rules for trade in goods, trade in services, and trade-related intellectual property rights.

Ans to Q No 4 : 30.

Ans to Q No 5 : Three important agreements of the WTO include:

a) General Agreement on Trade in Services (GATS),

b) the Agreement on Agriculture, and

c) the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS).

Ans to Q No 6 : The three individual agreements under the Pluri-lateral Trade Agreement are:

a) Agreement on Trade in Civil Aircraft,

b) Agreement on Government Procurement, and

c) International Dairy Agreement and International Bovine Meat Agreement.

Ans to Q No 7 : False

Ans to Q No 8 : Two important advantages of WTO for India are :

a) Membership of WTO will take India towards globalization in an effective manner. This brings the potential of accelerated economic growth, gains from trade and increased capital inflows.

b) Membership of WTO is likely not only to strengthen the traditional export markets, but also to bring in new destinations of Indian exports and sources of required imports.

Ans to Q No 9 : Three important hurdles in implementing the WTO agreements are :

a) Predominance of developed nations in negotiations and their tendency to extract more benefits from developing and least developed countries.

b) Resource and skill limitations of smaller countries to understand and negotiate under rules of various agreements under WTO.

c) Incompatibility of developed and developing countries' resource sizes that is hampering implementation of various decisions.

agreed upon for different group of countries to bring their respective legislation and practices into conformity.

- The Agreement on Trade-Related Investment Measures (TRIMS) addresses the problem of certain investment measures that restrict and distort trade. It seeks to remove all trade related investment measures within a period of five years. Equal treatment of foreign investment companies vis-à-vis domestic investment companies, prevention of restrictions on areas of investment, free imports of raw materials, components and intermediate products are some of the requirements under the agreement. The agreement also requires the removal of all trade related investment measures within two years for the developed countries, within five years for developing countries, and within seven years for the least developed countries.
- The Agreement on Technical Barriers to Trade, also known as the TBT Agreement, was negotiated during the Uruguay Round of the GATT and entered into force in January 1995. The task of the TBT Agreement is to ensure that standards and negotiations create no obstacles to trade.
- The Agreement on Textile and Clothing is to secure the integration of textile and clothing sector into the GATT 1994. This is to occur in four phases. To facilitate the transition process all member countries are to take specific actions in the area of textile and clothing in conformity with GATT Rules. The agreement envisages improved market access, fair and equitable trading conditions, and elimination of discrimination against imports.
- The Agreement on Anti-Dumping provides the right of contracting parties to apply anti-dumping measures if dumped imports cause injury to domestic industry in the importing WTO member country. It details the rules, criteria, procedure, implementation and settlement of disputes relating to anti-dumping measures.
- The Agreement on Subsidies and Countervailing Measures applies to non agricultural products. It classifies subsidies into prohibitive, non-actionable and actionable categories. Prohibitive subsidies are export subsidies and those that favour the use of domestic goods over imported

ones. Developing countries with per capita income of less than US$1000 have been exempted from prohibition of export subsidies. Non actionable subsidies are those that are not given to any specific enterprise, industry, or group of enterprises or industries. In case of actionable subsidies, actions can be taken by a trading partner if its interests are adversely affected. It can either impose countervailing duties or opt for dispute settlement procedure.

- A pluri-lateral agreement implies that WTO member countries would be given the choice to agree to new rules on a voluntary basis. This contrasts with the multilateral WTO agreement, where all WTO members are party to the agreement.The Plurilateral Trade Agreement has four components. These are : Agreement on Trade in Civil Aircraft which was done at Geneva in 1979 as subsequently modified, rectified or amended; Agreement on Government Procurement was done at Marrakesh on 15 April 1994; International Dairy Agreement done at Marrakesh on 15 April 1994; and International Bovine Meat Agreement done at Marrakesh on 15 April 1994.



CHECK YOUR PROGRESS

Q 4: How many agreements does the WTO oversee in total?

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Q 5: Name three important WTO Agreements. (Answer in about 30 words)

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Q 6: What are the three individual Agreements under the Pluri-lateral Trade Agreement?

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- There are several problems in the implementation of various agreements as they are to the disadvantage of developing countries like India. These include a conflict of interest between the rich and poor nations, resource and skill limitations of the poor nations, non-tariff barriers created by developed nations, formation of several regional groupings, poor implementation of Doha Development Agenda, and contentious issue of agriculture subsidies.
- It seems prudent that India puts in place certain essential safeguards against adverse impact of the WTO so that it can work towards attaining the most desirable results. India should follow its own reform agenda in accordance with the resilience of the economy, must emphasize on social sector reforms, put up a strong economic infrastructure and continue to enhance efficiency of the economy, including the competitiveness of its exports.

15.7 FURTHER READING

1) Dhar, P.K. (2018). Indian Economy: Its Growing Dimension. New Delhi: Kalyani Publishers.
2) Datt, G and Mahajan, A. (2016). Datt & Sundharam's Indian Economy. New Delhi: S. Chand & Co.
3) Misra, S.K. & Puri, V.K. (2018). Indian Economy. New Delhi: Himalya Publishing House.

15.8 ANSWERS TO CHECK YOUR PROGRESS

Ans to Q No 1: 1st January,1995

Ans to Q No 2: 153.

Ans to Q No 3: Two important functions of the WTO are :

a) negotiating the reduction or elimination of obstacles to trade (import tariffs, other barriers to trade) and agreeing on rules governing the conduct of international trade (e.g. antidumping, subsidies, product standards, etc.).

b) administering and monitoring the application of the WTO's agreed

and signed by the bulk of the world's trading nations and ratified in their parliaments. The goal is to help producers of goods and services, exporters, and importers conduct their business.

- The establishment of WTO is the latest attempt of the international community to establish a rule based mechanism of international transaction of goods and services with a view to enhancing the world economic welfare.
- The main functions of the WTO are: negotiating the reduction or elimination of obstacles to trade, administering and monitoring the application of the WTO's agreed rules, monitoring and reviewing the trade policies of the members, settling disputes among the members, building capacity of developing country government officials, assisting the process of accession of non-member countries, conducting economic research and collecting and disseminating trade data in support of the WTO's other main activities, and explaining to and educating the public about the WTO.
- The World Trade Organisation oversees some 30 diverse agreements that have the status of international legal texts. All these agreements must be signed and ratified by WTO member states on accession.
- Some of the most important WTO agreements include the General Agreement on Trade in Services (GATS), the Agreement on Agriculture, the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), Agreement on Trade Related Aspects of Investment Measures (TRIMS), the Agreement on Technical Barriers to Trade (TBT), Agreement on Textile and Clothing, Agreement on Anti-Dumping, Agreement on Subsidies and Countervailing Measures, and Pluri-lateral Trade Agreements (PTA).
- By participating in an increasingly rule based system of International trade, India stands to gain. Various trade disputes of India with other nations have been settled through WTO. Several WTO member countries are now trading with India which is giving a boost to production, employment, standard of living and an opportunity to maximize the use of the world resources.

15.5 IMPLICATIONS FOR INDIA

India is one of the founding members of WTO along with 134 other countries. By participating in an increasingly rule-based system of International trade, India stands to gain. Various trade disputes of India with other nations have been settled through WTO. India has also played an important part in the effective formulation of major trade policies. Several WTO member countries are now trading with India which is giving a boost to production, employment, standard of living and an opportunity to maximize the use of the world resources.

Benefits for India : We may point out the following benefits that India can reap by being an active member of the WTO:

- Membership of WTO will take India towards globalization in an effective manner. This brings the potential of accelerated economic growth, gains from trade and increased capital inflows.
- Membership of WTO is likely not only to strengthen the traditional export markets, but also to bring in new destinations of Indian exports and sources of required imports.
- A well established organisation ratified by the world community is sure to be able to establish a rule based mechanism in international transactions. With an integral component of dispute settlement system , the WTO is bound to benefit economically all its members, including India, and contribute positively towards world economic welfare.

Hurdles at WTO : But there are several hurdles facing the Multilateral Trade Agreements under WTO. These are briefly delineated below:

- Predominance of developed nations in negotiations and their tendency to extract more benefits from developing and least developed countries.
- Resource and skill limitations of smaller countries to understand and negotiate under rules of various agreements under WTO.
- Incompatibility of developed and developing countries resource sizes that is hampering implementation of various decisions.

- Questionable sincerity and effectiveness in the implementation of agreements reached in past.
- Non-tariff barriers being created by developed nations.
- Regional cooperation groups posing threat to utility of WTO agreement itself, which is multilateral and encompassing all member countries.
- Poor implementation of Doha Development Agenda.
- Agriculture seems to be the bone of contention for all types of countries where France, Japan and some countries are just not willing to budge downwards in matter of domestic support and export assistance to farmers and exporters of agriculture produce.
- Dismantling of MFA (Multi Fiber Agreement) and its likely impact on countries like India.
- Under TRIPS question of high cost of Technology transfer, Bio Diversity protection, protection of Traditional Knowledge and Folk arts, protection of Bio Diversities and geographical Indications of origin, for example Basmati, Mysore Dosa or Champagne. The protection has been given so far in wines and spirits that suit US and European countries.

Strategies to Overcome the Problems: In view of the above problems, it seems prudent that India puts in place certain essential safeguards against adverse impacts of WTO so that it can work towards attaining the most desirable results. Such a strategy may include the following features:

- Indian economic reforms must be in accordance with the resilience of the economy. This will best exploit the potential strength of our economy.
- Social sector reforms should be given due priority. This will save millions from uncertainties and fluctuations of fortune in a market economy.
- India must continue to be the voice of the developing countries of the world safeguarding their interest and must continue to work towards creating a level playing field.
- India must get on to a higher growth trajectory of 10% and emerge as an influential player in the international market. It must increase the competitiveness of its exports, be a favoured destination of international capital and increase its overall productive efficiency.

- India must build up world-class infrastructure like roads, ports and electricity supply. It should also focus on original knowledge generation in important fields like Pharmaceutical molecules, textiles, information technology high end products, processed food, installation of cold chain and agricultural logistics to tap the opportunities of globalization under WTO regime.



CHECK YOUR PROGRESS

Q 7: State whether the statement is true or false: India is not a founding member of the WTO. (T/F)

Q 8: State two advantages of being a member of the WTO. (Answer in about 50 words)

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Q 9: Mention three important hurdles in implementing the WTO agreements. (Answer in about 50 words)

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15.6 LET US SUM UP

- WTO came into being after the conclusion of Uruguay round of talks under General Agreement on Tariff and Trade (GATT) on 1st January, 1995. At present it has 153 member countries.
- It is the only global international organisation dealing with the rules of trade between nations. At its heart are the WTO agreements, negotiated