



IMPACT OF WORLD TRADE ORGANISATION (WTO) POLICIES IN INDIA

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Abstract: The World Trade Organization (WTO) has played an important role in shaping India's trade and economic policies since its establishment. This paper examines how WTO rules and agreements have influenced India's economic development, particularly in areas such as exports, foreign investment, agriculture, and industrial growth. The study shows that WTO policies have helped India expand its global trade presence, improve product quality, and attract foreign investment. At the same time, these policies have created challenges for sectors like agriculture and small-scale industries due to increased international competition. The paper highlights both the benefits and limitations of WTO membership and emphasizes the need for balanced policies to protect domestic interests while promoting global integration.

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I. INTRODUCTION:

The World Trade Organization (WTO) is an international institution that regulates and facilitates trade between countries by establishing a common set of rules and agreements. Since its establishment in 1995, the WTO has aimed to promote free and fair trade by reducing tariffs, eliminating trade barriers, and ensuring transparency in global markets. India became a member of the WTO with the objective of strengthening its position in international trade and integrating its economy with the global system. Before joining the WTO, India followed a more protectionist trade policy, with high tariffs and strict regulations on imports and exports. However, after the economic reforms of 1991 and subsequent alignment with WTO guidelines, India gradually opened its economy to global competition. These changes brought significant transformations in various sectors such as agriculture, manufacturing, and services. The impact of WTO policies on India has been both positive and challenging. On one hand, it has led to increased exports, higher foreign investment, improved technology, and better quality standards. On the other hand, it has exposed domestic industries and farmers to intense global competition, creating concerns about sustainability and economic inequality.

II. OBJECTIVES OF THE STUDY

1. To analyze the role of WTO policies in India.
2. To examine the positive impacts on economic growth.
3. To study the challenges faced by different sectors.

4. To evaluate the overall influence on trade and development.

III. REVIEW OF LITERATURE

Amrita Narlikar (2022) analyzed India's approach to WTO negotiations and found that the country follows a defensive trade policy strategy. India focuses on protecting domestic sectors like agriculture and small industries while still meeting its global trade commitments. The study highlights that India often takes firm and cautious positions in negotiations to safeguard national interests, even if it slows down agreement processes.

Qing Huang (2024) analyzed the broader role of WTO-led international trade frameworks and found that they help reduce trade conflicts by establishing clear rules and dispute settlement mechanisms. These frameworks also promote economic cooperation among countries by encouraging transparency and fair competition. However, the study highlights that the benefits are uneven, with developed countries gaining more due to stronger infrastructure and resources, while developing countries like India face challenges in fully utilizing these opportunities.

Omkar Ganesh Darekar (2024) examined key WTO agreements such as TRIPS, TRIMS, and GATS and found that they have strongly influenced India's economic structure. These agreements improved the investment climate, strengthened the intellectual property system, and supported the growth of the service sector. However, the study also notes that India faces regulatory and

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policy challenges in adapting domestic laws to meet global WTO standards.

Samuel Hardwick (2025) found that WTO membership plays a key role in increasing trade volumes and global market access by reducing trade barriers and creating a stable trading environment. His study shows that countries like India benefit from improved export opportunities, even with nations that have weak or distant political relations, as WTO rules ensure predictability and fairness in international trade.

Pritam Banerjee et al. (2025) examined WTO digital trade policies and found that the e-commerce moratorium supports India's digital trade expansion by enabling smoother cross-border online transactions. The study highlights that it creates new global market opportunities for MSMEs, improving their competitiveness. However, it also raises concerns for developing countries like India regarding the loss of tariff revenue and challenges in regulating digital trade.

IV. OVERVIEW ON WTO POLICIES IN INDIA

The World Trade Organization (WTO) has played a significant role in shaping India's trade and economic policies since it became a member in 1995. WTO policies focus on reducing trade barriers such as tariffs, promoting fair competition, and encouraging transparency in international trade. In India, these policies have led to increased exports, greater foreign investment, and improved access to global markets. At the same time, they have required India to reform its domestic laws related to agriculture, intellectual property, and services. Overall, WTO policies have helped integrate India into the global economy while also presenting challenges for small-scale industries and farmers.

V. IMPLEMENTATION OF WTO POLICIES IN INDIA

India has implemented the rules of the World Trade Organization through a series of economic and policy reforms. These changes aim to make India's trade system more open, competitive, and aligned with global standards.

5.1 Tariff Reduction

India has gradually lowered import duties on many goods. This has made foreign products more accessible in the Indian market and increased competition, encouraging domestic industries to improve their quality and efficiency.

5.2 Intellectual Property Reforms

To follow WTO rules, especially the TRIPS Agreement, India updated its patent laws. This allowed product patents in sectors like

pharmaceuticals, ensuring better protection for innovations while also impacting the availability of low-cost medicines.

5.3 Export Promotion Policies

India has introduced initiatives such as Make in India to boost exports and attract foreign investment. These policies support industries in becoming globally competitive and align with WTO guidelines.

5.4 Agricultural Policy Adjustments

Although India continues to support farmers through measures like Minimum Support Prices (MSP), it must ensure that such support stays within WTO limits. This has led to careful adjustments in agricultural policies to balance farmer welfare with international trade rules.

VI. RECENT DEVELOPMENTS (2020-2026)

In recent years, India has experienced several important changes in its trade policies, especially in relation to the World Trade Organization. These developments reflect India's effort to adapt to global challenges while protecting its national interests.

6.1 COVID-19 and Trade Policies

The COVID-19 pandemic created major disruptions in global supply chains, affecting the movement of goods and services. As a result, India began to rethink its trade approach by focusing more on domestic production and reducing dependence on imports, especially for essential goods.

6.2 Digital Trade Discussions

With the rapid growth of online businesses, digital trade has become increasingly important. India is actively involved in WTO discussions on e-commerce rules, aiming to ensure fair regulations while also protecting its data sovereignty and the interests of local digital businesses.

6.3 Dispute Settlement Issues

India has expressed concerns about unfair trade practices followed by some developed countries. It has actively raised these issues within the WTO framework, seeking fair treatment and equal opportunities in global trade.

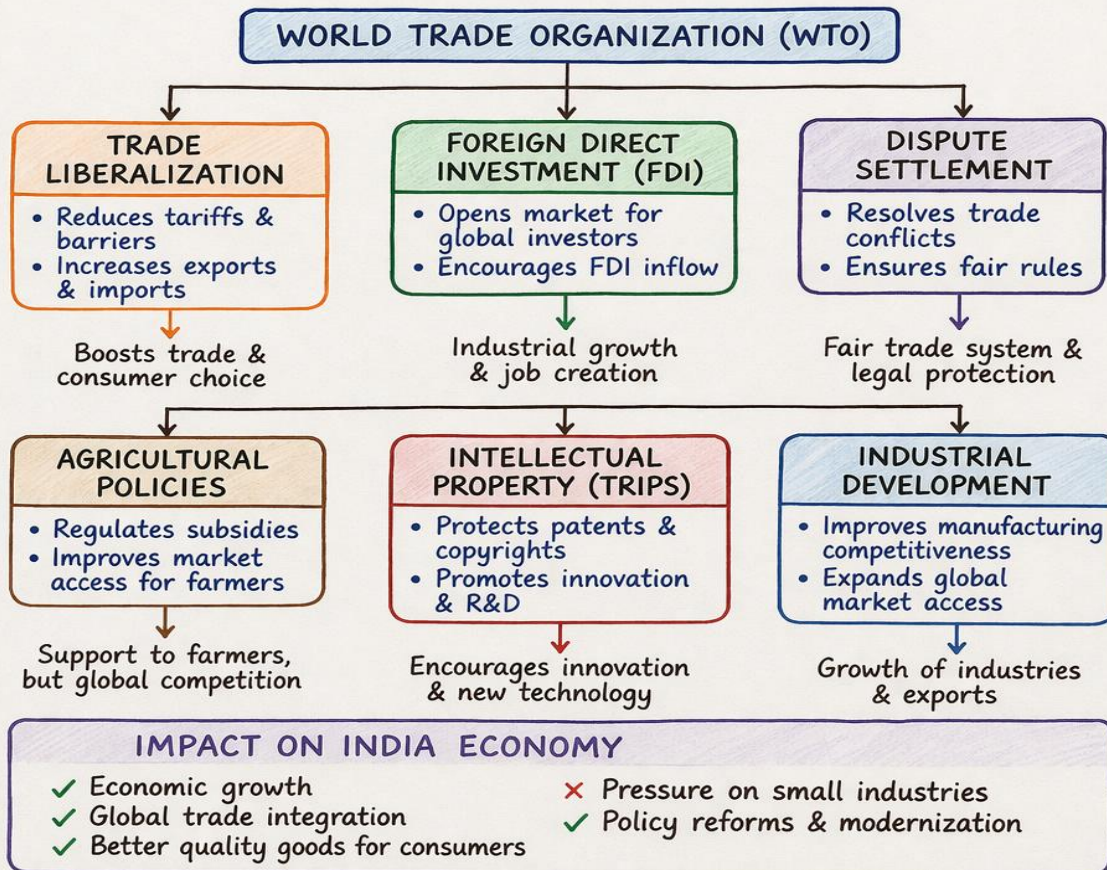
6.4 Atmanirbhar Bharat Initiative

Under the Atmanirbhar Bharat Abhiyan, India is promoting self-reliance by encouraging domestic manufacturing and reducing import dependency. This initiative aims to strike a balance between participating in global trade and strengthening the local economy.

VII. ROLE OF WTO POLICIES IN INDIA:



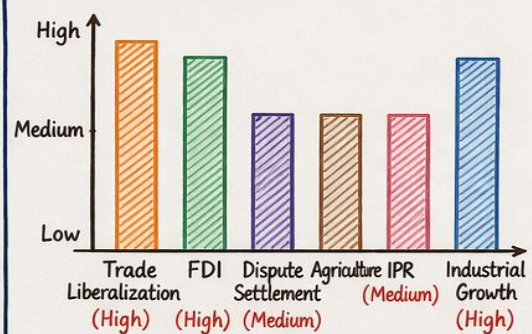
ROLE OF WORLD TRADE ORGANIZATION (WTO) POLICIES IN INDIA



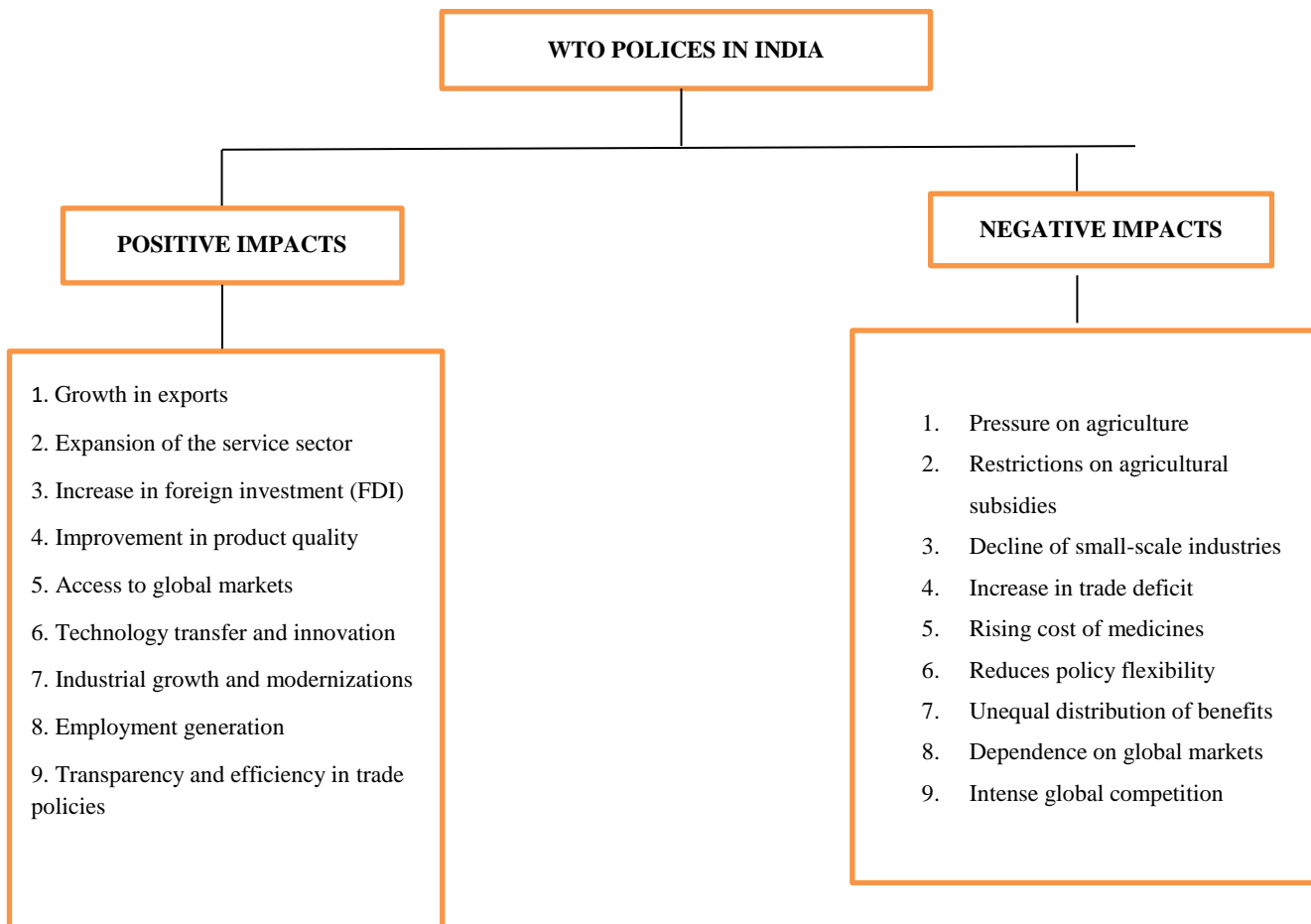
WTO POLICIES & ROLE IN INDIA

| POLICY AREA | ROLE IN INDIA | IMPACT |
|-------------------------------|---------------------------------------|------------------------------------|
| Trade Liberalization | Reduces tariffs and trade barriers | Boosts exports & imports |
| FDI (Foreign Investment) | Encourages global investment in India | Creates jobs & industries |
| Dispute Settlement | Resolves trade disputes | Ensures fair trade practices |
| Agricultural Policies | Regulates subsidies & market access | Supports farmers but adds pressure |
| Intellectual Property (TRIPS) | Protects patents & copyrights | Promotes innovation |
| Industrial Development | Improves global competitiveness | Expands manufacturing |

IMPACT LEVEL OF WTO POLICIES IN INDIA



VIII. IMPACT OF WTO POLICIES IN INDIA:



8.1 POSITIVE IMPACTS

The policies of the World Trade Organization have brought several positive changes to India by improving its position in global trade and boosting economic growth.

8.1.1 Growth in Exports

One of the most important benefits of WTO policies is the significant increase in India's exports. By reducing tariffs and other trade barriers, Indian products have gained easier access to international markets. This has helped sectors like textiles, pharmaceuticals, and IT services grow rapidly and earn higher foreign exchange for the country.

8.1.2 Expansion of the Service Sector

India's service sector has experienced remarkable growth, particularly in information technology, software development, and business process outsourcing. WTO agreements related to services have allowed Indian companies to operate globally, making India a leading service provider in the world.

8.1.3 Increase in Foreign Direct Investment (FDI)

WTO policies have created a more stable and transparent business environment, which has increased the confidence of foreign investors. As a result, many multinational companies have invested

in India, bringing in capital, modern practices, and employment opportunities.

8.1.4 Improvement in Product Quality

Exposure to global competition has forced Indian companies to upgrade their production processes and improve product quality. To compete in international markets, industries now follow global standards, which also benefits domestic consumers.

8.1.5 Access to Global Markets

Indian businesses, including small and medium enterprises, now have better access to global markets. This has helped them expand their operations, reach new customers, and increase their profitability.

8.1.6 Technology Transfer and Innovation

Through international trade and foreign investments, India has gained access to advanced technologies. This has improved productivity, encouraged innovation, and helped industries modernize their operations.

8.1.7 Industrial Growth and Modernization

WTO policies have supported the development of industries by opening up new trade opportunities. Many industries have adopted

modern techniques and expanded their production capacity to meet global demand, contributing to overall economic growth.

8.1.8 Employment Generation

The growth of various sectors, especially services and manufacturing, has created a large number of job opportunities. This has improved income levels and contributed to better living standards for many people.

8.1.9 Transparency and Efficiency in Trade Policies

WTO rules require member countries to maintain clear and transparent trade policies. This has made India's trade system more organized and predictable, reducing uncertainty for businesses and investors.

8.2 NEGATIVE IMPACTS

While the World Trade Organization has created many opportunities, it has also brought certain challenges for India, especially for vulnerable sectors.

8.2.1 Pressure on Agriculture

Agriculture is a major source of livelihood in India, especially for small and marginal farmers. With the opening of markets under WTO policies, farmers are exposed to competition from imported agricultural products, which are often cheaper or heavily subsidized in other countries. This reduces the income of Indian farmers and increases their financial insecurity.

8.2.2 Restrictions on Agricultural Subsidies

WTO rules limit the amount of subsidies that governments can provide to their farmers. For India, this creates a challenge because many farmers depend on government support such as minimum support prices and input subsidies. These restrictions make it difficult to fully protect farmers from market fluctuations.

8.2.3 Decline of Small-Scale Industries

Small and medium enterprises (SMEs) often lack the resources and technology to compete with large international companies. Due to increased imports of cheaper goods, many local industries struggle to survive, leading to reduced production and even closure of businesses.

8.2.4 Increase in Trade Deficit

India imports a large quantity of goods, especially machinery, electronics, and oil, while exports do not always match this level. This leads to a trade deficit, which can weaken the country's economic position and increase dependence on foreign economies.

8.2.5 Rising Cost of Medicines

Under the TRIPS Agreement, India had to strengthen its patent laws. This has resulted in higher prices for certain medicines, as pharmaceutical companies hold exclusive rights to produce them. As a result, affordable healthcare becomes a challenge for many people.

8.2.6 Reduced Policy Flexibility

India must follow WTO rules while making trade policies. This reduces the government's ability to take independent decisions that may benefit domestic industries, as it has to ensure compliance with international agreements.

8.2.7 Unequal Distribution of Benefits

The advantages of WTO policies are not equally shared. Large corporations and urban sectors gain more benefits, while rural areas, farmers, and small businesses often face difficulties. This increases economic inequality within the country.

8.2.8 Dependence on Global Markets

Greater integration into global trade makes India more dependent on international markets. Any global crisis, such as economic slowdown or pandemics, can directly affect India's economy, exports, and employment.

8.2.9 Intense Global Competition

Indian industries face tough competition from developed countries that have advanced technology, better infrastructure, and strong financial support. This makes it difficult for Indian products to compete in both domestic and international markets.

IX. CHALLENGES FACED BY DIFFERENT SECTORS

9.1 Agriculture Sector:

The agriculture sector faces difficulties due to competition from foreign countries where farmers receive better subsidies. This makes imported products cheaper than local ones. As a result, Indian farmers earn less and struggle to maintain stable incomes. Lack of modern technology and financial support adds to their problems.

9.2 Small-scale industries:

Small-scale industries face challenges such as lack of capital, outdated machinery, and limited market access. With the entry of large multinational companies, these industries find it hard to compete in price and quality, which affects their growth and survival.

9.3 Manufacturing Sectors:

The manufacturing sector deals with strong competition from imported goods. Domestic producers are forced to improve quality and reduce costs, but not all firms have enough resources to upgrade their technology, leading to reduced productivity.

9.4 Pharmaceutical Sector:

Strict patent rules have made it difficult for companies to produce affordable generic medicines. This increases the cost of drugs and limits access for common people. It also creates pressure on companies to invest more in research.

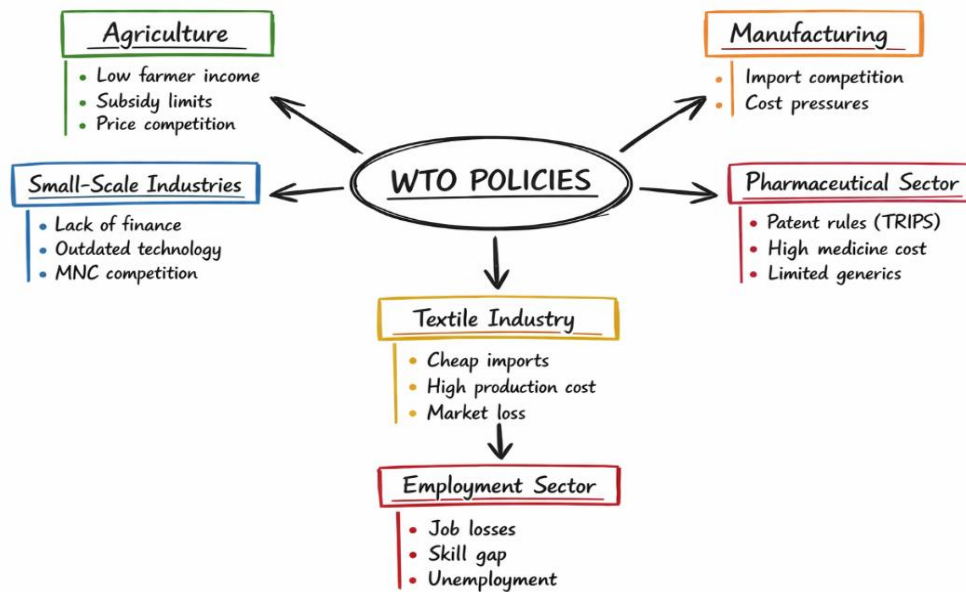
9.5 Textile Industry:

The textile industry faces heavy competition from countries that produce cheaper goods. Maintaining international quality standards increases production costs, making it harder for Indian products to compete globally.

9.6 Employment Sector:

Global competition has led to job losses in some traditional industries. Although new jobs are created, many workers lack the necessary skills to adapt, resulting in unemployment or underemployment.

Challenges Faced by Different Sectors



X. DISCUSSION:

The policies of the World Trade Organization have helped India become an important player in global trade. However, the advantages are not shared equally across all sectors. Large industries and urban areas have benefited more, while rural regions and small-scale businesses continue to face difficulties. To address this imbalance, India needs to focus on inclusive growth by supporting weaker sectors while still improving its position in international markets. A balanced approach will help ensure that economic progress benefits all sections of society.

XI. SUGGESTIONS:

To make better use of the opportunities provided by the World Trade Organization, India should adopt a few practical measures. The government can continue to support farmers, but within WTO limits, by focusing on productivity, infrastructure, and better market access. At the same time, small and medium enterprises (SMEs) should be encouraged through financial support, skill development, and easier access to technology so they can compete in global markets. India should also work on improving the quality and competitiveness of its exports by adopting modern production methods and maintaining international standards. Investing in technology and innovation will help industries grow and remain competitive. Finally, India must actively participate in WTO negotiations to protect its national interests and ensure fair treatment in global trade.

XII. CONCLUSION:

The policies of the World Trade Organization have played an important role in shaping the economic development of India. They have helped the country expand its trade, attract investment, and become more connected to the global market. At the same time, these policies have created certain challenges for local industries, farmers, and small businesses. Therefore, India needs to maintain a

balanced approach by supporting its domestic sectors while actively participating in global trade. By doing so, the country can ensure that the benefits of globalization are shared widely across all sections of society.

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