

Impact of WTO Agreements on India's Foreign Trade Performance

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Abstract: *This study looks at how India's international trade performance since 1995 has been impacted by its participation in the World Trade Organization (WTO) and the execution of its main agreements. The paper identifies areas of increased competitiveness (particularly services and information technology-related exports) and persistent vulnerabilities (agricultural exports, trade imbalance in certain sectors, and the growing prominence of non-tariff measures) through a review of the literature, analysis of the findings of the Trade Policy Review, and synthesis of empirical studies on goods, services, and agricultural trade. Tariff liberalization, export promotion programs, and intellectual property and services regulatory reforms are among the policy responses that influenced the results. The report ends with policy suggestions meant to protect sensitive industries, remove non-tariff barriers, and increase the advantages of multilateral regulations for Indian exporters.*

Keywords: *World Trade Organization*

1. Introduction

Since the establishment of the World Trade Organization in January 1995, Navigating a multilateral trading system based on rules, India has been an active participant. A complicated interaction between multilateral commitments and domestic policy reform began when India joined the WTO, coinciding with its wider economic liberalization. Whether WTO commitments have primarily benefited India by opening foreign markets and disciplining trade policy or whether they have exposed sensitive sectors (like labor-intensive manufacturing and some agricultural subsectors) to adverse competition has been a topic of discussion among academics, policymakers, and industry stakeholders. With an emphasis on both quantitative trends and qualitative policy changes, this study examines the overall effect of WTO agreements on India's trade performance in the areas of goods, services, and agriculture. To provide a fair analysis, the study consults government publications, scholarly research, and WTO Trade Policy Reviews.

2. Review of the Conceptual Framework and WTO Agreements

The following agreements make up the WTO's legal framework and have a direct impact on trade performance: • Tariffs, quotas, and most-favored-nation treatment are governed under GATT (goods). • GATS (services) sets guidelines for national treatment and market access. • TRIPS (intellectual property) affects software, pharmaceuticals, and technology-driven exports by shaping IP protection. • Members of the Agreement on Agriculture (AoA) pledge to promote market access and decrease domestic support that distorts trade. • The TBT and SPS accords strive for transparency and restrict discriminatory technical and sanitary measures. • Trade-affecting investment measures are restricted by TRIMs.

Through regulatory convergence (which lowers trade costs), export limitation and subsidy discipline, and tariff liberalization (which impacts competitiveness and resource allocation), these agreements impact trade performance. Depending on the sectoral context, implementation frequently leads to domestic policy adjustments (such as streamlining licensing and rationalizing export incentives) that either promote or impede trade.



3. Literature Review — What previous studies show

What earlier research indicates ? There is a wealth of conflicting research on the effects of the WTO on India. Early analyses frequently indicated that although agriculture was under pressure from less protection and more import competition, manufacturing had mixed results. Sectoral studies show that after 1995, India's services exports, particularly IT and business process outsourcing, grew significantly, in part due to GATS's creation of a more stable framework for cross-border supply and temporary professional mobility. Although the benefits were not uniform across industries and geographical areas, a number of empirical studies contend that liberalization under WTO regulations assisted in lowering transaction costs and luring foreign investment. On the other hand, numerous agricultural studies show that Indian farmers struggled to compete with other countries' supported producers and with fluctuating global prices; the result was mostly dependent on crop and commodity specialization.

Both advancements (increased integration, trade facilitation reforms) and ongoing difficulties (non-tariff measures, infrastructure constraints) are reflected in the WTO and Indian government's Trade Policy Reviews. (ProQuest)

4. Methodology

This study integrates peer-reviewed, policy-oriented research on India's experiences after 1995 with qualitative results from government announcements and WTO Trade Policy Review materials. The objective is a reasoned synthesis rather than a fresh econometric estimation: tracking policy changes (tariff schedules, services regulations, TRIPS implementation) and connecting them to observable trade effects in products and services as reported by academic analysis and government sources. The WTO Trade Policy Review materials and Indian government policy briefings are the most heavily cited sources, with sectoral studies on manufacturing, services, and agriculture serving as supplements.

5. Impact on Goods Trade

5.1 Tariff Liberalization and Manufacturing

Following its WTO entrance and early liberalization in the 1990s, India's tariff structure saw significant changes. Import competition improved and export-oriented businesses were encouraged to modernize their manufacturing as average imposed tariffs decreased from double-digit highs in the early 1990s to more moderate levels during the ensuing decades. Increased competition helped several medium- and high-technology manufacturing sectors diversify their exports and increase productivity. Sector-specific differences existed in the rate and extent of tariff reductions, nevertheless, with certain labor-intensive industries maintaining greater protection for longer. According to empirical research, industrial exports benefited when tariff cuts were supported by complementary reforms (better financing availability, enhanced logistics); when these reforms lagged, liberalization occasionally resulted in import displacement without corresponding increases in exports. (IJRT)

5.2 NTMs (Non-Tariff Measures)

NTMs, or technical rules, standards, and sanitary and phytosanitary (SPS) measures, have become more prominent in international markets and as barriers to India's exports, even as tariffs have decreased. Destination markets frequently impose expensive compliance requirements on exporters; meanwhile, several importing nations have increased their usage of NTMs, raising compliance costs and generating uncertainty. Although some frictions have been lessened by the Indian government's trade facilitation policies and efforts to standardize standards, NTMs continue to be a significant factor in determining trade performance, especially for exports of processed and agricultural foods. (Bureau of Press Information)

5.3 Trade Balance and Commodities

India's merchandise trade balance has varied according to domestic demand and worldwide commodities cycles. India continued to import significant amounts of electronics components, crude oil, and intermediate commodities, which



occasionally resulted in persistent trade deficits, even as some manufactured exports increased. According to a number of studies, India's use of some protectionist instruments was restricted by WTO regulations, which forced a change to focused industrial and export development policies that complied with WTO regulations.

6. Impact on Agricultural Trade

The picture of agriculture is complicated. India was required to lower domestic support measures and tariffs under the Agreement on Agriculture, but it was still granted flexibility as a developing nation. According to studies, some agricultural exports—like spices, basmati rice, and marine products—benefited from better market access and quality standardization, while other commodities—like grains in some markets—were fiercely competitive with subsidized suppliers. Furthermore, India's capacity to fully take advantage of export opportunities under WTO regulations has been hampered by domestic policy reactions, such as export prohibitions during price shocks and targeted subsidies. The literature also emphasizes how vulnerable smallholders struggled to meet strict SPS/TBT requirements, which limited their ability to export perishable goods. (gjoee.org)

7. Impact on Services Trade

India's most noteworthy WTO-era success story may be its services sector. Business process outsourcing, IT and software services, and increasingly professional and engineering services have been the main drivers of India's significant increase in its share of global services exports since 1995. Together with the demand for cost-competitive services around the world, regulatory reforms (such as allowing foreign investment in services, facilitating professional mobility through Mode 4 agreements when feasible, and bolstering the capacity of domestic service providers) allowed India to gain market share. The doubling of India's participation in global services exports in recent years and the importance of services as a major source of foreign exchange profits are highlighted in the government's own data and policy statements. This sectoral performance shows how domestic liberalization and skill-building investments, along with multilateral regulations under GATS, can result in significant

8. Intellectual Property (TRIPS) and Trade

India had to improve IP protection in order to implement TRIPS, which had a big impact on software, biotechnology, and pharmaceuticals. Stricter intellectual property laws, on the one hand, encouraged technology transfer and higher-value commerce in high-tech products and services while also reassuring international investors. However, TRIPS increased the cost of some technologies and presented difficulties for India's generics sector; in order to strike a balance between trade goals and public health requirements, the nation enacted TRIPS-compliant flexibilities (strict patentability requirements, mandatory licensing measures). In general, TRIPS compliance allowed India to keep policy room for local goals while improving its integration into global value chains in technology-intensive industries.

9. Trade Policy Reviews and Institutional Changes

In addition to highlighting ongoing obstacles like infrastructure bottlenecks, intricate port procedures, and state-level regulatory heterogeneity, WTO Trade Policy Reviews (TPRs) of India have documented the government's reforms, including modernization of customs, electronic filing, streamlined licensing, and targeted export promotion. The seventh TPR (2021) and its accompanying documentation highlight advancements in trade facilitation and transparency, but they also warn that growing protectionist sentiments around the world (as well as an increase in NTMs) pose new difficulties. The TPRs offer a reliable standard for evaluating India's success in pursuing development goals while coordinating domestic policy with international commitments. (Organization for World Trade)



10. Case Studies

10.1 Outsourcing Business Processes and Information Technology

Benefiting from GATS stability and India's human capital investment, IT/BPO companies took advantage of global demand and liberalized telecom and mobile infrastructure. The ensuing increase in exports shows how domestic reform combined with multilateral regulations can boost global competitiveness.

10.2 Agriculture: Spices and Marine Products

Export performance was enhanced in industries including spices and marine products where there was a concentrated effort to fulfill SPS criteria, obtain quality certification, and strengthen the supply chain. On the other hand, export constraints and pricing competition frequently caused bulk grain shipments to falter.

10.3 Pharmaceuticals

While managing TRIPS responsibilities by utilizing flexibilities (strict patentability rules, compulsory licensing where appropriate), India's generic pharmaceutical industry experienced significant growth. The industry's export success demonstrates how WTO-compliant policy design may promote competitiveness and access.

11. Discussion: Benefits, Drawbacks, and Distributional Impacts

Profits • Services sector: increased global market share and notable export growth. • Diversification of exports: expansion of high-value agriprocessed products and select manufacturing. • Improvements in trade facilitation and transparency that make imports and exports easier.

Restrictions • Inequitable sectoral benefits: certain labor-intensive industries found it difficult to compete. • NTMs and standards: export potential for processed goods and perishables is hampered by compliance expenses. • Logistics and infrastructure: domestic limitations frequently lessen the benefits of tariff liberalization for export competitiveness. Effects of Distribution • Gains are concentrated in urban, high-skilled industries (pharmacies, IT). • Adjustment costs were incurred by smallholders and low-skilled manufacturers, necessitating compensatory domestic measures (skill programs, targeted financing).

12. Policy Implications and Recommendations

1. Increase standards compliance capacity: To satisfy SPS/TBT criteria and lessen the detrimental effects of NTMs, invest in labs, certification, and exporter help programs.
2. Targeted assistance for vulnerable sectors: To help smallholders and labor-intensive manufacturers, employ WTO-compliant policy mechanisms (such as export competitiveness schemes and productivity investments).
3. Develop services diplomacy by pursuing bilateral and regional agreements that supplement multilateral wins and negotiating Mode 4 and other GATS flexibilities.
4. Improve trade facilitation and logistics: Continue modernizing ports, implementing single-window systems, and harmonizing state-level regulations.
5. Make sensible use of TRIPS flexibilities: Encourage technology transfer and IP commercialization while maintaining public health protections.
6. Active involvement in WTO negotiations: Promote agricultural flexibilities for developing nations and regulations that tackle contemporary trade concerns (e-commerce, digital trade) to get improved market access.

13. Conclusion

The WTO has had a significant structural impact on India's performance in international commerce. Gains have been unequal, even though liberalization and rule-based certainty helped spark robust growth in services and some high-value manufacturing and agricultural segments. Distributional adjustments, infrastructure deficiencies, and non-tariff measures continue to be major obstacles. According to the research, WTO membership has generally had a favorable



effect when domestic reforms have supplemented multilateral obligations; the benefits were limited when domestic reforms have lagged or when global standards and NTMs have increased. Whether India's global engagement continues to result in broad-based export development will depend on policy decisions that strengthen compliance capability, assist vulnerable sectors under WTO regulations, and actively design new trade disciplines.

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