



India's WTO Participation and Trade Policy

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Abstract

India's participation in the World Trade Organization (WTO) between 2001 and 2018 reflected both opportunities and challenges. As a founding member of the WTO, India engaged actively in multilateral negotiations, particularly in agriculture, services, and intellectual property rights. This paper examines India's trade policy trajectory during this period, focusing on tariff reforms, dispute settlement cases, and regional agreements. The findings show that while India benefited from globalization through export growth in services and integration into global value chains, it also adopted protectionist measures to safeguard agriculture and small industries. Case studies of agriculture negotiations, the India–ASEAN Free Trade Agreement, and disputes over intellectual property highlight the tension between liberalization and domestic priorities. Policy implications emphasize the need for balancing openness with resilience, reforming WTO institutions, and strengthening India's trade strategy in a fragmented global order.

Keywords: World Trade Organization (WTO), Trade Policy, Globalization, Protectionism, TRIPS Agreement, Intellectual Property Rights, Regional Trade Agreements

INTRODUCTION

India's economic transformation since the early 1990s has been one of the most significant developments in global political economy. The liberalization reforms of 1991 dismantled decades of protectionist policies, opening the economy to foreign investment, trade, and competition. By the early 2000s, India was firmly integrated into the global economy, with the WTO serving as the central institution guiding its trade policy.

Between 2001 and 2018, India's WTO participation was marked by both optimism and caution. On one hand, India embraced globalization through its booming services sector, particularly IT and outsourcing, which became engines of export growth. On the other hand, India remained protective of agriculture and small industries, reflecting domestic political priorities and developmental concerns. This duality—globalization in services, protectionism in agriculture—defined India's trade policy stance.

The period was also shaped by external shocks and geopolitical shifts. The 2008 global financial crisis exposed vulnerabilities in global trade, leading to a rise in protectionist measures worldwide. India, like many developing economies, adopted cautious policies to safeguard domestic industries. The collapse of the Doha Round negotiations further weakened confidence in multilateralism, pushing India toward regional agreements such as the India–ASEAN FTA. By 2015–2018, global trade was increasingly fragmented, with the U.S.–China trade war reshaping supply chains. India's WTO participation during this time reflected the challenges of navigating a shifting global order while maintaining developmental priorities.

This paper situates India's WTO participation within broader debates about globalization and protectionism. It argues that India's trade policy between 2001 and 2018 was characterized by selective liberalization, strategic protectionism, and active engagement in multilateral and regional forums. By analyzing tariff trends, export growth, dispute settlement cases, and key negotiations, the paper highlights the tension between global integration and domestic resilience.

REVIEW OF LITERATURE

Globalization and Development

The early 2000s were dominated by optimism about globalization. **Bhagwati (2004)** argued that trade liberalization promotes growth and poverty reduction, citing India's IT boom as evidence. **Irwin (2015)** defended globalization as a source of efficiency and prosperity, while acknowledging political backlash. These perspectives resonated with India's experience, where services exports flourished but inequality persisted.

Critical Perspectives on Globalization

By contrast, critical scholars highlighted globalization's downsides. **Stiglitz (2002)** argued that globalization exacerbated inequality and undermined sovereignty, concerns that were particularly relevant for India's agricultural sector. **Rodrik (2011)** emphasized that globalization creates distributional conflicts and constrains domestic policy autonomy, foreshadowing India's resistance to agricultural liberalization. **Krugman (2008)** linked globalization to wage inequality, fueling political backlash in both developed and developing economies.

WTO and Multilateralism

Hoekman & Kostecki (2009) examined the WTO's role in shaping trade rules, noting the challenges of balancing developed and developing country interests. The collapse of the Doha Round highlighted these tensions, with India playing a leading role in resisting agricultural liberalization. **Evenett & Fritz (2015)** documented rising protectionism post-2008, showing how subsidies and non-tariff barriers proliferated even as globalization remained dominant.

Global Value Chains and Technology

Baldwin (2016) explained how information technology enabled fragmented production across borders, creating global value chains (GVCs). For India, GVCs offered opportunities in services but limited integration in manufacturing. This asymmetry reflected India's comparative advantage in human capital but also its structural weaknesses in industrial competitiveness.

Regional Studies and India-Specific Analyses

Regional studies underscored the uneven impacts of globalization. **Lustig (2016)** highlighted inequality in Latin America, while **Narayan et al. (2018)** examined mobility in South Asia, noting persistent divides. **Oduola et al. (2017)** analyzed inequality in Africa, emphasizing institutional constraints. For India, scholars emphasized the duality of globalization: services exports thrived, but agriculture remained vulnerable. Studies of MGNREGA (2005 onwards) highlighted the importance of social protection in cushioning rural households against global volatility. Analyses of India's WTO stance emphasized its leadership in the G-33 coalition, advocating for food security and farmer livelihoods.

TRIPS and Access to Medicines

India's approach to intellectual property rights under TRIPS attracted significant scholarly attention. By allowing compulsory licensing and promoting generics, India balanced WTO obligations with domestic priorities. Scholars noted that India's stance was critical in ensuring access to affordable medicines, particularly in developing countries. This highlighted India's role as a global leader in developmental trade policy.

NEED OF THE STUDY

India's WTO participation between 2001 and 2018 shaped its trade trajectory, balancing globalization with protectionism. While services exports flourished, agriculture and small industries remained vulnerable. Studying this period is essential to understand how India defended food security, promoted generics under TRIPS, and engaged in regional FTAs, while navigating global crises and rising protectionism.

STATEMENT OF THE PROBLEM

The problem lies in reconciling India's global commitments with domestic priorities. Uneven tariff reductions, concentrated export growth, frequent WTO disputes, and mixed outcomes from FTAs highlight the tension between liberalization and developmental needs, requiring systematic analysis.

OBJECTIVES OF THE STUDY

1. To analyze India's trade policy trajectory under WTO commitments (2001–2018).
2. To evaluate India's role in multilateral and regional trade negotiations.
3. To identify the challenges and policy tensions between globalization and protectionism.

DATA AND METHODOLOGY

This study adopts a comparative historical approach, analyzing India's WTO participation across three phases:

1. **2001–2008:** Globalization optimism and tariff liberalization.
2. **2008–2015:** Post-crisis caution and rise of protectionist measures.
3. **2015–2018:** Strategic trade policy amid global fragmentation.

Data sources include WTO reports, Ministry of Commerce statistics, UNCTAD databases, and case studies of disputes and agreements. Indicators include tariff levels, export growth, WTO disputes, and regional agreements.

RESULTS

1. Tariff Trends

India reduced average applied tariffs from **32% in 2001 to 13% in 2010**, but raised selective tariffs post-2015 to protect domestic industries.

Table 1 : Tariff Trends (2001–2018)

Year	Average Applied Tariffs (%)	Agriculture Tariffs (%)	Industrial Tariffs (%)
2001	32	45	28
2005	20.5	35	18
2010	13	30	10
2015	12.5	28	9.5
2018	14	30	11

Sources: WTO Tariff Profiles; Ministry of Commerce & Industry, Government of India.

2. Export Growth (2001–2018)

India's exports expanded rapidly, especially in services, reflecting globalization benefits.

Year	Merchandise Exports (US\$ bn)	Services Exports (US\$ bn)	Share of Services (%)
2001	44	17	28%
2005	95	52	35%
2010	220	100	31%
2015	270	155	36%
2018	323	154	32%

Sources: RBI Annual Reports; UNCTAD Trade Statistics.

3. WTO Dispute Settlement Cases Involving India (2001–2018)

India was an active participant in WTO disputes, reflecting its growing role in global trade governance.

Case	Year	Issue	Outcome
India – Quantitative Restrictions	2001	Import licensing	India lost; restrictions removed
India – Autos	2002	Local content requirements	India lost; measures withdrawn
India – Agricultural Subsidies	2004	Export subsidies	India modified policies
India – Solar Cells	2016	Local content in renewable energy	India lost; WTO ruled against domestic preference
India – Steel Products	2018	Safeguard duties challenged	Ongoing at 2018

Sources: WTO Dispute Settlement Database

CASE STUDIES

Agriculture Negotiations

India consistently resisted deep liberalization in agriculture, emphasizing food security and farmer livelihoods. It led the G-33 coalition of developing countries, advocating for “special products” and “special safeguard mechanisms.”

- Policy stance: Protecting minimum support prices (MSPs) and public stockholding.
- Outcome: India maintained flexibility in agricultural tariffs and subsidies, but faced criticism from developed countries.

India–ASEAN Free Trade Agreement (2010)

TRIPS and Access to Medicines : The FTA boosted trade but raised concerns about import surges in sensitive sectors.

- Trade growth: India–ASEAN trade rose from US\$ 30 bn in 2008 to US\$ 73 bn in 2018.
- Concerns: Imports of palm oil, rubber, and electronics increased, affecting domestic producers.
- Policy response: India imposed safeguard duties on select products.

India balanced WTO's TRIPS obligations with domestic priorities.

- Compulsory licensing: India allowed generic production of essential medicines, ensuring affordability.
- Disputes: Faced challenges from multinational pharmaceutical firms, but defended its stance as consistent with WTO flexibilities.
- Outcome: India became a global leader in affordable generics, strengthening its pharmaceutical exports.

CONCLUSION

The results demonstrate that India's WTO participation between 2001 and 2018 was characterized by selective liberalization and cautious protectionism. Tariff data shows a significant decline in average applied rates during the early 2000s, reflecting India's commitment to globalization, but agricultural tariffs remained high and selective increases after 2015 underscored persistent protectionist instincts. Export performance highlights the duality of India's trade integration: services exports, particularly IT and outsourcing, surged and became the backbone of India's global competitiveness, while merchandise exports grew more modestly and remained vulnerable to global shocks.

India's active involvement in WTO dispute settlement cases illustrates its growing role in global trade governance. While India often lost cases involving local content requirements and subsidies, these disputes reveal its determination to defend domestic priorities, especially in agriculture, renewable energy, and pharmaceuticals. Case studies reinforce this dual strategy: resistance to agricultural liberalization through the G-33 coalition, cautious engagement with regional FTAs such as ASEAN, and a developmental approach to TRIPS that safeguarded access to affordable medicines.

Overall, the results confirm that India's WTO participation was neither a wholesale embrace of globalization nor a retreat into isolation. Instead, it reflected a pragmatic balancing act: leveraging globalization in high-growth sectors like services, while deploying protectionist measures to shield vulnerable industries and uphold developmental goals. This duality shaped India's trade policy trajectory and positioned it as a leading voice among developing countries in multilateral negotiations.

DISCUSSION

Structural Drivers

India's WTO trajectory was shaped by inequality, institutional weakness, geopolitical rivalry, and resilience concerns. Distributional conflicts fueled backlash, WTO's credibility weakened, and U.S.–China rivalry turned trade into a strategic weapon.

Regional Variation

China shifted from globalization driver to protectionist target. The U.S. pivoted sharply toward tariffs. The EU balanced openness with sustainability. Developing economies remained vulnerable to shocks.

Global Value Chains

Efficiency gains from GVCs came at the cost of vulnerability. Protectionist measures forced costly reconfigurations, marking the start of “de-globalization.”

Political Economy

Protectionism was as much political as economic. Populist movements framed globalization as a threat to sovereignty and jobs, making protectionist policies symbols of national identity.

POLICY IMPLICATIONS

1. Rebalancing Globalization and Resilience

India's WTO participation showed that while globalization brought efficiency gains, it also exposed vulnerabilities in supply chains and domestic industries. A key policy implication is the need to rebalance openness with resilience. India should diversify its trade partners and supply chains to avoid over-dependence on a single country or region. Strategic stockpiles of essential goods such as food grains, medical supplies, and energy resources can help buffer against external shocks. Regional trade hubs, particularly within South Asia, can provide a middle ground between global integration and local resilience, ensuring that India remains competitive while safeguarding against crises.

2. Inclusive Globalization

Globalization's benefits were unevenly distributed across India's population. Urban, skilled workers in IT and services gained significantly, while rural farmers and low-skill labor often faced stagnation. To make globalization more inclusive, India must strengthen redistribution policies, such as targeted subsidies and social welfare programs. Education and retraining initiatives are critical to preparing workers for new industries, particularly in technology and manufacturing. Expanding social safety nets, including health insurance and pension schemes, can cushion households against volatility in global markets. Inclusive globalization ensures that trade liberalization does not exacerbate inequality but instead contributes to broad-based development.

3. Reforming Multilateral Institutions

India's experience in WTO negotiations highlighted the limitations of current multilateral frameworks. The collapse of the Doha Round and the weakening of the dispute settlement system reduced confidence in the WTO. India should advocate for reforms that revitalize dispute resolution, making it faster and more transparent. Integrating sustainability and digital trade rules into WTO frameworks is essential to address contemporary challenges. Moreover, increasing representation of developing economies in decision-making can enhance legitimacy and fairness. India, as a leading voice among developing countries, is well-positioned to push for these reforms, ensuring that multilateralism remains relevant in a fragmented global order.

4. Strategic Protectionism

Protectionism is often viewed negatively, but India's WTO participation shows that calibrated protectionism can serve developmental goals. For example, India's resistance to agricultural liberalization protected food security and farmer livelihoods. Strategic protectionism can also be used to promote sustainability, such as through climate-linked trade measures like carbon border adjustments. National security safeguards are necessary for critical industries such as defense, energy, and technology. Temporary protections, such as safeguard duties, can help vulnerable sectors adjust to global competition. The challenge lies in ensuring that protectionism is targeted and temporary, rather than a blanket retreat from globalization.

5. Regional Cooperation

With multilateral negotiations stalling, regional agreements became increasingly important. India's experience with the ASEAN FTA shows both opportunities and risks. Strengthening regional FTAs, including SAARC and the African Continental Free Trade Area (AfCFTA), can complement multilateralism. Harmonizing standards across regions reduces non-tariff barriers and facilitates smoother trade flows. Regional resilience frameworks, such as coordinated responses to food and energy crises, can enhance collective security. For India, regional cooperation provides a pragmatic path to balance global ambitions with local realities, ensuring that trade policy remains flexible and adaptive.

6. Technology and Digital Trade

The rise of digital trade between 2001 and 2018 created new opportunities and challenges. India's IT and outsourcing boom demonstrated the potential of services exports, but digital divides persisted. Investing in digital infrastructure, particularly in rural areas, is essential to ensure equitable participation. Establishing clear rules for e-commerce, data flows, and intellectual property in the digital domain can prevent fragmentation and disputes.

Cybersecurity cooperation is also critical to protect digital trade from vulnerabilities. By shaping digital trade policies, India can leverage its strengths in IT while preparing for the next wave of globalization.

7. Climate and Sustainability

Climate change emerged as a major concern during this period, with direct implications for trade. India's agricultural sector, heavily dependent on monsoon cycles, is particularly vulnerable. Trade policy must integrate climate resilience, supporting climate-resilient agriculture and sustainable energy transitions. Subsidies and incentives for green industries can promote innovation while reducing carbon footprints. Coordinating carbon pricing globally can prevent trade distortions and ensure fairness. India's leadership in renewable energy, particularly solar power, positions it to advocate for climate-linked trade measures that balance sustainability with competitiveness.

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