PREFACE

The nature of world trade has gone through significant structural changes in recent years. On January 1, 1995, conclusions of Uruguay Round of trade negotiations has resulted in the formation of World Trade Organization (WTO), the first and the most powerful world trade regulating agency. India is proud to have been a founder member of WTO. The aim was to participate in the WTO rule based system with greater stability, transparency and predictably in the governance of international trade. In mid 1991, the Indian government initiated macro economic reforms and structural adjustments in different areas of the economy. India became increasingly open to external trade and investment flows. Various measures were adopted to correct the earliest anti export bias. These were in the form of withdrawal of quantitative restrictions (QRs), reduction and rationalization of tariffs, liberalization in the trade and payments regime and improved access to export incentives.

With considerable degree of openness, there has been a phenomenal expansions in international trade and investment flows of India. India's exports have been consistently rising. Indian economy is being diversified. It has come to that stage of development where the role of services sector, especially of services exports have become more and more dominating. Realizing the important contribution of foreign capital, government introduced major changes to attract FDI in India.

However, despite of all these efforts, external sector reforms have not lived upto expectation. India is still a negligible player in world trade. It has so far been unable to define its ability and direction to conduct international trade in the face of highly competitive international trade regime. Services trade are also facing several barriers. India is still on a lower ladder among some major FDI receiving countries of Asia.
It is against this back ground, this study attempts to analyze the impact of WTO on India's foreign trade, both goods and services. India's competitiveness in attracting FDI have also been evaluated. From the analysis, it has been recognized that, there are unequal players in the game, and developing countries, including India are limited in their financial and physical capacities to take equal commitments. Our analysis revealed that, to compete in this era of multilateral trade negotiations (MTNs) India needs some hard negotiations at the WTO.

To sum up, for India Implications are that, in the short run gains may be unimpressive but it will certainly pick up in the long run as reform process gathers momentum.

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