Impact of WTO on Foreign Trade with European Union
Chapter VI

IMPACT OF WTO ON FOREIGN TRADE WITH EUROPEAN UNION

Liberalization, Privatisation & globalization are *Mantras* of new world economic order. WTO is acting as a regulating authority of world trade. The basic objective behind the WTO is liberal and free trade among the different nations of world promoted by competitive advantage necessitating free flow of capital and other production inputs along with free flow of goods and services.

The World Trade Organization (WTO), the successor organisation of the General Agreements on Tariffs and Trade (GATT), is the legal and institutional foundation of the multilateral trading system. It provides the principal contractual obligations determining how governments frame and implement domestic trade legislations and regulations. It is the platform on which trade relations among countries evolve through collective debate, negotiation and adjudication.

The World Trade Organisation (WTO) was established on 1\textsuperscript{st} January 1995 after the conclusion of Uruguay Round of Multilateral Trade Negotiations. India is a founder member of both the GATT in 1947 and the WTO in 1995. As on 27\textsuperscript{th} July 2007, the membership of the WTO stood at 151. WTO is directed by Ministerial Conference that meets at least once every two years and its regular business is overseen by a General Council. The WTO Secretariat is based in Geneva, Switzerland.
The essential functions of the WTO are (i) administering and implementing the multilateral and plurilateral trade agreements which together make up the WTO, (ii) acting as a forum for multilateral trade negotiations. (iii) Seeking the ways to resolve trade disputes. (iv) Overseeing national trade policies of member countries and (v) Cooperating with other international institutions in involving and implementing global economic policy. The main thrust of the different WTO agreements is to promote international trade without any fear of discrimination amongst the members themselves and between domestically produced goods and the imported ones. The WTO also extend the 'Most Favoured Nation' (MFN) treatment to all its members on an equal basis.

The basic strength of the WTO system lies in consensus building. The dispute settlement system of the WTO enables the member countries to settle bilateral problems in a rule-based system facilitating trade expansion. This is the main reason why a large number of countries from the developing world, including India, despite their lower economic clout, have been attracted to the WTO.
1. IMPORTANT WTO AGREEMENTS

Organizational chart of WTO showing its various committees and councils

Ministerial Conference

General Council
meeting as
Trade Policy
Review Body

General Council
meeting as
Dispute
Settlement Body

General Council

Trade Negotiations
Committees

Appellate Body

Dispute Settlement panels

Council for
Trade in Goods

Committees on
Market Access
Agriculture
Sanitary and Phytosanitary Measures
Technical Barriers to Trade
Subsidies and Countenating Measures
Anti-Dumping Practices
Customs Valuation
Rules of Origin
Import Licensing
Trade-Related Investment Measures
Safeguards

Textiles Monitoring Body
Working party on
State-Trading Enterprises

Committee of
Participants on the
Expansion of Trade in
Information Technology products

Council for
Trade in Services

Committees on
Trade in Financial Services
Specific Commitments
Working parties on
Domestic Regulation
GATS Rules

Plurilaterals
Trade in Civil
Aircraft
Committee
Government
Procurement
Committee

Council for Trade in Services, Special Session
Negotiating Group on Market Access
Negotiating Group on Rules
Committee on Trade and
Environment, Special Session
Council for TRIPS, Special Session
Dispute Settlement Body, Special Session
Committee on Agriculture, Special Session
Committee on Trade and Development, Special Session
India's commitments under various WTO Agreements broadly pertain to four different aspects viz., (i) market access and tariff issues relating to trade in goods; (ii) General Agreement on Trade in Services (GATS); (iii) Trade Related Intellectual Property Rights (TRIPs); and (iv) Trade Related Investment Measures (TRIMs), which are briefly describable below.

**Market Access and Tariff Levels:** Market access focuses on removing a variety of non-tariff barriers to trade. These include quotas, licensing of trade, price methods, insistence on total value-addition and prohibition of imports. The WTO requires that all non-tariff barriers (NTBs) as specified in WTO rules are removed within a defined time frame. About 30 per cent of the basket of India's exports is covered under NTBs in the developed OECD countries. Overall 54 per cent of the goods exported from India are affected by NTBs and include sectors such as textiles, leather and agro-products. India still has NTBs for several imports and outright prohibition of some commodities for import.

So far as tariff levels are concerned, developing countries including India have to bind tariffs and reduce them on an agreed time frame. India has committed to bind tariffs and reduce average tariff levels from 54 per cent to 32 per cent in six years, i.e., by January 2001. India's commitments at the WTO cover about 63 per cent of the total product lines which include industrial goods (excluding consumer goods), fertilizers, a variety of non-ferrous metals and petroleum products. The tariff reduction programme has already been implemented and India has presented a time table of seven
years, i.e., up to January 2002 for removal of all quantitative restrictions on imports.

**General Agreement on Trade in Services (GATS):** GATS covers services in four categories. They are –

(i) export of a service, for example software that is shipped in a magnetic medium;

(ii) sale of services in one country to another member, for example tourism;

(iii) services that require a commercial presence in a member country, for example telecommunications or banking; and

(iv) services that require movement of persons, for example consultancies.

The only area in which an agreement has been reached by nearly all members, including India, is tourism. All other areas including telecommunications, banking and insurance are under negotiation. While India has not made any commitment in telecommunications and banking, its policies have been quite progressive in recent times. India’s telecommunications policy that permits 49 per cent foreign equity, is more progressive than that of several developed countries. Similarly, in banking, India has eased licensing of new banks and branch expansions, and permitted off-side banking. India has also made commitment on insurance by allowing foreign companies to set up joint ventures in both life and non-life sectors.

**Trade Related Intellectual Property Rights (TRIPs):** TRIPs cover patents, copyrights, trademarks, integrated circuits, industrial designs, geographical indications and plant variety protection. TRIPs
aim at establishing a uniform legal framework internationally that will protect the commercial interests of persons – real and judicial – who have invented or created something unique in different fields. The Indian legal framework is up to international standards on copyrights and trademarks. The deficiency in Indian law is, however, on the other aspects, mainly patents.

Patent laws in India permit only process patents for drugs, food items, medicines and chemical inventions for a period of seven years. The WTO wants product patents for all inventions for a period of twenty years. This is based on the premise that after obtaining regulatory approvals, a twenty-year period is a minimum time for a company to recover its investment. India has agreed to introduce legislation to enable this transition and is committed to do so. It is, however, worth mentioning that India has time till 19 April 1999 to amend the Patents Act to fulfill the assurance given to the WTO.

India’s concern on TRIPs primarily relate to pharmaceutical sector and plant varieties. It is widely feared that product patents on drugs will result in an increase in prices of essential drugs, because these patents will be used by multi-national corporations to exploit markets for profit without social objectives, especially for life saving drugs. With regard to plant variety protection, the Indian fears are that on the one hand the plants of daily usage in India in traditional medicine, for example neem could end up in being inaccessible to Indians and on the other the seeds could become more expensive as companies will seek higher prices not just for the seeds sold but also for subsequent production of the plants. The underlying basis for the
fears on plant varieties protection is the poor documentation of plant species in India which could result in patents being offered on products that form items of every day use in rural India.

**Trade Related Investment Measures (TRIMs):** The WTO recognises that several investment related measures could affect free and fair competition in international trade. Some of these measures that exist in India include – stipulations of minimum export obligations, minimum value addition within India and several fiscal measures relating to investments. Notably, if the Indian Government pushes ahead with its move towards full capital convertibility, it may be under pressure to present a time-table for removing such restriction on investments.

Despite various political and economic constraints India responded positively on important WTO agreements. Most of the tasks have been completed by India within the given time frame. The process of liberalisation privatisation and globalisation has been implemented very fastly in India.

**Some other WTO Agreements:**

1. Agreement on the Application on Sanitary and Phytosanitary Measures.
2. Agreement on Technical Barriers to Trade.
3. Agreement on Textiles and Clothing.
4. Agreement on Safeguards.
5. Agreement on Subsidies and Countervailing Measure
6. Agreement on Anti dumping Measures
7. Agreement on Preshipment Inspection
8. Agreement on Import Licensing Procedures
10. Agreement on Trade Related Investment Measures
11. General Agreement on Trade in Service

**Bilateral Trade and Investment Agreement:** On 28th June 2007, India and the EU began negotiations on a broad-based bilateral trade and investment agreement in Brussels, Belgium.

These negotiations are pursuant to the commitment made by political leaders at the India-EU Summit held in Helsinki on 13 October 2006 to move towards negotiations of a broad-based trade and investment agreement. There has already been significantly preparatory work. The India EU High Level Trade Group has been preparing the ground for these negotiations since October 2005 and its report will form the basis for further deliberation.

India and the EU expect to promote bilateral trade by removing barriers to trade in goods and services and investment across all sectors of the economy. Both parties believe that a comprehensive and ambitious agreement that is consistent with WTO rules and principles would open new markets and would expand opportunities for Indian and EU businesses.

India and the EU are important trading partners and committed proponents of the multilateral system. Both reiterated their belief in the primacy of the multilateral trading system and reaffirmed their commitment to the DDA round of negotiations.
2. IMPACT OF WTO ON INDIAN FOREIGN TRADE

India's commerce & industry minister Mr. Kamal Nath's statement on 'IMPACT OF WTO AGREEMENT' in reply to question in Lok Sabha on 28th Nov. 2006 in the Parliament that - "With a view to improving the awareness about the rights and obligations arising from the WTO agreements and to evolve the position of India in the negotiations under the Doha Work Programme, the Government has been holding periodic consultations with the concerned Ministers/Departments of the Central Government, Governments of States and Union Territories, industry associations, export promotion councils, farmers groups, civil societies, consumer organizations, research institutions, and other stakeholders. The Government has instituted Expert Groups consisting of persons of eminence in the respective area for providing advice and guidance, and research studies have been commissioned to examine the implications for stakeholders. Periodically, seminars, workshops and symposia are held with interested parties with the cooperation of the WTO Secretariat, the UNCTAD, ESCAP and other multilateral bodies, universities, and industry associations. The Department of Commerce website has a separate webpage on "India and WTO", which explains the provisions of the agreements and updates the stakeholders on the status of the negotiations. Enquiry points required by specific agreements, such as on technical barriers to trade and sanitary and phytosanitary measures, have been established. In the light of the above, the Government does not feel the need to set up separate information/consultation centres with regard to dissemination of
information on WTO issues. Since the establishment of the WTO, India’s trade, including the pharmaceutical products, has been growing continuously, both in the merchandise goods category as well as commercial services. The total merchandise goods exports of India have increased from US$ 26.33 billion in 1994-95 to US$ 102.7 billion in 2005-06 (provisional), whereas total merchandise imports (excluding petroleum products) grew from US$ 22.72 billion to US$ 105.1 billion (provisional) during the same period. The export of pharmaceutical products has increased from over US$ 854.51 million in 1999-2000 to US$ 2444.06 million in 2005-06. Similarly, India’s total commercial services trade increased from US$ 14.06 billion in 1994 to US$ 80.58 billion in 2004. India has been engaged in the WTO negotiations to ensure that its core concerns and interests continue to be adequately addressed at each stage of the negotiations. As required by the exigencies of the ongoing negotiations, India has been submitting proposals in the various negotiating bodies of the WTO with a view of pursuing its national interests and to protect the interests of the farmers, industry, service providers and trading entities. Our negotiating objectives have been developed based on analytical work and an intensive process of dialogue with the stakeholders. India has been pursuing its national interests by forging coalitions of developing countries on various negotiating issues such as G-20 on Agriculture, G-33 on Special Products and Special Safeguard Mechanism under Agriculture negotiations, NAMA-11 in respect of Non-Agricultural Market Access negotiations, ‘Friends of Mode 4’ in services and ‘Friends of Geographical indications’ in trade-related intellectual property rights. India has also been playing an
active role in strengthening various developing country coalitions by bringing together G-20, G-33 and G-90 groups of countries in a broad alliance to reinforce each others' positions on issues of mutual interest. On the domestic front, the Government is continuously monitoring the surge in import of sensitive items and it is committed to intervene in a WTO compatible manner to protect interests of all domestic stakeholders."

The WTO is an organisation whose stated objectives appear to be fairness and equity. It was created to give each nations i.e. each member government, the opportunity to raise standard of living, to expand the volume of trade in goods and services and to promote sustainable government.

The mutual relationship between India and the WTO so far may be seen in the above background. India's basic trade policy objectives have been compatible with the overall objectives and mechanism being pursued by the WTO. Similar to the WTO objectives of global integration, India aims at an economy which was being increasingly integrated with the growing world economy, maximizing its gains from trade to achieve objective of 9 percent growth in GDP. India's increased entry into the world market is constrained (Share remaining around 0.64 percent in world exports) significantly by its low income and output levels. But, it is as much constrained by old and new barriers of trade which related to international standards, labour and environmental norms and now economic sanctions. Being a density populated and vast country. India has great interest in world trade in
commercial services which is highly restricted and where its share is minuscule (0.5 percent) compared to its potential.

Despite the constraints on trade expansion, India has responded positively in regard to the agreements on information technology, telecommunications, and the latest one on financial service including banking and insurance. Compared to the country's low income status and this market, its commitments, particularly on tariff reduction under agreements are significantly. While major commitments on tariff-reduction have been met, the quantitative restrictions on trade are on the way out as far as permitted by the internal parameters of the economy. Several legislative reforms have been introduced in the past few years to provide protections to trade related property rights.

India's stand in Ministerial Conferences of the WTO

1. First WTO Ministerial Conference: The first WTO ministerial conference was held in Singapore from 9 to 13 December 1996. If the completion of the Uruguay Round in Marrakesh closed an important chapter of economic history, the first Ministerial Conference in Singapore opened a new one. It is a new chapter in the sense that now world of deepening integration and inter dependence is demanding a new unity of vision.

At the end of the first WTO ministerial conference, the Ministers:

a) Adopted the Singapore Ministerial Declaration, which reaffirms WTO member's support of the multilateral trading system and sets out the WTO work programme for the next few years.
b) Adopted a comprehensive and Integrated WTO plan of action for the least developed countries.

c) Took note of the report of the General Council and endorsed the WTO bodies recommendations contained in the report.

2. Second WTO Ministerial Conference: The second WTO Ministerial Conference, which was held in Geneva on 18th to 20th May 1998, launched a work programme to develop recommendations regarding implementation of existing WTO Agreements and the organisations of future negotiating agenda.

A dozen world leaders joined trade ministers in commemorating the 50th anniversary of the multilateral trading system in Geneva. They paid tribute to GATT's contribution in World economic growth, and gave their respective vision of the trading system's future.

The Ministerial Declaration adopted on 20th May 1998, instructed the General Council to hold a special session in September 1998 to start a process "to ensure full and faithful implementation of existing agreements, and to prepare for the third session of the Ministerial Conference".

3. Third WTO Ministerial Conference: From November 29th to 3rd December 1999, the World Trade Organisation held its third Ministerial Conference in Seattle, Washington, where almost 50,000 representatives of civil society converged to observe the proceeding, organise workshops and out to protest against WTO policies. This meeting was a fiasco because of the ramping cohorts of NGOs with their private agencies bent upon disrupting and preventing the meeting.
Protesting groups can be divided into two major groups (1) those protesting against the WTO itself, and its agenda of globalisation and trade liberalisation and (2) those calling for the incorporation of labour and environmental standards in WTO agreements.

Most of the ministers were besieged in their hotels. Even the UN Secretary General and the American Secretary of the state were stranded far away from the venue.

So, the third WTO Ministerial Conference, which was scheduled to eve lope agenda for a new round of trade negotiations, failed to reach an agreement. The Draft Declaration had no legal status.


The proceedings of this Ministerial meet and declaration of the WTO future work programme were being viewed as victory for developing countries including India. With negligible share in World trade (0.6 percent), Indian Commerce Minister was able to focus the discussion on the concerns of developing countries in relation to implementation issue and inability of these countries to take up additional burden proposed through negotiations on the Singapore issue.

At the end of the meeting, there were several good things about the WTO declaration. A unanimous declaration and the entry of China and Taiwan mark the measure of optimism in WTO. Countries like India depend upon this multilateral body as no regional trade agreement, except SAFTA, is ready to do business with India on
account of high disparities in tariff structure, which make it impossible to work out common tariffs.

5. Fifth WTO Ministerial Meeting in Cancun: The fifth WTO Ministerial meeting in Cancun, Mexico was held on September 10-14, 2003. A draft of Cancun Ministerial meeting was circulated among the member countries on July 18, 2003 and the preparatory work took place in a milieu where the Doha development agenda remained far from fulfilled. Among others, the Doha Declaration clearly stated:

- The need to address the implementation issues and concerns.
- The need to address the public health concerns in the contest of the TRIPs agreement.
- The need to expedite the liberalisation of the agriculture sector.

However, at the Cancun Conference the progress on these issues was very slow.

Regarding the implementation issues such as market access and special and differential treatment, there was hardly any serious effort. There were 40 items (out of more than 100 items) under consideration in the implementation related issues and concerns attached to the Doha Declaration. It appears that the developed countries are shying away from fulfilling implementation commitments.

3. ADVANTAGES OF WTO

When the Uruguay Round of trade negotiations was launched in 1986, only a few developing countries showed active interest in the
work of the Geneva-based General Agreement on Tariffs and Trade (GATT) by appointing national negotiators to serve in Geneva.

Eight years later in 1994, when the Uruguay Round was completed and the World Trade Organisation was created, many more countries were engaged in trade negotiations. The majority of them have now established their permanent missions in Geneva. At present, 151 countries are members of the WTO, and over 30 developing countries and transition economics are negotiating for accession. These include the Russian Federation and Ukraine.

Now, the countries are showing greater interest in the rule-based system that has emerged from the UR because of the reasons given below:

The world economy is globalizing rapidly through international trade and flow of foreign direct investment. Revolutionary changes in transport and communications make it possible even for small manufactures in developing countries to look for markets in countries thousands of miles away.

Communism’s collapse paved the way for gradual adoption of market-oriented policies in most countries where production and trade were centrally controlled. These counties, which in the past traded primarily among themselves, are increasingly trading on a world-wide basis. Many developing countries have replaced import substitution policies with export-oriented policies, under which they seek to promote economic growth by exporting more and more of their products.
Firms increasingly obtain components and intermediate products from countries, where costs are lower, and establish production facilities there. Thus, the products available in the market today—whether consumer items like ready-made garments, consumer durables such as refrigerators, or capital goods—often result from production processes undertaken in more than one country.

Increased dependence on trade both as exporters and as importers of goods and services—has made governments and businesses aware that an international system has a role to play in safeguarding their trade interests. The rule-based system assures them that access to foreign markets is not suddenly disrupted by higher tariffs or import restrictions, but the supplies are imported without delay at competitive costs. Businesses can consequently plan export production without fear that foreign markets may be lost due to restrictive government actions.

1. Benefits to the Business Community: WTO system is relevant to international business decisions taken by industry associations and firms. In short, governments negotiate improved market access to enable firms to convert trade concessions into trade opportunities.

Business communities in many developing countries, however, are not entirely aware of the system’s advantages. The main reason is the system’s immense complexity, which has so far prevented these communities from taking an interest in, and getting acquainted with, its rules. It is, for instance, not widely known that the legal system not
only confers benefits on producing industries and business enterprises but also creates rights in its favour.

2. Benefits to Exporters: Security of Access: tariff binding (putting a ceiling on tariff increases) provides safe access to markets, enables exporting industries to make investment and production plans under greater conditions of certainty.

In trade of goods, almost all tariffs of developed countries and a high proportion of those of developing and transitional economies have been bound against further increases in WTO. Binding ensures that importing countries will not disrupt improved market access (resulting from the tariff reductions agreed and incorporated into each country's schedule of concessions) by sudden increases in rates of duties or by other restrictions. In trade of services, countries have made binding commitments not to restrict access to service product and Foreign Service suppliers beyond the conditions and limitations specified in their national schedules.

The system provides stability of access to export markets, as all countries are required to apply the uniform set of rules in various agreements. Thus, countries must ensure that their rules - to determine dutiable value for customs purposes, to inspect products to ascertain conformity with mandatory standards, or to issue import licenses - confirm the provisions of the relevant agreements.

3. Benefits to Importers: Enterprises often have to import raw materials; intermediate products and services for export production purposes. To facilitate imports, the basic rule requires that imports be allowed in without further restrictions upon payment of duties, and
other national regulations applied at the border confirm the uniform rules laid down by the Agreement.

Importers thus have assurance that they can obtain their requirements without delay and at competitive costs. Tariff binding also assures importers that their importing cost will not be increased by higher custom duties.

4. Rights of Domestic Products and Importers: Some agreement requires the legislation of member countries to provide certain rights to domestic producers and importers. Governments are obliged to enforce some of these rights under their legal systems. Enforceable rights include those stemming from the agreement on customs valuation, which obliges governments to legislate that importers have a right:

- To justify declared value, where customs express doubts about the truth or accuracy of that value; and

- To require customs to give them in writing its reasons for rejecting the declared value, so that they can appeal to higher authorities against the decision.

Rights requiring governments merely to use their best endeavours include those covered by the agreement on Import licensing, which calls for import licenses to be issued within specified periods after receipt of application. In this example, unless the national legislation provides otherwise, the importer has a right to expect that the licenses will be issued within the stipulated time.
The claim to such rights is often subject to conditions that the domestic industry or firm must fulfil for instance, an industry has the right to request to its government to increase temporary protection by taking safeguard action or levying anti-dumping duties, where it considers imported goods are injuring domestic industries, or to levy countervailing duties where lower prices are the result of subsidies. Before commencing investigations, the authorities must ascertain whether producers representing a substantial proportion of total production support the petitioner.

5. Rights of Exporters: An example of the rights, which the agreement create in favour of exporters, is the right to give evidence for the levy of anti-dumping or countervailing duties during investigations in importing countries.

When the authorities in importing countries fail to honour their rights, exporters cannot approach to dispute settlement body directly for redress. Exporters must take the matter up with their own governments, which may pursue the issue bilaterally with the government of the importing country. If necessary, a government can raise issues under WTO procedures for dispute settlement.

4. DISADVANTAGE OF WTO

Despite various advantages to the world economy that have all ready been discussed, the WTO has certain disadvantage discussed here in under:

1. Neglect of Agriculture: Agriculture is principal pillar of Indian economy even then agriculture is neglected beyond
consideration. The government is indifferent in this regard. We import several agro-products from abroad, but we are not strengthening our agriculture by making great deal of investment this sector.

The government have a great care of industrial and service sectors but a little of agriculture sector. Under the terms of WTO the Government of India has made a variety of reforms in the economy to attract investment in non-agro-sectors. During the same period Govt. of India itself did much investment in business, industrial and infrastructure sector but shown apathy toward rural sector. Agriculture has become a step-son of the Govt. It is looking for reforms, its looking for fresh investment and it is looking for positive attitude of the Government. All sort of subsidies have been withdrawn from agriculture; the input cost has risen considerably but not the support prices of the agro-products. Wheat, Oilseeds, Pulses etc. are imported by the Govt. at considerably high prices of the procurement prices but farmers of India are not paid at the rate of international prices whereas they are expected to pay international prices for inputs. Indian farmers are also charged at a higher rate than the industrialists for the borrowing which the make from the commercial banks.

2. Inadequate reforms in labour laws: As a consequence of becoming a member of W.T.O. India had to resort to labour reforms so that multinational companies can operate here with great ease. Several changes so far have been introduced in Indian labour laws to bring ‘reform’. As a result ‘certainly of employment’ has gone. ‘Hire and fire’ policy of employment provided the employer the liberty of expulsion without any good reason. Working hours of workers of
factories and offices are much in excess of what are still stipulated in labour laws. Holidays with wages are almost denied. Our young population is becoming mentally and physically sick under the burden of work and excessive working hours. Days are not far when India will be known for its highest workable sick population in the world.

3. **Danger to the existence of small entrepreneurs:** Global environment is highly competitive and capital dominated.

With opening of Indian economy for global trade many institutional and attitudinal changes are taking place in our business and legal environment. Small entrepreneurs operating with small amount of resources feel hard to survive in tough environment. Consumers too are on a 'ride' on account of elusive and glamorous advertisement. Foreign brands, illuminating malls and gorgeous retail chain are attracting them. Simple neighbourhood shop is now giving them a rustic look. The market is flooded with foreign goods. The poor small entrepreneurs operating at small scale is 'cost inefficient' and as a result turning out of market under the harsh rule of economics.

4. **Poor infrastructure:** 'Globalization' implies 'global interaction' and 'global interface'. Once one invite global forces to one's gave severity of attack and dominance of strong in the game is inescapable. No matter one is familiar with the global business rules, no matter one has prepared oneself fully for the game-opening up of Indian economy for global trade tell a pitiful story of 'exploits and defaults'. Our government did not remain serious in implementation of Structural Adjustment Programme that was sanctioned at the outset of signing WTO with a view to prepare economy to face global
challenges. That was the period to train to business community about the rules of the game, to tell them to become cost conscious, to tell them to become innovative and to tell them to upgrade themselves upto international standards. This was the duty of the government to provide them all sort of assistances required by them in these regards. The Govt. did nothing in this direction except holding some seminars and conferences in five star hotels. Whatever success story the India has written so far is on account of those businessmen who had an earlier exposure of international environment. They knew the requirements to face globalization and did it seriously but those who did not have such exposure failed utterly in their first test. To top it all, Government of India did not take up at large scale infrastructure development programme that was a pre-requisite of global competition. Today India is facing the shortage of power, transportation facilities, roads, housing, health and education of world level. This is impeding our trade growth heavily.

5. Poor research and development: India is a developing and third world country, why? because of poor research and development. We have the great brains but we cannot use them without infrastructure and opportunities. Because the investment in R&D and related infrastructure is not adequate to develop our country’s skill and resources. India has to import required technologies and critical equipments. This drag our development plan. Indian talent find not opportunity here in our country to do research. Big Indian Companies are also dependant on their collaborator or partner for supply of required technology. We pay for that and several times get obsolete technology against heavy payment. Heavy investment is required to be
made in order to develop research and development facilities in India. Public and private both types of investment should be made to establish world class research and development facilities so that new production technologies, new materials, new methods may be developed indigenously and product innovation and testing facilities may be made available to new entrepreneurs.

6. Dominance of Developed Countries: ‘Survival of the fittest’ is the law of global market. No one with weak vision and small amount of resources can service amidst global competition, while operating in global environment. Although the present global trade systems is regulated one and being operated on the principle of equality of opportunities. This way the rules of game one little soft and are not so harming as rule of jungle to the small and weak players. For their survival they have opportunity of tie-up and collaboration with the stronger ones. But again the power to bargain tilt the balance in favour of the strong player and the net result is that a big corporation with huge resources and state-of-art technology is going to win in a way or the other. The western countries particularly, the European union countries and US the lands of multinationals. As nations these countries are stronger politically and economically. They dominate in WTO forrum and global market as well. Thus rules are softer towards developed countries to benefit multinational corporations. The under developed and developing countries are paying cost of their lower level of development. But there is no alternative.

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