On the other hand, our exports to developing countries had shown upward trend. India exported 40.7 per cent to developing countries during 2011-12 which was 26.4 per cent during 1994-95 which further improved in the year 2019-20 to

42.81 percent. Our imports from developing countries shown significant increase post WTO era. It has increased from 24.1 percent in the year 1994-95 to 32.2 percent in the year 2011-12 to further 43.21 in the year 2019-20.

Table 5.5: Direction of Trade Percent

Group		Years							
		1987-88		1994-95		2011-12		2019-20	
		Exports	Imports	Exports	Imports	Exports	Imports	Export	Import
I	OECD countries	58.9	59.8	58.6	51.4	33.8	29.7	39.62	28.06
A	E.U.	25.1	33.2	26.7	24.8	17.3	11 7	17.17	10.80
B	America	19.6	10.3	20.1	11.1	11.9	5.3	17.87	8.33
C	Other OECD countries	14. 2	16.3	11.8	15.5	4 6	12.7	4.58	8.93
II	OPEC	6.1	13.3	9.2	21.1	19.0	35.4	15.38	26.16
III	Eastern Europe	16.5	9.5	4.0	3.3	1.1	1.7	1.35	2.53
IV	Developin g countries	14.2	17.3	26.4	24.1	40.7	32.2	42.81	43.21
V	Others	4.3	0.1	1.8	0.1	5 4	1.0	0.83	0.04

Source: Based on data from Hand Book of Statistics on Indian Economy 2019-20, RBI.

Further the percentage share of OPEC in our experts had risen steadily throughout the period (1987 to 2012) It was as high as 19.0 per cent during 2011-12 which was 6.1 per cent only during 1987-88. However, it has shown a decline and came down to 15.38 by 2019-20. The percentage share of imports from OPEC had increased during pre-WTO era. It had gone up to reach 21.1 per cent during 1994-95 from 13.3 per cent in 1987-88. After WTO formation, it continued its upward trend. During 2011-12 it was as high as 35.4 percent. However, here also it has shown a decline and came down to 26.16 by 2019-20. Also, the percentage share of Eastern Europe in our trade had declined during pre as well as post WTO era.

5.5 WTO, World Trade and India's Trade

Table 5.6[3] shows that during 1995 our share in world exports and imports was 0.60 and 0.77 per cent respectively. During post WTO era, our percentage share in world trade had gone up considerably. The percentage share of exports in world exports had increased to 1.19 per cent in 2005, further increased to reach 1.92 per cent during 2012 and further to 2.60 percent in the year 2018. Similarly, the percent share of our imports in world imports had increased to 2.56 per cent in 2012 which was 0.77 per cent during 1995. It further increased to 2.90 percent by the year 2018. As per the WTO data released in April 2019, for the year 2018, India's share in global exports for merchandise was 1.7 % and in global imports was 2.6 %. For the year 2018 for service sector, India's share in global exports was 3.5 % and imports was 3.2 %.

Also, the percentage share of developing countries in world trade (exports as well as imports) had increased steadily since 1995.The percentage share of developing economies in world export had increased to 42.0 percent (2012) which was 27.0 percent during 1995. It further increased to 43.5 in the year 2018.

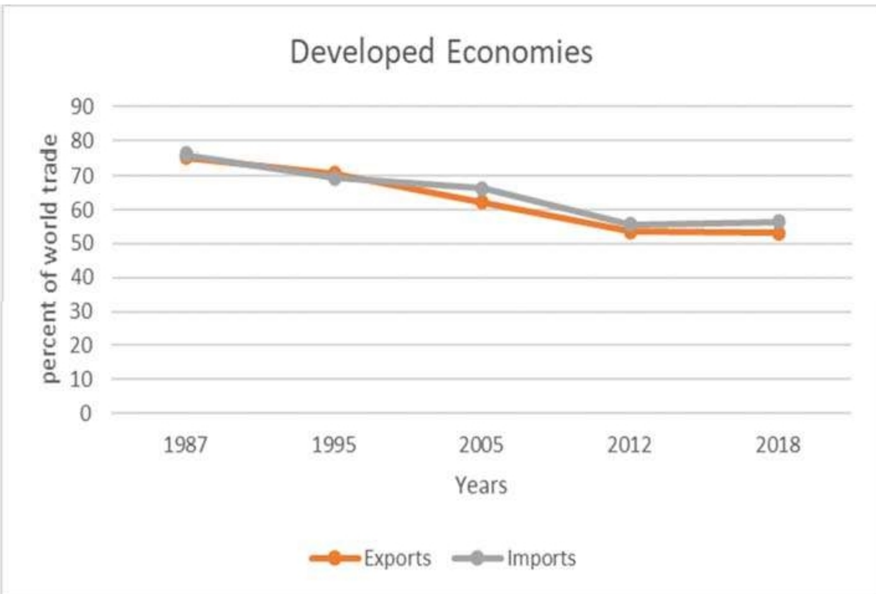
On the other hand, the developed economies contribution in world trade had declined during 1995 to 2012 The percentage share of developed countries in world imports was 69.4 percent in 1995. It had declined to 55.7 per cent during 2012 instead of increasing which was the expectation of developing world at the time of WTO formation. However, it increased slightly to 56.5 percent by the year 2018. Trade share of developed economies, developing economies and India in world trade is presented in Figure 5.2.

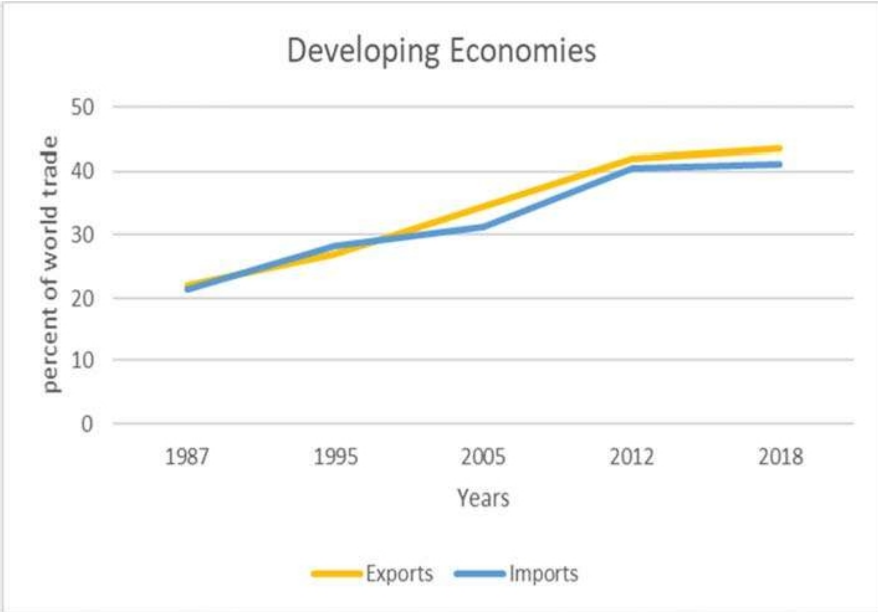
[3] World Trade Statistical Review 2019, WTO

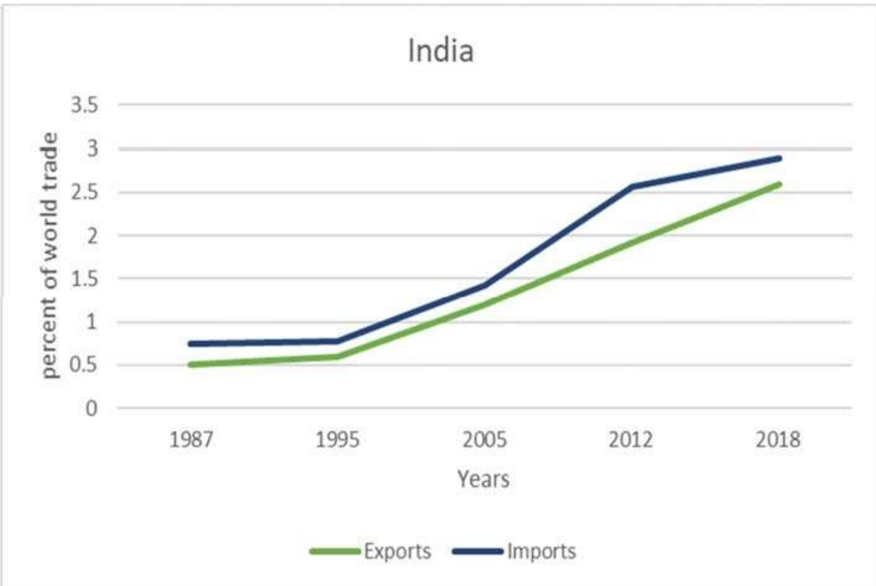
Table 5.6: Trade Share of Developed Economies, Developing Economies and India in World Trade (**Percent**)

Years	Developed Economies		Developing Economies		India	
	Exports	**Imports**	**Exports**	**Imports**	**Exports**	**Imports**
1987	75.4	76.2	22.0	21.3	0.504	0.74
1995	70.7	69.4	27.0	28.3	0.60	0.77
2005	62.2	66.2	34.6	31.2	1.19	1.42
2012	53.6	55.7	42.0	40.5	1.92	2.56
2018	53.2	56.5	43.5	41 1	2.60	2.90

Figure 5.2: Trade Share of Developed Economies, Developing Economies and India in World Trade




Developing Economies
percent of world trade
50
40
30
20
10
0
1987
1995
2005
2012
2018
Years
Exports
Imports


India
percent of world trade
3.5
3
2.5
2
1.5
1
0.5
0
1987
1995
2005
2012
2018
Years
Exports
Imports

5.4 WTO Impact on India's Trade

During post WTO period (1995-2020) average annual percentage increase in exports had declined from 25.2 percent to 14.64 percent as compared to pre-WTO era (1990-1994). Average annual percentage increase in imports also went down in this period but it was quite less as compared to average annual percentage decrease in exports. It showed a decrease from 19.1 percent to 16.38 during this period.

During 1995 to 2020 (post WTO era), average annual trade deficit had increased alarmingly. Also, exports-imports ratio had declined during post WTO era. After WTO formation the expectation was that developed countries would cut agriculture support and the agriculture exports from developing countries including India will increase but the percentage share of our agriculture and allied products in total exports had gone down during post WTO era. Even the exports growth rate (CAGR) of primary products had decreased during post WTO era as compared to pre-WTO era.

Similarly, total exports growth rate between 1987-88 and 2019-20 was higher than that of post WTO growth. When India signed WTO, the fear was that it will result into surge of imports. But total imports growth rate had decreased after WTO formation. Further our exports to OECD countries had decreased during post WTO era. Also, India's share in world trade (exports as well as imports) had increased steadily during post WTO era.

CHAPTER-6

SUMMARY AND CONCLUSIONS

6 Overview

World trade organization (WTO) regulates the world trade in agriculture, textile, clothing, services, intellectual property right etc. In the preceding chapters the details regarding conceptual framework of WTO, need, objective and research design etc. has been described. The analysis of data collected through secondary sources has also been carried out in the preceding chapters. In the present chapter overall summary of study has been presented to draw the conclusions.

6.1 Summary

General Agreement on Tariffs and Trade (GATT) was a provisional agreement. It was signed on October 30, 1947 by 23 countries. India is a founder member of GATT. World Trade Organization (WTO) is the successor of GATT which regulated world commodity trade from 1948 to 1994 WTO covers not only commodity trade but trade in agriculture, textile and clothing, service, intellectual property right etc. also come under it. In fact, inclusion of agriculture and service sector into WTO was the major achievement of Uruguay Round (UR). WTO was born out of Uruguay Round of negotiations with its headquarters at Geneva, Switzerland. It was established on January 1, 1995 It accounts for about 95 percent of world trade There are many ways of looking at WTO. It is the only international organization to regulate and liberalize world trade. The basic function of WTO is to help trade flow smoothly, freely, fairly and in a transparent manner across the countries. It deals with the member countries at a global level. At the heart of WTO are the agreements negotiated by the members. It is a forum to settle disputes. When the WTO was formed, the expectation was that with the reduction of subsidies, removal of restrictions, phasing out quotas by the developed countries would benefit the developing countries.

The present study & its analysis has been undertaken to study the impact of

WTO on our economy. It includes the impact of WTO on crucial sectors such as agriculture, textile and clothing and service sector. It evaluates the performance of merchandise trade during pre and post WTO era. The study also examines the India's share in world trade before and after WTO formation.

Agriculture is the back bone of Indian economy. It has significant share in its G.D.P. Although GATT was applicable to agriculture but presence of Non-Tariff Measures (NTM) and subsidies distorted world agriculture trade during GATT era. The Uruguay Round (UR) of negotiations attempted to reform agriculture trade through Agreement on Agriculture (AOA). AOA was signed to remove quotas and reduction of subsidies which distorted the world agriculture trade for decades. It has three main elements namely market access, domestic support and export subsidies. The implementation period for this agreement was six years for developed countries and ten years for developing countries which began in 1995. The least developed countries have been exempted. The main objective of Agreement on Agriculture (AOA) was reduction of domestic support and subsidies provided by the developed countries to their domestic producers. Under the agreement, India has committed to bind its agriculture tariffs. As for as domestic support is concerned, India's Aggregate Measure of Support (AMS) is negative. During the period from 1986-89 to 2018-19, the Producer Support Estimate (PSE) had increased in aggregate terms. Despite this, agriculture support had gone down significantly in OECD countries as measured by per cent PSE. During the period from 1986-89 to 2018-19, the percent PSE had declined from 34.21 percent to 17.87 percent, yet it is quite high. Also, the support based on commodity output as percent of PSE had declined to 44.32 percent in 2018-19 which was 81.27 percent in 1986-87 for OECD countries (Table 4.1.3.1). Further, the support based on commodity output has been replaced by the payments for which production is not required by the OECD countries. As far as India's agriculture export is concerned it had significant share in countries total export. It had increased in aggregate terms during the entire period from 1994-95 to 2017-18. But, agriculture export as per cent of total

National export had declined from 19.18 per cent in 1995-96 to 12.86 per cent in 2017-18 (Table 4.1.4.1). Also, during pre-WTO era (1990-91 to 1994-95) the agriculture export growth rate was 21.7 per cent per annum which had gone down to average 13 per cent during post WTO era i.e., from 1995-96 to 2017-18.

The agriculture imports growth rate also declined from 48.8 percent to 17.4 percent during this period. (Table 4.1 4.3). During the period from 1996-97 to2004-05, top three commodities of import were vegetable oils, pulses and cashew nut accounting for more than 80 percent of total agriculture import. After the WTO formation the agriculture import initially increased to 6.9 percent in 1998-99 then it started declining. During 2004-05, it was 3.5 percent of total national import. Export growth rate of selected agriculture commodities for USA, EU, Japan and Russia were 11.2 percent, 9.8 percent, 6.3 percent and 5.1 percent respectively during post WTO era which were 50 percent, 29 percent, 33 percent and (17.4) percent respectively for these countries during pre-WTO era. Clearly, the export growth rate to these countries had gone down during post WTO era.

Textile and clothing is another important sector of Indian economy. It has a significant share in country's total export. Before WTO, the trade in this sector was subjected to quotas imposed under Multi -Fibre Arrangement (MFA) which came into force in 1974. It was replaced by Agreement on Textile and Clothing (ATC) which came into force on January 1, 1995. ATC was negotiated during Uruguay Round (UR) of negotiations. The main objective of ATC was to integrate this sector fully into GATT rules Under this Agreement, the members had agreed to phase out all Quantitative Restrictions (QRs) during ten years transition period beginning on January 1, 1995. The agreement (ATC) sets out four stage process for the integration of textile sector. But the pace of quota elimination was very tardy during initial stages of integration. USA, EU and Canada had abolished only 10.9 percent, 30 percent and 20.6 percent of total quotas respectively till March 2004 i.e., end of stage three. USA, EU and Canada eliminated maximum quotas on the last day of integration process i.e., on

January 1, 2005. The agreement was terminated on January 1, 1995. It means that trade in textile and clothing is quota free. Further, during the initial stages of integration the restraining members had adhered to legal requirements only by phasing out quotas from low value items The export of textile and textile products has more or less increased in aggregate terms during the period between 1994- 95 and 2017-18 except for a few intermittent periods. In this period, it had gone up from Rs. 223.49 billion to Rs. 1341.75 billion but decreased to Rs. 1102.1 billion in the year 2107-18. But the export of textile products as percent of total export had gone down from 27.0 percent during pre-WTO era to 9.19 per cent during post WTO era i.e., from 1994-95 to 2011-12. However, it increased to 12.9% in the year 2017-18. Before WTO, textile and textile products export growth rate was 28.2 percent while total export growth was 26.7 percent. Thus, textile and textile products growth was greater than the total export growth during pre WTO era. But during post WTO era (transition period as well as post transition period) it declined considerably and it was less than that of total export growth. During the period between 1994-95 to 2019-20 to overall export growth rate of textile and textile products was 10.25 percent which was less than the total export growth rate of 21.3 percent. Thus, textile and textile products growth rate had gone down during post WTO era and even it was less than the total export growth rate after WTO formation. Further, after WTO formation, the export of cotton yarn, fabrics and made ups had gone up but the export growth rate of cotton yarn, fabrics and made ups to selected countries had gone down significantly during post WTO era. Also export growth rate of cotton yarn was 11.2 percent during post WTO era which was 35.1 percent during pre-WTO era.

After agriculture and textile and clothing, service sector is another important sector of Indian economy. It accounted for 38.8 percent of total national export during 2018 while its contribution in our imports was 19.9 percent. India signed General Agreement on Trade in Services (GATS) on January 1, 1995 which was negotiated for the first time during the Uruguay Round (UR). The main objective of GATS was to liberalize world trade in services. The agreement applies to all internationally traded services such as banking, tourism, financial services etc. India's service export had increased to \$ 148128 million in 2012 which was \$ 6038 million in 1994 to further increase up to \$ 208000 million in the year 2018. Our service import had gone up from \$ 8200 million to \$ 126060 during the same period. Clearly our service export was greater than service import during post-WTO era. Before WTO, our service import was greater than service export. During 1994, India's service export accounted for 19.1 percent of total national export which increased to 38.8 per cent in 2018. During this period, service import as per cent of total national import also increased from 21.6 per cent to 22.4 per cent and declined to 19.9 percent in 2018. Clearly, percent share of our service export in country's total export had more than doubled during the period between 1994 and 2018. As for as our share in world service export is concerned it was 0.56 percent of world service export in 1994 which increased to 3.50 percent during 2018. During this period our service import as per cent of world service import increased from 0.75 per cent to 3.2 per cent. Before WTO formation, world service export growth rate was 9.4 percent while our service export growth rate was 8.7 percent. It means that our service export growth rate was less than world service export growth rate during pre-WTO era. But after WTO formation, our service export growth outpaced world service export growth India s service export growth rate was 19.4 per cent per annum during post WTO era i.e., from 1994 to 2018 while world service export growth rate for this period was 8.1 per cent per annum only. Thus, India's service rate grew at a very healthy rate after WTO formation. Also, the percent share of developing countries in world service export had increased from 21.77 percent to 30.77 percent during the period. On the other hand, the percent share of developed countries had gone down from 76.72 percent to 66.29 percent during the same period.

India's GDP growth rate had increased to 6.92 per cent per annum during post WTO era (1994-95 to 2018-19) which was 5.4 per cent per annum during pre-WTO era. Also, average annual GDP growth rate increased to 6.92 per cent during post-WTO era which was 4.8 per cent during pre-WTO era. Also, the share of primary sector in country's G.D.P. went down to 15.87 percent in 2019-20 which was 30.7 percent in 1994-95. On the other hand, the share of tertiary sector had increased from 45.3 percent to 54.40 percent during this period.

During Uruguay Round (UR) of negotiations, it was conveyed to the under developed world that liberalization of world trade would benefit the low-cost producers in these countries. At the same time, developing countries were asked to remove all types of trade barriers. India signed WTO with the expectation that it would lead to increase in India's export. Before WTO, India's share in world exports and imports was 0.5 percent and 0.74 percent respectively. India's share in world export had increased to 2.60 per cent during 2018 which was 0.6 per cent only in 1995 Our share in world imports also increased from 0.77 per cent to 2.90 per cent during the same period. After the formation of WTO, the developing countries were expecting the increase of their exports to developed countries due to removal of trade restrictions. But the percentage share of developed countries in world import has gone down further. Developed county's contribution in world imports had gone down from 69.4 percent to 56.5 percent during the period between 1995 and 2018. On the other hand, percentage share of developing countries in world trade (export as well as import) had increased significantly. Developing country's share in world exports and imports was 43.5 per cent and 41.1 per cent respectively during 2018 which was 27.0 per cent and 28.3 per cent respectively during 1995.

Before WTO formation, the percent share of primary products in county's total export was 19.8 percent (1994-95) which had declined to 11.57 percent by the year 2011-12. Similarly, the percent share of manufactured goods also declined from 77.4 percent (1994-95) to 65.07 percent in 2018-19. Also, export growth rate of primary products had decreased (21.8 per cent to 16.4 per cent) during post WTO era as compared to pre-WTO era.

The export growth rate of manufactured goods also declined from 29.2 percent to 16.8 percent after WTO formation. The export growth rate for petroleum products had gone up to 36.7 percent during post WTO era which was 10.5 percent during pre-WTO era. During post WTO era, the percent share of petroleum products in total import had increased to 31.7 percent in 2011-12 which was 20.7 percent in 1994-95. Similarly, the percent share of capital good had declined from 26.6 percent to 20.3 percent during the same period.

When India signed WTO, the fear was that it will result into surge of imports but total imports growth rate had declined to 21.1 percent during post WTO era which was 22.0 per cent during pre-WTO era. Clearly the import growth rate was higher before WTO formation. Further our export to OECD countries as per cent of total export had decreased to 39.62 per cent during 2019-20 which was 58.6 per cent during 1994-95. Similarly, our export to EU had declined from 26.7 percent to 17.17 percent during this period. Interestingly, our export to OPEC and developing countries had gone up during post WTO era. During post WTO era our export to developing countries had increased to 42.81 percent in 2019-20 which was 26.4 percent during 1994-95.

During 1995 our share in world exports and imports was 0.60 and 0.77 per cent respectively. During post WTO era, our percentage share in world trade had gone up considerably. The percentage share of exports in world exports had increased to 1.19 per cent in 2005, further increased to reach 1.92 per cent during 2012 and further to 2.60 percent in the year 2018. Similarly, the percent share of our imports in world imports had increased to 2.56 per cent in 2012 which was 0.77 per cent during 1995. It further increased to 2.90 percent by the year 2018. As per the WTO data released in April 2019, for the year 2018, India's share in global exports for merchandise was 1.7 % and in global imports was 2.6 %. For the year 2018 for service sector, India's share in global exports was 3.5 % and imports was 3.2 %.

6.2. Conclusions

1. The support to agriculture in OECD countries had increased in absolute terms during post WTO era. Despite this, it declined significantly as measured by percent PSE, percent TSE, Producer NPC and Producer NAC. But this support had been replaced by the payments for which production is not required by the OECD countries. As a result of this, the exports from developing countries had not increased to the extent as was expected during Uruguay Round (UR).
2. During post WTO era, the percentage share of agriculture export in country's total export had gone down significantly. The agriculture export growth rate had declined after the WTO formation. The agriculture imports growth rate also declined during WTO era.
3. The restraining countries had phased out most of the quotas on the last day of the integration process. They met only the legal requirements by phasing out quotas on low value items during initial stages of integration. Thus, the textile and clothing export of developing countries to these countries could not grow as was expected during the Uruguay Round.
4. The export growth rate of textile and textile products had declined during post ATC period as compared to pre-ATC period. The percentage share of textile products in country's total export also went down during post ATC period. But the export percentage share of readymade garments in total textile export had increased during post WTO era. During post ATC period, India's percentage share of textile and clothing trade (export as well as import) in world textile and clothing trade had gone up significantly.
5. During post GATS era, India's service trade has increased considerably.

India's service trade growth rates are higher than pre-WTO growth rates as well as world service growth rates during post WTO era.

6. India's share in world service exports had increased to 3.5 per cent during 2018 while our share in world import had gone up to 3.2 per cent after WTO formation.
7. During post WTO era average annual percentage increase in export as well as export- import ratio had declined as compared to pre-WTO era. As, a result of it, trade deficit had widened after the WTO formation
8. Contrary to the fear, the total import growth rate had declined during post WTO era.
9. India's share in world exports has gone up steadily during post WTO era.
10. India's average annual growth rate of GDP had increased to 6.92 per cent per annum during post WTO era which was 4.8 per cent per annum during pre-WTO era.

In the end it can be concluded that WTO has a mixed impact on the ingredients of Indian economy. In some sector like service there is positive impact and in some sectors like agriculture, textile and clothing there is negative impact. However, overall, the WTO is beneficial for Indian economy.

BIBLIOGRAPHY

A. Books

- Bhaumik, T K., 'The WTO, A Discordant Orchestra' Sage Publications, New Delhi, 2006.
- Bosche, Peter Vandon, 'The Law and Policy of the World Trade Organization: Text Cases and Materials', Cambridge University Press, 2008.
- Chakraborty Debashish and Amir Ullah khan., 'The WTO Deadlocked understanding the dynamics of International Trade', Sage Publications, New Delhi, 2008
- Chadha, G.K., 'WTO and Indian Economy', Deep and Deep Publications, Pvt. Ltd., New Delhi, 2003.
- Chadha, Rajesh & Brown, Drusilla & Deardorff, Alan & Stern, Robert, 'Computational Analysis of the Impact on India of the Uruguay Round and the Forthcoming WTO Trade Negotiations', 2000.
- Datt, Rudder and K.P.M. Sundharam. 'Indian Economy', 55th edition, S. Chand, New Delhi, 2007.
- Dhar, Biswajit, 'India's Liberlisation experience: hostage to the WTO', Sage Publications India, Pvt. Ltd., New Delhi, 2007.
- Debroy, Bibek, Textiles and Clothing, 'Beyond the Uruguay Round' Response Books, a division of Sage Publications India Pvt. Ltd., New Delhi, 1996.
- Gujarati, N. Damodar, 'Basic Econometrics' (4th Edition) McGraw Hill, United States Academy, West Point, New York, 2003.
- Gorter, Harry De, Merlinda D Ingco and Laura lgnaco, 'Agriculture and the WTO-Creating a Trading System for development', Atlantic Publishers, New Delhi, 2004.

- Hoekman, Bernard, Aaditya Mattoo and Philip English. 'Development Trade and the WTO, A Handbook', The World Bank, Washington, D.C, 2002.
- Jackson, Johan Howard, 'The World Trading System, 2nd edition: Law and Policy of International Economic Relations', The MIT Press, Massachusetts Institute of Technology, Cambridge, Massachusetts 02142, 2003.
- Jain T.R., S.C Aggarwal, Mukesh Trehan an R.K. Ohri, 'Business Statistics', V.K Enterprises, Darya Ganj, New Delhi, 2008.
- Jain T R., O.P. Khanna, Virsen, 'Development and Environmental Economics and International Trade', V.K. Publications, Ansari Road, Darya Ganj, New Delhi-2, 2008
- Krishna, Rao Palle, 'WTO text and cases', Excel Books, New Delhi,.2008
- Macrory F.J. Patrick, Arthur Edmond Appleton, Michael G. Plummer, 'World Trade Organization : Legal, economic and political analysis', International Trade Law Centre, Washington, D.C, .2005
- Mathur, Vibha. 'WTO and India', New Century Publications, New Delhi, 2005.
- Rahman S. Mensoor, K. Rajesh Kumar and J. Ravindra Reddy, 'WTO, India and Emerging areas of Trade, Challenges and Strategies' by P. Rameshan, Excel Books, New Delhi, 2008.
- Sen, Rajkumar, 'WTO and Asian Union', Deep and Deep Publications Pvt. Ltd., New Delhi, 2009.
- Sharan, Vyuptakesh, 'International Business Concepts, Environment and Strategy', 3rd edition, Pearson education, New Delhi, 2011.
- Sengupta, D, D Chakraborty and P Banerjee, 'Beyond the transition phase of the WTO : An Indian perspective on the emerging issues', New Delhi Academic Foundation, 2006.

B. Journals, Newspapers, Reports and Websites

- The Indian Journal of Commerce
- Economics and Political Weekly
- Monthly Newsletters of Ministry of Commerce
- Economic Survey, Govt. of India
- Handbook of Statistics on Indian Economy, Reserve Bank of India
- Agriculture Statistics at a Glance, Ministry of Agriculture & Farmers Welfare, Government of India
- UNCTAD Handbook of Statistics
- WTO – Trade Policy Reviews
- World Trade Statistical Reviews
- Chronicle Civil Services
- WTO Focus
- Business Line (Financial Daily)
- The Hindu
- The Economic Times
- Human Development Reports
- www.wto.org
- www.oecd.org
- www.rbi.org
- www.unctadstat.org
- https://en.wikipedia.org