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WTO's IMPACT ON FOREIGN TRADE AND BALANCE OF TRADE (BOT) POSITION OF INDIA.

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ABSTRACT

The Specific objective of the this paper is to evaluate the jolt of WTO on India's Foreign Trade. On January 1, 1995 when world trade organisation(WTO) came into corporeality the exclusive economy of world effect in reference of world trade because WTO formed new intentional trade rule and regulation for world trade. This result is covered with jolt of WTO on foreign trade of India, how world trade has been gained by India after the establishment of of the WTO. The objective of the research is to analyse the effect of WTO on foreign trade of India and Balance of Trade (BOT) Position during the study period(1995-96 to 2017-18). In order to check the effect of WTO on foreign trade of India during the period(1995-96 to 2017-18) the secondary data has been used. statistical techniques are employed in this study: Average , Percentage , Annual rate of growth(AGR) , compound annual rate of growth(CARG) , Tabular and Graphs. It concluded that foreign trade of India has not been gained up to the mark that results in to less gaining of vantages from foreign trade. No doubt there is positive impact of WTO on India's foreign trade but problems from our end as we are enable to control our import's that's impact mostly negative on balance of trade(BOT) position of our country.

KEYWORD: WTO(WORLD TRADE ORGANIZATION),FOREIGN TRADE,BOT(BALANCE OF TRADE POSITION)

1. INTRODUCTION

1.1 WORLD TRADE ORGANISATION(WTO)

In 1995, world trade organisation (WTO) was established. The main purpose of WTO was to maintain the strong relationship among member countries .GATT(General agreement on tariffs and trade) was former name of WTO.GATT was converting into WTO during Uruguay round in 1995, with equal status to IMF and World Bank.WTO which replace the GATT has come into effect from 1stJan.1995 with around 85 founding constituent including India. The main purpose of WTO are passages trade related intellectual property bequests, Trade related investment measures ,General Agreement and trade services, dispute settlement system and monitoring of Trade programmes.WTO is a council for countries to iron out their differences on trade goods. Thus there are a number of ways of appearing at the WTO – An association for liberalizing trade, a council to negotiate trade agreements, a situation to settle trade difficulties. But it's not superman, exactly in case anyone allowed it could break up – or cause – all the world's cases. India has espoused the procedure of utmost loved nation(MFN) to all its WTO trading members.

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1.2 INDIA AND WTO

GATT was signed by 23 countries in 1947. India was one in every of the author member of GATT. The main ideal of GATT was establishment of World Trade governance during which countries would gradually liberalise trade among themselves. Therefore, reduction of tariff on crossroad manufacturers was espoused a significant thing for GATT. The finally signing of ultimate act of Uruguay circle by member nations of GATT in April 1994 paved the thruway for the fixing of the planet Trade Organisation(WTO). An agreement to the present-day- day effect was signed by 104 constituents. The WTO agreement came into force from January 1st 1995 and India come a author member of the planet Trade Organisation by ratifying the WTO agreement on December 30, 1994. The GATT was not really an organisation , it had been exclusively a legal trade arrangement. In equated to GATT, the WTO is far more important due to its institutional foundation and its dispute consensus system. The objects of the WTO are important the identical as those of GATT, i.e. raising metric of abiding and return, icing profitable condition, expanding product and trade and making full use of the worlds resources. Now the WTO is that the most significant organisation in international situation which deals with the foundations and regulations of the trade among different nations. The most function of the WTO is to confirm that trade overflows are fluently predictable fairly and freely as practicable. The 97 per cent of world trade are conducted by the member countries of the WTO.

2. REVEIW OF LITERATURE

Dasgupta(2004), concluded that establishment of World trade organisation in Jan.1995 and trade liberalisation in 1991 put many questions on present and future development possibilities of developing countries. *Sidhu and kaur (2004)*, concluded in their study that during post -liberalisation and post -WTO period there is significant changes in Direction, commodity composition and growth of exports as well as imports. But side by side study shows that there is deficit in balance of trade. *Rajesh Kumar pillanina(2008)*, Concluded that the world trade of India highly improved during last decade. *Anjani Kumar (2010)*, find that policy reforms and economic liberalisation are key factors for international market opportunities. *Murat seeker (2011)*, concluded that many Asian countries had sustained highly export growth rate. *Michele Rita (2012)*, concluded that for the expansion of trade, industrialisation , taxes, cost of production, distribution and selling cost for world trade growth , depends upon various factors. *Rameshc.paudel(2014)*, concluded that liberalisation reforms is main objective of the developing countries which would help in improving exports. *Manoj Kumar Sinha (2016)*, concluded that exception rate of growth of India depend upon economic reforms.

3 RESEARCH DESIGN

3.1 Need of the study:

In order to understand the Effect of WTO on foreign Trade of India and balance of trade (BOT) position during the study period (1995-96 to 2017-18) , it's essential to know all about WTO with reference to India.

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3.2 Objective of the research:

The objective of the research is to analyse the effect of WTO on foreign trade of India and Balance of Trade (BOT) Position during the study period (1995-96 to 2017-18).

3.3 Area of the research:

This research is expounded to analyse the effect of WTO on foreign trade of India and Balance of trade (BOT) position during the study period (1995-96 to 2017-18). In order to analyse the above mentioned objectives data has been taken from 1995-96 to 2017-18, as WTO was established on 1st Jan. 1995

3.4 Research methodology:

Research methodology could be a plan in step with which observations are made and data is assembled.

3.4.1 Data collection:

In order to check the effect of WTO on foreign trade of India during the period (1995-96 to 2017-18) the secondary data has been used. The secondary source of data arranged from different sources, like economic survey of India, banking concern of India reports, foreign trade review, Indian journal of commerce, Indian journal of economics, Ministry of Commerce and industry (Various annual report of the related years), financial express (various issues), Economic and political weekly (different issues) and various websites.

3.4.2 Used of statistical tools:

Following statistical techniques are employed in this study: Average, Percentage, Annual rate of growth (AGR), compound annual rate of growth (CARG), Tabular and Graphs.

3.4.3 Limitation of this study:

Firstly most of the information given in the present study has been quoted from this Secondary sources which have their own limitation.

Secondly, in order to have an depth study of foreign trade more comprehensive data was required but limited data was received from various sources including various websites of Internet.

Thirdly, every research takes a particular span of time to complete but time has their own limitations. However, still all sincere efforts are made to make the study more meaningful and precise in nature

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4.DATA ANALYSIS AND INTERPRETATION

Table 1: Impact of WTO on Growth and balance of trade position of India's foreign trade (1995-1996 to 2017- 2018)

| YEARS | EXPORTS(CRORE) | | Imports crore | Annual growth rate of import (%) | Trade Balance (crore) |
|---------|----------------|---------------------------------|---------------|----------------------------------|------------------------|
| | | Export growth rate (%) annually | | | |
| 1995-96 | 106353 | 28.6 | 122678 | 36.4 | -16325 |
| 1996-97 | 118817 | 11.7 | 138920 | 13.2 | -20103 |
| 1997-98 | 130100 | 9.5 | 154176 | 11 | -24076 |
| 1998-99 | 139752 | 7.4 | 178332 | 15.7 | -38580 |
| 1999-00 | 159095 | 13.8 | 215529 | 20.9 | -56434 |
| 2000-01 | 201356 | 26.6 | 228307 | 5.9 | -26950 |
| 2001-02 | 209018 | 3.8 | 245200 | 7.4 | -36182 |
| 2002-03 | 255137 | 22.1 | 297206 | 21.2 | -42069 |
| 2003-04 | 293367 | 15 | 359108 | 20.8 | -65741 |
| 2004-05 | 375340 | 27.9 | 501065 | 39.5 | -125725 |
| 2005-06 | 456418 | 21.6 | 660409 | 31.8 | -203991 |
| 2006-07 | 571779 | 25.3 | 840506 | 27.3 | -268727 |
| 2007-08 | 655864 | 14.7 | 1012312 | 20.4 | -356448 |
| 2008-09 | 840755 | 28.2 | 1374436 | 35.8 | -533681 |
| 2009-10 | 845534 | 0.6 | 1363736 | -0.8 | -518202 |
| 2010-11 | 1136964 | 34.5 | 1683467 | 23.4 | -546503 |
| 2011-12 | 1465959 | 28.9 | 2345463 | 39.3 | -879504 |
| 2012-13 | 1634319 | 11.5 | 2669162 | 13.8 | -1034843 |
| 2013-14 | 1905011 | 16.6 | 2715434 | 1.7 | -810423 |
| 2014-15 | 1896348 | -0.5 | 2737087 | 0.8 | -840738 |
| 2015-16 | 1716384 | -9.5 | 2490306 | -9 | -773921 |
| 2016-17 | 1849434 | 7.8 | 2577675 | 3.5 | -728242 |
| 2017-18 | 1956515 | 5.8 | 3001033 | 16.4 | -1044519 |
| CAGR | 0.1415 | | 0.1564 | | |
| CAGR(%) | 14.15 | | 15.64 | | |

Sources: Different issues of Directorate General of commercial Intelligence and statistics(DGCI&S), Kolkata

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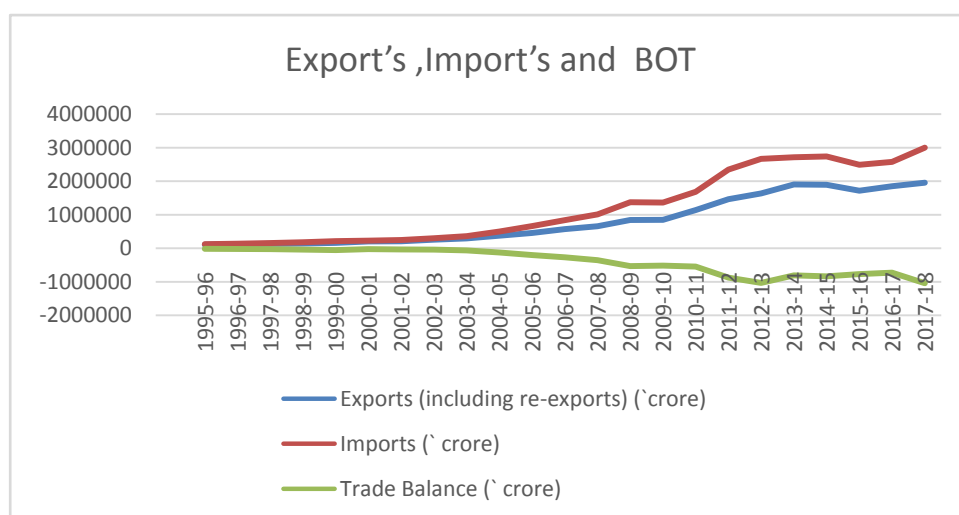
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Table 1. shows the effect of WTO on foreign trade of India during the period (1995-96 to 2017-18). Table shows that during the year 1995-1996 minimum export and import were Rs 106353 crore and Rs 122678 crore respectively. It's also depicts that during the year 2017-2018 maximum export were Rs. 1956515 crore and import were Rs. 3001033 crore. Table shows that during the year 2010-11 highest annual export growth rate were 34.5 percent and highest annual import growth rate were 39.5 percent during the year 2004-05. It's depicts that highest export growth rate of downfall were -9.5 % during the year 2015-16, whereas highest import growth rate of downfall were -9% during the year 2015-16. Table depicts that highest negative balance of trade (BOT) position of India's were -10,44,519 crore during the year 2017-18 and lowest negative balance of trade position of India's were -16,325 crore during the year 1995-96) compounded annually Growth Rate (CAGR) of export were 14.15%, whereas import were 15.64%. It's shows that CAGR imports were increasing in comparison to CAGR of exports. That's why there was negative-trade position of foreign trade of India during the research period.

Figure 1: Impact of WTO on Export, Import, and Balance of Trade (BOT) of Foreign Trade of India (1995-1996 to 2017-2018)



Graph 1. depicts the Export ,import and balance of trade position of foreign trade of India during the research period. Blue line depicts the India's export whereas red line depicts the line of India's import. Graph shows that imports and export grew but imports grew more faster in comparison to export. In the graph silver-line shows that the balance of trade position of India, Which shows that almost negative balance since 2003-2004. Silver-line also depicts that during 1995-1996 to 2017-18 the line went downfall as imports were increased in comparison to export.

5. Conclusion and suggestions

Conclusion :

- It can be conclude that during the year 1995-1996 minimum export and import were Rs 10,6353 crore and Rs 12,2678 crore respectively.

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- It's also depicts that during the year 2017-2018 maximum export were Rs.19,56,515 crore and import were Rs. 30,01,033 crore.
- Further it can be conclude that during the year 2010-11 highest annual export growth rate were 34.5 percent and highest annual import growth rate were 39.5 percent during the year 2004-05.
- It's depicts that highest export growth rate of downfall were -9.5 % during the year 2015-16, whereas highest import growth rate of downfall were -9% during the year 2015-16.
- Further it can conclude that that highest negative balance of trade (BOT) position of India's were -10,44,519 crore during the year 2017-18 and lowest negative balance of trade position of India's were -16,325 crore during the year 1995-96. compounded annually Growth Rate (CAGR) of export were 14.15%, whereas import were 15.64%.
- No doubt there was positive effect of WTO foreign trade of India but problems from our end as we are unable to control our imports that's impact mostly negative on balance of trade (BOT) position of our country.
- In nutshell it can be concluded that (CAGR) of imports were increasing in comparison to CAGR of exports. That's why there were negative balance of trade position of foreign trade of India during research period.

Suggestion:

- Government of India must have to take step to imposed restriction on imports and should make policies, that will help to increase exports in future.
- The balance of trade of our country can only be positive if we focus on increase in exports and reduce in imports, otherwise we've to face the negative balance of trade position as usual since independence.
- Special Economic Zone (SEZ) would play a significant role to increase in exports.
- Government of India should focus on international trade relations specially with WTO.
- Government of India should focus on policies which can help to boost export from India.
- Our products should be highly qualitative in International market as there is much competition in International level. we must think about it.

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