

WTO IN INDIAN ECONOMY (SELECT SECTOR)

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Abstract

The term globalization means integration of economics and societies through cross country flows of information, ideas, technologies, goods, services, capital, finance and people. India is a founder member of the GATT 1947 and its successor, the World Trade Organisation (WTO), which came into effect on 1-1-95. after the conclusion of the Uruguay Round (UR) Multilateral Trade Negotiations. India's participation in an increasingly rule based system in the governance of international trade is to ensure more stability and predictability which ultimately would lead to more trade and prosperity for itself and the 149 other nations which now comprise the WTO. India's experience shows that it has been able to increase its share in world trade over the recent years. However, India's exports have been restrained because of various non-tariff barriers (NTBs). In this context, the present paper try to analyze the India's attitude towards WTO, WTO and its impact on select sector Viz-Pharmaceutical sector agriculture sector and service sectors in india. This paper also addresses the benefits and fear of WTO in india.

Introduction

“World Trade Organization (WTO) was formed as a result of the Uruguay round of Multilateral Trade Negotiations. The WTO agreement has come into force from January 1995, replacing GATT and India along with 110 other countries became the founder members of the WTO.

The World Trade Organisation (WTO) is a global international organization dealing with the rules of trade between nations. The work of WTO moves around WTO agreements, negotiated 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.

WTO shall be regulating global trade in commodities, agriculture, textiles, international services like insurance and tourism, protection of intellectual property rights, reduction in state subsidies, etc. It places special emphasis on the removal of non-tariff trade barriers and low level of tariffs. It is expected to provide the common institutional framework for the conduct of trade

relations among its members.

India's attitude in this environment of growing globalization

At the outset it must be mentioned that opting out of globalization is not a viable choice. There are at present 149 members in the World Trade Organization (WTO). Some 25 countries are waiting to join the WTO. China has recently been admitted as a member. What is needed is to evolve an appropriate framework to wrest maximum benefits out of international trade and investment. This framework should include (a) making explicit the list of demands that India would like to make on the multilateral trade system, and (b) steps that India should take to realize the full potential from globalization.

Pharmaceutical Sector- India & WTO

Access to Drugs is one of the more emotional issues faced by the under-developed and developing countries in this century. The rising cost of healthcare delivery and limited access to life-saving drugs has become issues of global concern.

India has had a growing pharmaceutical sector and in another 20 years, it would be one of India's leading sectors. It has been able to produce low cost, high quality drugs, and hence, India, along with WTO, would play a major role towards making the right drugs available at the right time in under-developed economies.

Agriculture Sector-India & WTO

Agriculture employs over 70 percent of the labor force in low-income countries, 30 percent in middle-income countries and only 4 percent in high-income countries. Rapid growth of agriculture is essential for ensuring food security and alleviation of poverty.

In developing countries, agriculture skill contributes significantly to their overall GDP, and it employs a large proportion of the work force. The agriculture practices are labor intensive with relatively low intensity of farm inputs.

Food security is an important and integral element of national security. Food security, as defined by FAO, is the physical and economic access for all people at all times to enough food for an active, healthy life with no risk of losing such access, and as such is directly connected with livelihood in the developing countries. Physical access to food in developing countries can be ensured only through a certain minimum level of self-sufficiency. Taking agreement on agriculture in account, it is recorded in the Agreement (AoA) that commitments under the reform programme for trade in agriculture should be made in an equitable way among all members, having regard to non-

trade concerns, including food security.

India's position in WTO, even ten years after the World Trade Organization (WTO) came into existence, the anticipated gains for India from the trade liberalization process in agriculture are not huge. The WTO's agreement on agriculture had incorporated three broad areas of commitments from member states, namely in market access, domestic support and export subsidies.

Agriculture is especially important to developing countries. India will help them level the playing field by increasing disciplines on agricultural trade, so that they have the possibility of competing with larger countries in both their own domestic and in export markets. For all these measures, India will closely align itself with World Trade Organization to develop laws for development of Agri-Society across the globe.

Service Sector-India & WTO

Services are important for employment and employment growth. This is because many traditional services, including distribution, education and social services, are labor intensive. The expansion of services has been driven in particular by income-related demand shifts, benefiting for example the hotel and tourist industry.

By 2025, the share of services sector would surely contribute significantly to GDP growth, the proportion would be approximately similar or a different of 5-6 percent, trend would be increasing as India is ranked 10th in the service exporter nation, and in next twenty years, it would be surely among the top three or rather world leader in service exports. Today, India enjoys 2.8 percent of total service exports globally and by 2025, it is expected to reach to least 12 percent using WTO as a facilitator.

Benefits of WTO

1. The system helps to contribute towards international peace, by helping the trade to flow smoothly and dealing with disputes over trade issues.
2. It's a system, which is based on rules and has nothing to do with power of the nation.
3. It gives consumers more choice and a broader range of qualities to choose from.
4. The fact that there exists a forum to handle crisis, gives confidence to nations to do more trade, thereby increasing the income, and stimulating economic growth.
5. WTO leads to allocation of resources that is consistent with comparative advantage. This results in specialization, which enhances productivity.

WTO and Fears

- ➔ The fear of ‘ Cultural hegemony ’ haunts many.
- ➔ The first major concern is that globalization leads to a more iniquitous distribution of income among countries and within countries.
- ➔ The second fear is that globalization leads to loss of national sovereignty and that country are findings it increasingly difficult to follow independent domestic policies.

Conclusion

WTO is the premier organization primarily concerned with expansion of global trade in the context of globalization and liberalization ideas spread all over the world. India as a member has a leading role to play in promoting world trade organization. India has many fears and concerns to overcome particularly relating to agriculture, industry etc., However in the long run, India and other developing countries are gain to more benefits as china is exhibiting such tendency and enthusiasm to join WTO. India should exhibit confidence and courage to face world markets on its own strength for which WTO is providing opportunities.

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