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WORLD TRADE ORGANIZATION AND INDIA – AN OVERVIEW

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ABSTRACT:

This paper tries to figure out how India became a founding member of the World Trade Organization (WTO), which replaced the GATT in 1995, and how it relates to WTO. The World Trade Organization was established as an organization in 1995. It took the place of the General Agreement on Tariffs and Trade (GATT), which had been in effect since 1946. Western nations developed their own model of development in response to World War II, which was based on the promotion of free trade and the homogenization of the global economy along Western lines. According to this version, development can only occur if there are minimal tariff and non-tariff barriers and seamless trade between all nations. An International Trade Organization (ITO) was created at the same time as two Bretton Woods institutions: the International Monetary Fund and the World Bank. Nearly all nations successfully negotiated and agreed upon ITO. It was intended to promote free trade as a specialized United Nations branch. However, the treaty became null and void because the United States and many other major nations failed to have it ratified by their legislatures. By 2008, it is anticipated that India will consume $400 billion worth of electronic goods. Based on the current situation, it is likely to import at least $300 billion worth of goods. One of the main components of the "Make in India" and "Digital India" programs is the manufacturing of electronic hardware. India avoided ITA-II as a result. Services, in contrast to agricultural and industrial tariffs, present a different picture for India. The country is a demander in the WTO talks on services because it wants more liberal commitments from its trading partners for cross-border supply of services, including the movement of "natural persons" (human beings) to developed countries, or Mode 4 for the supply of services. The country is an emerging global power in IT and business services. India has an offensive interest in Mode 2, which requires overseas service consumption.

As a result, issues pertaining to international trade came to be discussed on GATT's de facto platform. It is credited with significant accomplishments in the reduction of tariffs (custom duties) among its member nations. The imposition of Anti-Dumping Duty in affected nations and other measures to prevent goods from being dumped were also agreed upon. Only 23 countries signed it in Geneva, and by 1986, when the Uruguay

Round began (which ended in 1995 and led to the WTO's creation in Marrakesh, Morocco), 123 countries were already members. Since 1948, India has been a GATT member; Consequently, it participated in the Uruguay Round and was a WTO founding member. China joined the WTO in 2001, while Russia waited until 2008.

KEYWORDS: *World Trade Organization (WTO), General Agreement on Tariffs and Trade (GATT).*

INTRODUCTION

In the global market for cross-country, customized software development, India already holds a sizable share. Its share of the global market has increased from 11.9 percent in 1991 to 18.5 percent in 1998, indicating that it serves as an important foundation for software development. More than 158 of the Fortune 500 companies outsourced their software needs to India in 1997 and 1998. More than 109 Indian software companies have received international quality certification, establishing quality as the industry standard. Motorola and Wipro are two of the six businesses in the world that have acquired SEI CMM (Level 5)—the highest maturity level for a software process. With 82 Indian software companies already participating in that endeavor, India has set its sights on servicing Euro currency solutions following a significant success in addressing the Y2K (2000) issue on the international market. India is able to facilitate a 24-hour workday for many American companies that prefer to "follow the sun" because of the strategic 12-hour time difference with the United States.

India's positions in at least two areas—agriculture and intellectual property—are deeply disliked by the United States. The agricultural agreement that was reached during the Uruguay Round of negotiations is heavily skewed toward the developed world. India, which is a member of the Group of developing and least developed countries (G-33) for this reason, proposed an amendment to the AOA in 2008. G-33's current endeavor to find a permanent solution is the sole continuation of this proposal. In addition, as part of the Doha Development Agenda, developing nations were able to modify the "Agreement on Trade Related Aspects of Intellectual Property" (TRIPS) in favor of developing nations by allowing compulsory licensing in certain circumstances. As of right now, the Peace Clause, which was agreed upon in 2008, permits us to perpetually continue our food stocking program at administered prices without being dragged into the WTO for violating the AOA. The Indian Patent Office granted NATCO its first compulsory license for the drug "nexavar," which was originally manufactured by German company Bayer AG.

OBJECTIVE:

The purpose of this paper is to investigate and analyze India's relationship with the WTO, as well as the development gap that is currently reflected in a number of WTO agreements, and to take the necessary remedial steps. Additionally, the WTO must recognize India-specific circumstances when developing a strategy.

URUGUAY ROUND AND ITS OUTCOMES

The eighteenth round of multilateral negotiations began in 1986 and continued until 1994. The Uruguay Round of negotiations included more nations and covered more topics than any other round before it. It stipulates, among other things, that tariffs on industrial goods should be reduced by more than a third on average, that agricultural goods should be traded more openly over time, and that a new organization called the World Trade Organization should be established to make it easier to implement multilateral trade agreements and provide a venue for future negotiations. Quantity restrictions are lifted and tariffs are reduced as part of agreements to ease trade in industrial goods. The advanced nations came to an agreement to reduce tariffs on industrial imports by 64 percent of their total import value; Due to prior commitments, 18 percent of their industrial imports were already duty-free. In contrast, the

participating transition countries agreed to lower tariffs on three quarters of their industrial imports, while the developing countries agreed to lower tariffs on approximately one third of their imports. Except for certain delicate industries like textiles, where the reductions must be completed by 2005, tariff reductions must be completed by the year 2000. In addition, this round's outcome required a reduction in import duties on tropical products, which are primarily exported by developing and least developed nations. A timetable for the demise of the multi-fibre agreement (MFA), which governs trade in textiles and is enshrined in the agreement on agriculture (AOA) and the agreement on textiles and clothing (ATC), was the most significant of these. Give each one some thought. The ATC said that developed nations would gradually bring more textile trade under the usual Gatt tariff rules. It was acknowledged that developed nations, like all other nations, required time for "structural adjustment." The majority of the time was required to gain political acceptance of structural change within these economies from within. As a result, it was decided that all textile trade would be free of quotas by January 1, 2005. How did you actually feel?
While some nations, like Norway, adhered to the schedule, the United States and the European Union used simple math to delay the end of quotas on exports from developing nations until the end of the period. This was accomplished through the straightforward method of initially removing from quotas only textile and clothing items for which developing nations exported little. An attempt was made to scuttle the ATC as 2005 approached by arguing that it would harm exports from less competitive developing countries! It was decided to place the textile industry under the World Trade Organization's jurisdiction. The MFA's quotas were to be gradually eliminated through the Agreement on Textiles and Clothing. On January 1, 2005, this procedure was finished. However, numerous textile products are still subject to significant tariffs.

PRINCIPLE OF THE TRADING SYSTEM – WTO

1) Non discrimination

a) Favorite Nation

Equality of treatment: Under the WTO agreements, nations typically are prohibited from discriminating against their trading partners. They will have to do the same for all other WTO members if they give a country a special favor, like lowering the rate of customs duty on one of their products.

There may be some exceptions. For instance,

1. Countries can set up a free trade agreement that applies only to goods traded within the group — discriminating against goods from outside.

Alternately, they can grant developing nations special market access.

Or, a nation can erect barriers against products that are thought to be unfairly traded from particular nations. Countries are also permitted to discriminate in limited circumstances when it comes to services.

b) National Approaches: Giving the same treatment to locals and foreigners This principle of "national treatment" (giving others the same treatment as one's own nationals) is also found in all three major WTO agreements (Article 3 of GATT, Article 17 of GATS, and Article 3 of TRIPS). National treatment only applies once a product, service, or intellectual property item enters the market. Therefore, even if locally produced goods are not subject to an equivalent tax (since this occurs prior to entry into the domestic market), charging customs duty on an import does not violate national treatment.

2) Freer Trade : Gradually through negotiation

One of the most obvious ways to promote trade is to lower barriers to trade. Customs duties (also known as tariffs) and measures like import bans or quotas that selectively limit quantities are the barriers in question. Other issues, such as exchange rate policies and bureaucracy, have also been discussed from time to time.

3) Predictability : Through binding and Transparency

Investment is encouraged, jobs are created, and consumers can fully take advantage of the advantages of competition—choice and lower prices—when there is stability and predictability. Governments are attempting to stabilize and predict the business environment through the multilateral trading system. Countries in the WTO "bind" their commitments when they agree to open their markets for goods or services. These binders are equivalent to ceilings on customs tariff rates for goods. Countries sometimes levy import taxes at lower rates than the bound rates. The WTO is sometimes referred to as an institution for "free trade," but this is not entirely accurate. Tariffs and other forms of protection are permitted by the system in certain limited circumstances. To be more precise, it is a set of guidelines devoted to open, equitable, and undistorted competition. Fair trade conditions are the goal of the non-discrimination rules of MFN and national treatment. Subsidies and dumping—exporting at a lower cost to gain market share—are also included. The issues are complicated, and the rules try to figure out what is fair and unfair, as well as how governments can respond. For example, they try to charge more import duties to make up for harm caused by unfair trade. Fair competition is a goal of many other WTO agreements: in services, intellectual property, and agriculture, for instance. Because only a few WTO members have signed the agreement on government procurement, which is referred to as a "plurilateral" agreement, competition rules now apply to purchases made by thousands of government entities in many nations. And so forth.

4) Encouraging Development and Economic Reforms

Development is facilitated by the WTO system. However, developing nations require some leeway in how long it takes to implement the system's agreements. Additionally, the earlier provisions of the GATT that made it possible for developing nations to receive special assistance and trade concessions are carried over into the agreements. Over three quarters of the WTO's members are developing and transitioning economies. Over 60 of these nations independently implemented trade liberalization programs over the course of the seven and a half years that the Uruguay Round lasted. At the same time, developing nations and economies in transition were even more active and influential in the current Doha Development Agenda than they had been in any previous round of negotiations.

Major Agreements of WTO

All of these agreements were reached during the Uruguay Round, which took place before 1995. We will talk about new proposals from various nations later, which have been included in the majority of agreements.

1. The WTO SCM Agreement's definition of the term "subsidy" can be found in its agreement on subsidies and countervailing measures (SCM). There are three fundamental parts to the definition: i) a financial contribution that provides a benefit, ii) a contribution made by a government or other public entity within a Member's territory, or iii) A subsidy can't exist unless all three of these things are met.

A financial contribution cannot be considered a subsidy unless it is made by or under the direction of a government or other public entity within a Member's territory. As a result, the SCM Agreement applies to measures taken by national governments, subnational governments, and public entities like state-owned businesses.

Additionally, such a financial contribution must also benefit the sector. Benefits from cash grants will be easy to identify, but those from loans or capital infusions from the government or public body will be more difficult. These issues are resolved by the WTO's appellate body.

The SCM Agreement's disciplines only apply to "specific" subsidies. The SCM Agreement defines "specificity" in four different ways:

1. Enterprise-specificity. Subsidizing a specific company or companies is the goal of the government;
2. Industry-specificity. Subsidizing a specific or group of sectors is the goal of the government.
3. Particularity of the region. Subsidizing producers in particular areas of its territory is the goal of a government.
4. prohibited payments. Subsidizing export goods or domestically produced goods is the goal of a government.

As a result, there are two kinds of prohibited subsidies: Subsidies that depend on how well the exports do. Subsidies that are contingent on the use of domestic products rather than imported ones.

Additionally, there is a distinct group known as "Actionable subsidies." Countries can take "countervailing measures" or challenge these subsidies in the WTO's "dispute resolution body," but they are not prohibited.

India’s stand?

India believes that a multilateral agreement would seriously infringe on the sovereign rights of nations on topics like investment and competition policy. This is, of course, inherent in any multilateral treaty to some extent; however, investment is regarded as an area in which surrendering sovereign rights would leave governments, particularly those of developing nations, with insufficient latitude to direct investments into areas of national priority. Numerous other developing nations share these concerns. India has also noted that it is unclear whether "hardcore cartels" include export cartels when it comes to the specific issue of competition policy as it applies to these cartels. Perhaps the most well-known example of an export cartel that manipulates prices by setting production ceilings is the Organization of Petroleum Exporting Countries (OPEC). The Indian position is that, although the principle of transparency in government procurement is entirely acceptable, transparent procedures cannot be universally defined. India has argued that, despite the fact that the concept of trade facilitation is unexceptional once more, developing nations may not have the resources, either in terms of technology or otherwise, to bring their procedures into line with those of the developed world in the near to medium term.

CONCLUSION

India is one of the most prominent WTO members and is generally regarded as the global leader for developing and underdeveloped nations. Consensus is used to make decisions at the WTO. As a result, it is highly unlikely that anything significantly detrimental to India's interests will be imposed unilaterally. India has a chance of benefiting from the various issues being negotiated in the forum if it cooperates constructively with various interest groups while safeguarding its developmental concerns. Without such a body, we risk losing the means by which we can rally nations with similar viewpoints to oppose the selfish plans of the West. They are able to easily win over smaller nations to their side due to the vast resources of developed nations. The World Trade Organization (WTO) provides a platform for these developing nations to unite and exert pressure on developed nations to make trade favorable to poor nations. As a result, India maintains its commitment to a number of developmental issues, including the Doha Development Agenda, the Special Safeguard Mechanism, and a permanent solution to the public stock holdings issue, among others. However, developed nations are also stalling here lately. They now assert that the demands of large developing nations like India, China, Brazil, and South Africa are unreasonable, and that the only legitimate claimants for differential treatment are the least developed nations. In this situation, it is impossible to treat developing nations like India on an equal footing with developed nations in the West. Members of the Hong Kong ministerial in December 2005 agreed to five S&D provisions for LDCs, including duty-free and quota-free access.

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