WTO and multilateral trade in 21st century: Challenges and opportunities for developing countries with special reference to India

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Abstract

The World Trade Organization (WTO) has remained the cornerstone of the multilateral trading system since its establishment in 1995, facilitating international trade through a rules-based framework. In the twenty-first century, developing countries have experienced both new opportunities and emerging challenges arising from trade liberalisation, digital transformation, geopolitical uncertainties, and changing global value chains. The present study examines the role of the WTO in promoting multilateral trade with special reference to India and evaluates the opportunities and constraints faced by developing economies under the evolving global trade environment.

The study adopts a descriptive research design and is based entirely on secondary data collected from WTO publications, UNCTAD reports, World Bank databases, Government of India reports, RBI publications, the Economic Survey, and peer-reviewed research articles. Recent trade statistics indicate that India has emerged as one of the fastest-growing trading nations. According to the WTO (2024), India ranked among the world's leading exporters of commercial services, with services exports exceeding US$340 billion in 2023, while the country's total merchandise exports reached approximately US$437 billion during 2023–24. These developments demonstrate India's increasing participation in global trade despite persistent challenges such as non-tariff barriers, agricultural subsidies, supply chain disruptions, and digital trade regulations.

The study concludes that an effective multilateral trading system, supported by WTO reforms, enhanced trade facilitation, digital competitiveness, and sustainable trade policies, can significantly strengthen the economic prospects of developing countries. For India, continued engagement with the WTO, coupled with domestic trade reforms and export competitiveness, will be essential for achieving inclusive growth and the vision of Viksit Bharat@2047.

Keywords: World Trade Organization (WTO), Multilateral trade, Developing countries, India, Global trade

Introduction

The World Trade Organization (WTO) has been the principal institution governing international trade since its establishment on 1 January 1995. It was created following the successful conclusion of the Uruguay Round negotiations under the General Agreement on Tariffs and Trade (GATT) with the objective of promoting a transparent, predictable, and rules-based multilateral trading system. Over the past three decades, the WTO has played a significant role in reducing trade barriers, encouraging fair competition, resolving trade disputes, and facilitating the integration of developing countries into the global economy. In an increasingly interconnected world, multilateral trade has become one of the most important drivers of economic growth, technological progress, industrial development, and employment generation.

The twenty-first century has witnessed remarkable changes in the global trading environment. Rapid technological advancement, digitalisation, artificial intelligence, e-commerce, global value chains, climate-related trade measures, geopolitical conflicts, and supply chain disruptions have transformed the structure and direction of international trade. At the same time, the emergence of new economic powers and the growing participation of developing countries have altered the balance of global trade. According to the World Trade Organization (2024) [22, 23], the value of world merchandise trade exceeded US$24 trillion in 2023, while global commercial services trade crossed US$7.5 trillion, indicating the increasing importance of services, digital trade, and knowledge-based economic activities.

Developing countries have emerged as important participants in the multilateral trading system. Their contribution to global production, exports, investment, and consumption has increased considerably over the past two decades. However, these countries continue to face several structural challenges, including limited technological capabilities, dependence on primary commodities, inadequate infrastructure, non-tariff barriers, agricultural subsidies in developed economies, and unequal bargaining power during international trade negotiations. These issues often reduce the potential benefits that developing countries expect to derive from multilateral trade agreements. Consequently, there is an increasing demand for reforms that make the WTO more inclusive, transparent, and responsive to the developmental concerns of low- and middle-income economies.

India represents one of the most significant developing economies within the WTO framework. Since the introduction of economic reforms in 1991, the country has progressively integrated with the global economy through trade liberalisation, export promotion, foreign investment, and participation in multilateral and regional trade agreements. As one of the founding members of the WTO, India has consistently advocated a fair and equitable trading system that safeguards the interests of developing countries, particularly in areas such as agriculture, food security, public stockholding, special and differential treatment, and access to affordable medicines.

India's growing importance in international trade is reflected in recent trade statistics. According to the Ministry of Commerce and Industry, India's total merchandise exports reached approximately US$437 billion during 2023–24 despite a challenging global economic environment. Simultaneously, India's commercial services exports exceeded US$340 billion, placing the country among the leading exporters of services worldwide. The services sector including information technology, business services, financial services, tourism, healthcare, education, and digital services has emerged as a major contributor to India's foreign exchange earnings and global competitiveness. The Government of India has also adopted several policy initiatives such as the Foreign Trade Policy 2023, Production Linked Incentive (PLI) Scheme, PM Gati Shakti, National Logistics Policy, and Digital India to strengthen export competitiveness and integrate domestic industries with global value chains.

In recent years, however, the global trading environment has become increasingly uncertain. The COVID-19 pandemic disrupted international supply chains, while geopolitical tensions, protectionist policies, inflationary pressures, and climate-related trade regulations have created fresh challenges for both developed and developing economies. Simultaneously, rapid expansion of digital commerce, artificial intelligence, and technology-driven production systems has introduced new dimensions to international trade governance. These developments have generated important policy debates regarding WTO reforms, digital trade rules, environmental sustainability, intellectual property rights, and equitable market access for developing countries.

India has consistently played a constructive and influential role in the WTO by advocating a fair, transparent, and development-oriented multilateral trading system. The country's negotiating position has primarily focused on safeguarding the interests of developing and least-developed countries, particularly in matters relating to agricultural subsidies, food security, public stockholding programmes, special and differential treatment, and equitable market access. India has also actively participated in discussions concerning trade facilitation, fisheries subsidies, e-commerce, investment facilitation, and intellectual property rights. While supporting an open trading system, India has consistently emphasised that trade rules should provide adequate policy space for developing economies to pursue inclusive growth and sustainable development.

The evolving multilateral trading system presents several opportunities for developing countries. Greater market access, expansion of services trade, participation in global value chains, increased foreign direct investment, technology transfer, and digital commerce have created new avenues for economic growth. The rapid expansion of digital technologies has enabled businesses, particularly micro, small and medium enterprises (MSMEs), to access international markets more efficiently. For countries such as India, comparative advantages in information technology, pharmaceuticals, engineering goods, agricultural products, and professional services offer considerable potential to strengthen export competitiveness and diversify trade. At the same time, initiatives promoting digital infrastructure, logistics improvement, and trade facilitation can further enhance integration with the global economy.

Despite these opportunities, several challenges continue to affect the participation of developing countries in multilateral trade. Persistent agricultural subsidies in developed economies, rising non-tariff measures, sanitary and phytosanitary regulations, technical barriers to trade, and increasing protectionist tendencies often restrict export opportunities for developing nations. In recent years, issues relating to carbon border adjustment mechanisms, environmental standards, digital trade regulations, and supply chain realignments have added new complexities to international trade governance. Furthermore, the prolonged deadlock in WTO negotiations and the weakening of the dispute settlement mechanism have raised concerns regarding the future effectiveness of the multilateral trading system. These developments require developing countries to adopt balanced trade strategies that simultaneously promote competitiveness and protect national development priorities.

Although a considerable body of literature examines the functioning of the WTO and international trade, many existing studies primarily focus on trade liberalisation, tariff reduction, or sector-specific issues. Limited attention has been given to analysing the contemporary challenges and emerging opportunities confronting developing countries in the rapidly changing global trade environment, particularly after the COVID-19 pandemic. Moreover, relatively few studies comprehensively evaluate India's evolving role within the WTO in the context of digital trade, geopolitical shifts, supply chain resilience, sustainability, and the national vision of Viksit Bharat@2047. This gap highlights the need for a fresh and integrated assessment of India's position in the changing multilateral trading framework.

The present study has both academic and policy relevance. It seeks to examine how the WTO continues to influence multilateral trade and economic development in developing countries, with particular emphasis on India. The study also attempts to identify the major opportunities and challenges emerging from recent developments in global trade and evaluates their implications for India's trade policy and long-term economic aspirations. The findings are expected to provide useful insights for researchers, policymakers, academicians, trade practitioners, and students interested in international trade and economic development.

Against this background, the present study analyses the role of the WTO in shaping multilateral trade during the twenty-first century, examines the challenges and opportunities faced by developing countries, and evaluates India's experience within the multilateral trading system. The following sections present the objectives, research methodology, review of literature, data analysis, findings, and policy suggestions based on this framework.

Review of literature

The World Trade Organization (WTO) and the multilateral trading system have been widely examined in international trade literature. Bhagwati (2004) [1] argued that multilateral trade liberalisation has contributed significantly to global economic integration by promoting market access, reducing trade barriers, and encouraging international cooperation. Similarly, Hoekman and Kostecki (2009) [3] observed that the WTO has established a rules-based framework that has enhanced transparency and predictability in international trade, although institutional reforms have become increasingly necessary in response to changing global economic conditions. Stiglitz and Charlton (2005) highlighted that while trade liberalisation has created new opportunities for developing countries, unequal bargaining power, agricultural subsidies, and restrictive trade policies in developed economies continue to limit the expected benefits of the multilateral trading system. Likewise, UNCTAD (2023) reported that developing economies have increased their participation in global trade; however, non-tariff measures, supply chain disruptions, and digital trade regulations remain significant challenges.

In the Indian context, Panagariya (2008) [10] emphasised that economic liberalisation and India's engagement with the WTO have strengthened export competitiveness and accelerated integration with the global economy. The Economic Survey of India (2023–24) also noted that India's growing merchandise and services exports reflect its increasing role in global trade despite uncertain international conditions. Recent studies by the World Trade Organization (2024) [19, 22, 23, 29] and the World Bank (2024)[19] further indicate that digital trade, sustainability, and resilient global value chains are emerging as critical areas for future multilateral cooperation.

The existing literature provides valuable insights into the functioning of the WTO and global trade. However, limited research comprehensively examines the emerging opportunities and challenges for developing countries in the post-pandemic trading environment, particularly with reference to India's evolving role in achieving sustainable economic growth and the vision of Viksit Bharat@2047. This study attempts to address this gap through a contemporary analysis of WTO-led multilateral trade.

Objectives of the study

The present study examines the role of the World Trade Organization (WTO) in promoting multilateral trade and its implications for developing countries, with special reference to India. It seeks to analyse the opportunities and challenges emerging from the changing global trade environment and evaluate India's position within the multilateral trading system.

The objectives of the study are:

- To examine the role of the WTO in promoting multilateral trade among developing countries.
- To analyse the major opportunities and challenges faced by developing countries under the WTO framework, with special reference to India.
- To assess India's participation in the multilateral trading system and suggest policy measures for strengthening its global trade competitiveness.

Research methodology

The study is descriptive and analytical in nature and is based entirely on secondary data. Relevant information has been collected from WTO publications, UNCTAD reports, World Bank and IMF databases, Reserve Bank of India publications, Economic Surveys, Ministry of Commerce and Industry reports, research journals, books, and other authenticated sources. The collected data have been systematically compiled, classified, and analysed to examine recent trends in multilateral trade, evaluate India's role within the WTO framework, and identify the opportunities and challenges confronting developing countries in the twenty-first century.

Conceptual framework

WTO and the multilateral trading system

The World Trade Organization (WTO) is the principal international institution responsible for regulating global trade through a rules-based multilateral framework. Established on 1 January 1995 as the successor to the General Agreement on Tariffs and Trade (GATT), the WTO aims to promote free, fair, transparent, and predictable trade among member countries. With 166 member economies accounting for over 98 per cent of global trade, the WTO provides a common platform for negotiating trade agreements, resolving trade disputes, monitoring national trade policies, and supporting developing and least-developed countries through special and differential treatment provisions.

The multilateral trading system is founded on fundamental principles such as non-discrimination, transparency, market access, fair competition, and the peaceful settlement of trade disputes. It seeks to reduce tariff and non-tariff barriers while facilitating the smooth movement of goods, services, and intellectual property across international borders. The WTO administers major agreements covering merchandise trade (GATT 1994), trade in services (GATS), intellectual property rights (TRIPS), agriculture, trade facilitation, sanitary and phytosanitary measures, and technical barriers to trade. Collectively, these agreements provide a legal and institutional framework that promotes stability and confidence in international commerce.

For developing countries such as India, the WTO has created opportunities to expand exports, attract foreign investment, strengthen industrial competitiveness, and integrate with global value chains. At the same time, concerns relating to agricultural subsidies, unequal market access, non-tariff barriers, and digital trade regulations continue to influence the participation of developing economies within the multilateral trading system.

Evolution of multilateral trade in the 21st century

The twenty-first century has witnessed significant changes in the structure and dynamics of international trade. Globalisation, rapid technological advancement, digital transformation, expansion of global value chains, and increasing trade in services have considerably reshaped the multilateral trading environment. According to the World Trade Organization (2024) [19, 22, 23, 29], global merchandise trade exceeded US$24 trillion in 2023, while commercial services trade surpassed US$7.5 trillion, reflecting the growing importance of knowledge-based industries and digital economic activities.

During this period, developing countries have strengthened their role in global trade by increasing their share in exports, manufacturing, and international investment. India, China, Brazil, Vietnam, and several ASEAN economies have emerged as important contributors to world trade. Simultaneously, the trading environment has become more complex due to the rise of regional trade agreements, protectionist measures, geopolitical conflicts, climate-related trade policies, and disruptions in global supply chains following the COVID-19 pandemic.

Recent developments such as digital commerce, artificial intelligence, green trade, carbon border adjustment mechanisms, and resilient supply chains are redefining the future of multilateral trade. Consequently, the WTO is increasingly expected to modernise its institutional framework and develop new trade rules that address emerging economic realities while ensuring that developing countries continue to benefit from an open, inclusive, and sustainable multilateral trading system.

WTO and developing countries

Trade liberalisation

Trade liberalisation has been one of the central objectives of the World Trade Organization (WTO). Through successive rounds of negotiations, the WTO has encouraged member countries to reduce tariffs, eliminate quantitative restrictions, and improve transparency in trade policies. For developing countries, trade liberalisation has created opportunities to expand exports, attract foreign direct investment, improve industrial efficiency, and participate in global value chains. However, the benefits have not been uniform across countries. Many developing economies continue to face structural constraints such as low productivity, limited technological capacity, and inadequate trade infrastructure, which restrict their ability to fully benefit from liberalised trade.

Market access

Improved market access is one of the major advantages offered by the multilateral trading system. WTO agreements seek to provide member countries with predictable and non-discriminatory access to international markets through the Most-Favoured-Nation (MFN) principle and national treatment provisions. For developing countries, greater market access has contributed to export diversification and economic growth. Nevertheless, several challenges persist in the form of non-tariff measures, technical barriers to trade, sanitary and phytosanitary standards, and complex product regulations imposed by developed economies. These measures often reduce the competitiveness of exports from developing countries, including India.

Agriculture

Agriculture remains one of the most sensitive issues within the WTO framework. Although the Agreement on Agriculture was intended to promote fair competition and reduce trade distortions, substantial domestic support and export subsidies provided by developed countries continue to affect global agricultural markets. Developing countries have consistently argued for equitable treatment, particularly regarding public stockholding programmes, food security, and livelihood protection for small and marginal farmers. India has remained one of the leading advocates for reforming agricultural trade rules to ensure that developing countries retain sufficient policy flexibility to protect food security and rural employment.

TRIPS

The Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) establishes minimum standards for the protection of intellectual property among WTO members. While stronger intellectual property protection encourages innovation, technology development, and international investment, it has also generated concerns among developing countries regarding affordable access to medicines, agricultural technologies, and scientific knowledge. India has maintained a balanced approach by supporting intellectual property protection while safeguarding public health through the effective use of TRIPS flexibilities, particularly in the pharmaceutical sector.

Trade facilitation

The WTO Trade Facilitation Agreement (TFA), which entered into force in 2017, aims to simplify customs procedures, improve transparency, reduce trade costs, and expedite the movement of goods across borders. Efficient trade facilitation enhances export competitiveness and strengthens integration into global value chains. India has implemented several reforms, including digital customs clearance, electronic documentation, the National Single Window System, and logistics improvements, to improve the ease of doing business and facilitate international trade. These measures have significantly reduced transaction costs and improved export efficiency.

Digital trade

Digital trade has emerged as a rapidly expanding component of international commerce in the twenty-first century. Cross-border e-commerce, digital services, cloud computing, fintech, and artificial intelligence are reshaping global trade patterns. Developing countries increasingly recognise digital trade as an important source of export growth and employment generation. India has developed a strong comparative advantage in information technology and digitally enabled services, making digital trade an important contributor to its external sector. However, issues relating to cross-border data flows, digital taxation, cybersecurity, data privacy, and the absence of comprehensive WTO rules on e-commerce continue to present policy challenges. Strengthening digital infrastructure and enhancing digital competitiveness will therefore remain critical for enabling developing countries to benefit from the evolving digital trading environment.

India's role in the WTO

India's trade policy

India has been a founding member of the World Trade Organization (WTO) and has consistently supported a fair, transparent, and development-oriented multilateral trading system. Since the economic reforms of 1991, India's trade policy has gradually shifted from import substitution towards greater integration with the global economy through trade liberalisation, export promotion, and investment facilitation. The Foreign Trade Policy (FTP) 2023 [21] emphasises export-led growth, ease of doing business, digitalisation of trade procedures, and integration with global value chains. The policy also aims to achieve merchandise and services exports of US$2 trillion by 2030, reflecting India's long-term commitment to strengthening its global trade presence.

Export performance

India's export performance has improved considerably during the past decade despite global economic uncertainties. According to the Ministry of Commerce and Industry, India's merchandise exports reached approximately US$437 billion during 2023–24, while services exports exceeded US$340 billion, taking India's total exports to nearly US$778 billion. Engineering goods, petroleum products, pharmaceuticals, electronic goods, chemicals, gems and jewellery, and agricultural products constitute major merchandise exports, whereas information technology, business services, financial services, and tourism dominate services exports. According to the WTO (2024), India has emerged as one of the world's leading exporters of commercial services, demonstrating its growing competitiveness in knowledge-intensive sectors.

WTO negotiations

India has played an active and constructive role in WTO negotiations by consistently advocating the interests of developing and least-developed countries. It has participated prominently in negotiations relating to agriculture, trade facilitation, fisheries subsidies, e-commerce, intellectual property rights, and dispute settlement reforms. India has repeatedly emphasised that WTO agreements should provide adequate policy flexibility for developing countries to address poverty, food security, employment generation, and sustainable development. The country has also supported comprehensive reforms aimed at strengthening the effectiveness, transparency, and inclusiveness of the multilateral trading system while preserving the principle of Special and Differential Treatment (S&DT) for developing economies.

India's position on food security and public stockholding

Food security remains one of India's most important priorities in WTO negotiations. India maintains that government procurement of food grains at the Minimum Support Price (MSP) and public stockholding programmes are essential for ensuring food security, supporting farmers' incomes, and maintaining stable food supplies under the National Food Security Act, 2013. India has consistently argued that existing WTO subsidy rules are based on outdated external reference prices and do not adequately reflect present-day economic realities. Consequently, India has strongly advocated a permanent solution on public stockholding programmes and has opposed any agreement that could restrict its ability to procure and distribute food grains for food security purposes. India's position has received considerable support from several developing countries, making it one of the central issues in contemporary WTO agricultural negotiations.

Challenges for developing countries

Non-tariff barriers

Although tariff levels have declined significantly under the WTO framework, non-tariff barriers (NTBs) have emerged as major obstacles to international trade. Measures such as sanitary and phytosanitary (SPS) standards, technical barriers to trade (TBT), product certification requirements, environmental regulations, anti-dumping duties, and complex customs procedures often increase the cost of exports from developing countries. Limited technological capacity and inadequate compliance infrastructure make it difficult for many developing economies to satisfy these regulatory requirements, thereby reducing their competitiveness in international markets.

Agricultural subsidies

Agriculture continues to be one of the most contentious areas of WTO negotiations. Developed countries provide substantial domestic support and subsidies to their agricultural sectors, which distort international prices and weaken the export competitiveness of farmers in developing countries. Small and marginal farmers in countries such as India are particularly affected by these market distortions. Developing countries have therefore consistently demanded meaningful reductions in trade-distorting subsidies and greater flexibility to implement food security and rural development programmes.

Digital divide

Rapid digitalisation has transformed international trade through e-commerce, digital services, and technology-driven business models. However, significant disparities in digital infrastructure, internet accessibility, technological capability, and digital literacy continue to limit the participation of many developing countries in the digital economy. The absence of advanced digital infrastructure and skilled human resources reduces the ability of businesses, particularly MSMEs, to benefit from emerging opportunities in cross-border digital trade. Bridging the digital divide has therefore become an important prerequisite for achieving inclusive participation in global commerce.

Climate-related trade measures

Environmental sustainability is increasingly influencing international trade policies. Recent initiatives such as carbon border adjustment mechanisms, environmental product standards, sustainability certification, and climate-related reporting requirements are creating new compliance obligations for exporters. Although these measures aim to promote environmentally responsible production, they may impose additional financial and technological burdens on developing countries. Industries with limited access to green technologies and climate finance often face difficulties in meeting evolving environmental standards, thereby affecting their export performance and market access.

Global value chains

Global Value Chains (GVCs) have become an important feature of modern international trade, enabling countries to specialise in different stages of production. Participation in GVCs offers opportunities for technology transfer, employment generation, productivity enhancement, and export diversification. However, many developing countries remain concentrated in low-value manufacturing and resource-based activities due to inadequate infrastructure, limited technological capabilities, skill shortages, and insufficient investment in innovation. Strengthening industrial competitiveness and improving logistics are therefore essential for increasing value addition and integration into global production networks.

Geopolitical conflicts

The global trading environment has become increasingly uncertain due to geopolitical tensions, regional conflicts, economic sanctions, and strategic trade restrictions. Events such as the COVID-19 pandemic, the Russia–Ukraine conflict, disruptions in the Red Sea shipping route, and growing strategic competition among major economies have significantly affected global supply chains and trade flows. Rising freight costs, energy price volatility, and increasing protectionist measures have created additional challenges for developing countries that are highly dependent on international trade. These developments underline the need for diversified export markets, resilient supply chains, and stronger regional as well as multilateral cooperation to reduce vulnerability to external shocks.

Opportunities under the multilateral trading system

Services trade

The multilateral trading system has created significant opportunities for developing countries through the liberalisation of trade in services under the General Agreement on Trade in Services (GATS). Sectors such as information technology, business process management, financial services, healthcare, education, tourism, and professional services have witnessed substantial growth. India has emerged as one of the world's leading exporters of commercial services, with services exports exceeding US$340 billion in 2023–24. Expanding digital connectivity and cross-border service delivery have further strengthened the contribution of the services sector to economic growth, employment, and foreign exchange earnings.

Micro, small and medium enterprises (MSMEs)

MSMEs constitute the backbone of many developing economies and benefit considerably from a predictable and transparent multilateral trading system. Improved market access, reduced trade barriers, digital trade platforms, and simplified customs procedures have enabled small enterprises to participate more actively in international markets. In India, MSMEs contribute approximately 30 per cent of GDP, around 36 per cent of manufacturing output, and over 45 per cent of merchandise exports. WTO-led trade facilitation measures, combined with digital commerce, provide new opportunities for MSMEs to expand exports and enhance global competitiveness.

Digital economy

The rapid growth of the digital economy has transformed international trade by expanding opportunities in e-commerce, fintech, cloud computing, artificial intelligence, and digitally delivered services. Developing countries with strong digital capabilities can access global markets more efficiently while reducing transaction costs. India's expanding digital infrastructure, supported by initiatives such as Digital India, Unified Payments Interface (UPI), and digital public infrastructure, has strengthened its position in the global digital economy. These developments have enabled businesses to reach international consumers while promoting innovation and entrepreneurship.

Green trade

The increasing global emphasis on sustainable development has created new opportunities in green trade. Rising demand for renewable energy technologies, electric vehicles, environmentally friendly products, sustainable agriculture, and low-carbon manufacturing offers significant export potential for developing countries. India has made notable progress in renewable energy production and green manufacturing, creating opportunities to integrate sustainability with international trade. Investments in clean technologies and environmentally responsible production can further improve India's competitiveness in emerging global markets.

Global supply chains

Global supply chains provide developing countries with opportunities to specialise in different stages of production, enhance productivity, attract foreign direct investment, and promote industrial diversification. The recent restructuring of global production networks has encouraged multinational companies to diversify manufacturing locations, creating favourable prospects for economies such as India. Policy initiatives including the Production Linked Incentive (PLI) Scheme, National Logistics Policy, PM Gati Shakti, and infrastructure development programmes have strengthened India's capacity to integrate with global value chains. Improved logistics, digital connectivity, skilled human resources, and a stable policy environment can further enhance India's participation in international production networks and expand its role in global trade.

Data analysis

Table 1: India's Merchandise Exports and Imports (2015–2024) (US$ Billion)

Year	Exports	Imports	Total Trade	Trade Balance
2015	267.6	390.7	658.3	-123.1
2016	264.4	384.4	648.8	-120.0
2017	295.9	444.1	740.0	-148.2
2018	330.1	514.1	844.2	-184.0
2019	313.4	474.7	788.1	-161.3
2020	275.4	367.4	642.8	-92.0
2021	422.0	613.1	1,035.1	-191.1
2022	453.0	714.0	1,167.0	-261.0
2023	437.1	677.2	1,114.3	-240.1
2024*	437.4	720.3	1,157.7	-282.9

Note: 2024 refers to FY 2023–24. ***Source:*** Compiled from Ministry of Commerce & Industry, Government of India (DGCI&S); Reserve Bank of India; Economic Survey 2023 [18-24].

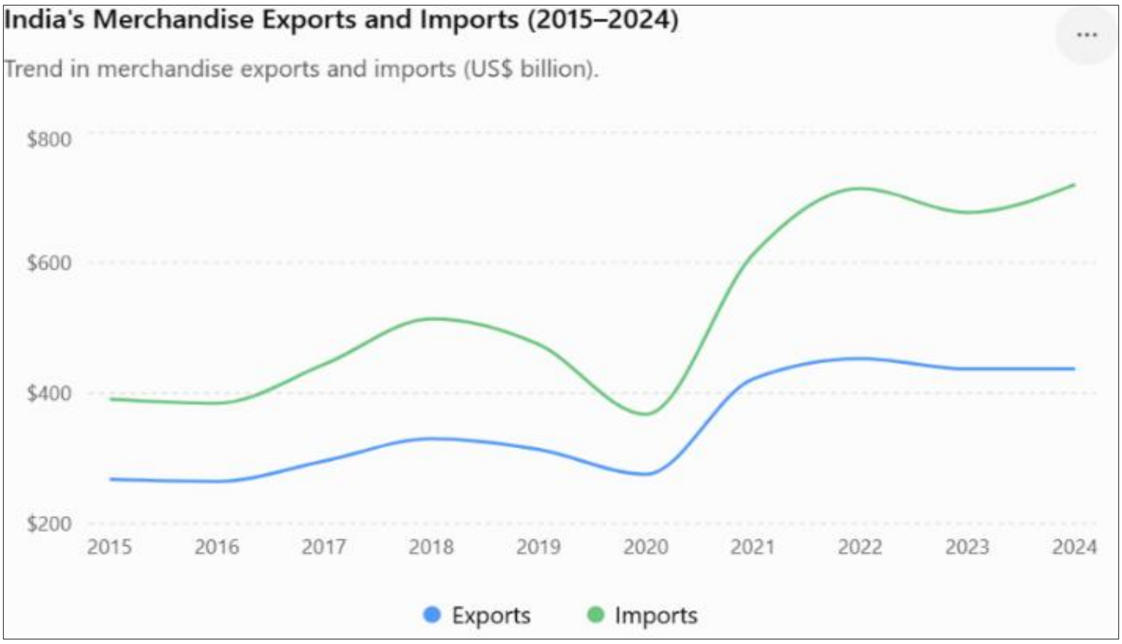

Fig 1

Interpretation

The data indicate that India's merchandise trade expanded significantly during 2015–2024. Merchandise exports increased from US$267.6 billion in 2015 to US$437.4 billion in 2023–24, reflecting stronger export performance in engineering goods, petroleum products, pharmaceuticals, electronics, and chemicals. Imports also recorded substantial growth, rising from US$390.7 billion to US$720.3 billion during the same period. A temporary decline in both exports and imports was observed in 2020 due to the COVID-19 pandemic and disruptions in global supply chains. However, trade recovered sharply in 2021 and reached record levels thereafter. The analysis further shows that India's trade deficit widened from US$123.1 billion in 2015 to US$282.9 billion in 2023–24, primarily because import growth, particularly of crude oil, gold, electronics, and capital goods, outpaced export growth. Overall, the trend demonstrates India's deeper integration into the global trading system while highlighting the need to strengthen export competitiveness and reduce the persistent merchandise trade deficit.

Table 2: India's Services Exports (2015–2024) (US$ Billion)

Year	Services Exports	Annual Growth (%)
2015	154.3	—
2016	160.7	4.1
2017	181.9	13.2
2018	204.4	12.4
2019	214.4	4.9
2020	206.0	-3.9
2021	254.5	23.5
2022	325.4	27.9
2023	341.1	4.8
2024*	341.1	0.0

Note: 2024 refers to FY 2023–24 (Provisional).
Source: Compiled from Reserve Bank of India (RBI), Handbook of Statistics on the Indian Economy; Ministry of Commerce & Industry; Economic Survey 2023–24; WTO, World Trade Statistical Review 2024 [19, 22, 23, 29].

Interpretation

India's services exports have shown a strong upward trend during 2015–2024, increasing from US$154.3 billion in 2015 to approximately US$341.1 billion in 2023–24, representing more than a twofold increase over the decade. The highest annual growth was recorded in 2022 (27.9%), reflecting the post-pandemic recovery in information technology, business services, financial services, transport, and travel. A marginal decline was observed in 2020 due to the COVID-19 pandemic, but exports rebounded rapidly thereafter. The sustained growth highlights India's comparative advantage in knowledge-intensive and digitally delivered services. The performance of the services sector has significantly strengthened India's foreign exchange earnings, enhanced global competitiveness, and established the country among the world's leading exporters of commercial services. The trend also demonstrates the increasing importance of services trade in supporting India's long-term economic growth and integration with the multilateral trading system.

Table 3: WTO World Merchandise Trade Growth (2015–2024)
(Annual Growth in Merchandise Trade Volume, %)

Year	World Merchandise Trade Growth (%)
2015	2.3
2016	1.8
2017	4.6
2018	3.0
2019	-0.1
2020	-5.3
2021	10.9
2022	2.7
2023	-1.2
2024*	2.7 (Forecast)

Note: 2024 represents the WTO forecast published in the World Trade Outlook and Statistics 2024 [19, 22, 23, 29].

Source: World Trade Organization (WTO). World Trade Statistical Review (Various Years); Global Trade Outlook and Statistics 2024.

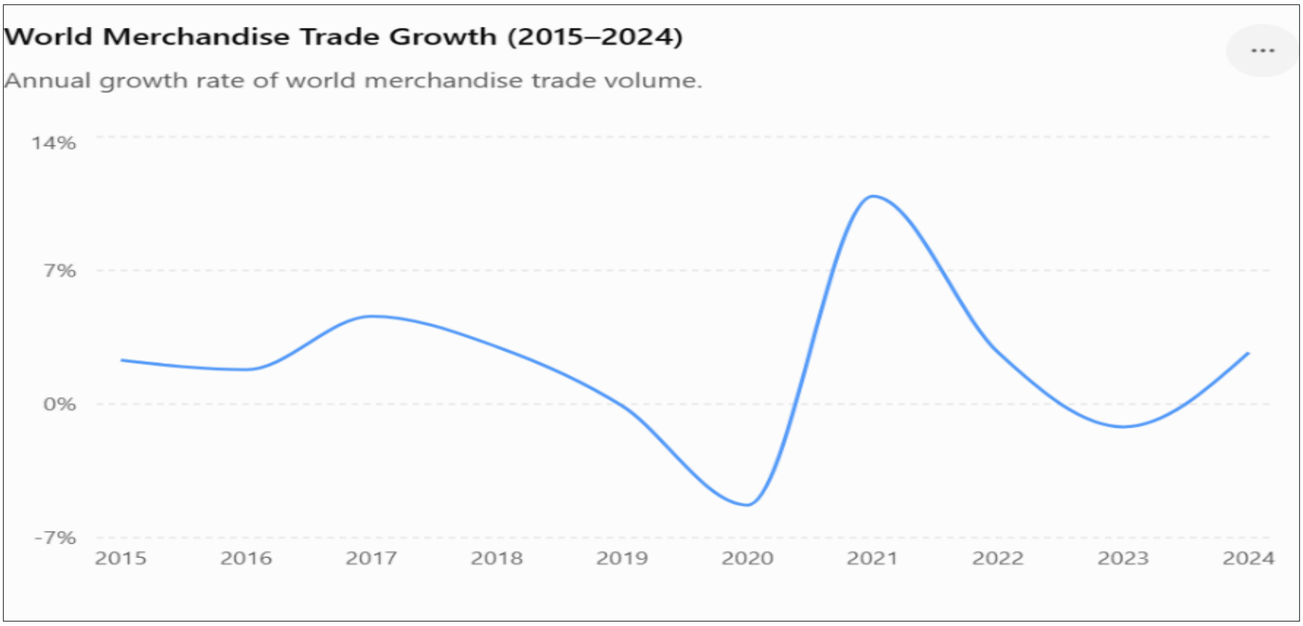

Fig 2

Interpretation

The data indicate considerable fluctuations in world merchandise trade growth during the period 2015–2024. Global trade expanded moderately during 2015–2018, with the highest growth of 4.6 per cent recorded in 2017 due to stronger global demand and improved economic activity. Trade growth slowed considerably in 2019 amid rising trade tensions and weakening industrial production. The most significant decline occurred in 2020 (-5.3%), reflecting the severe disruption caused by the COVID-19 pandemic, which affected production, transportation, and international supply chains. A sharp recovery was witnessed in 2021 (10.9%) as global economic activity resumed and international demand increased. However, trade growth moderated in 2022 and contracted slightly in 2023 because of inflationary pressures, geopolitical conflicts, higher interest rates, and slowing global demand. The WTO projects a gradual recovery in 2024. These trends demonstrate that the multilateral trading system remains resilient, although it continues to face significant challenges arising from global economic and geopolitical uncertainties.

Table 4: India's Share in World Merchandise Exports (2015–2024)

Year	India's Merchandise Exports (US$ Billion)	World Merchandise Exports (US$ Trillion)	India's Share in World Exports (%)
2015	267.6	16.50	1.62
2016	264.4	15.98	1.65
2017	295.9	17.55	1.69
2018	330.1	19.29	1.71
2019	313.4	18.89	1.66
2020	275.4	17.36	1.59
2021	422.0	22.41	1.88
2022	453.0	24.55	1.85
2023	437.1	23.78	1.84
2024*	437.4	24.20 (Estimated)	1.81

Note: 2024 figures are based on provisional Indian export data and WTO estimates of global merchandise exports.
Source: Compiled from WTO, World Trade Statistical Review (Various Years); UNCTAD Statistics; Ministry of Commerce & Industry, Government of India.

Interpretation

India's share in global merchandise exports has shown a gradual improvement over the past decade despite fluctuations in world trade. The country's share increased from 1.62 per cent in 2015 to around 1.81 per cent in 2024, reflecting stronger export competitiveness and deeper integration into global markets. A noticeable improvement was recorded during 2021–2022, when merchandise exports reached historic levels following the post-pandemic recovery in global demand. Engineering goods, petroleum products, pharmaceuticals, chemicals, electronics, and agricultural commodities contributed significantly to this growth. However, India's share remains below its potential, primarily due to infrastructure constraints, logistics costs, non-tariff barriers, and increasing international competition. The data suggest that sustained export diversification, greater participation in global value chains, improvements in trade logistics, and technology-driven manufacturing will be essential for increasing India's share in world merchandise exports and strengthening its position in the multilateral trading system.

Table 5: Export–import trend and trade balance of India (2015–2024) *(US$ Billion)*

Year	Exports	Imports	Trade balance
2015	267.6	390.7	-123.1
2016	264.4	384.4	-120.0
2017	295.9	444.1	-148.2
2018	330.1	514.1	-184.0
2019	313.4	474.7	-161.3
2020	275.4	367.4	-92.0
2021	422.0	613.1	-191.1
2022	453.0	714.0	-261.0
2023	437.1	677.2	-240.1
2024*	437.4	720.3	-282.9

Note: *2024 refers to FY 2023–24.*
Source: Compiled from Ministry of Commerce & Industry (DGCI&S), Government of India; Reserve Bank of India; Economic Survey 2023–24.

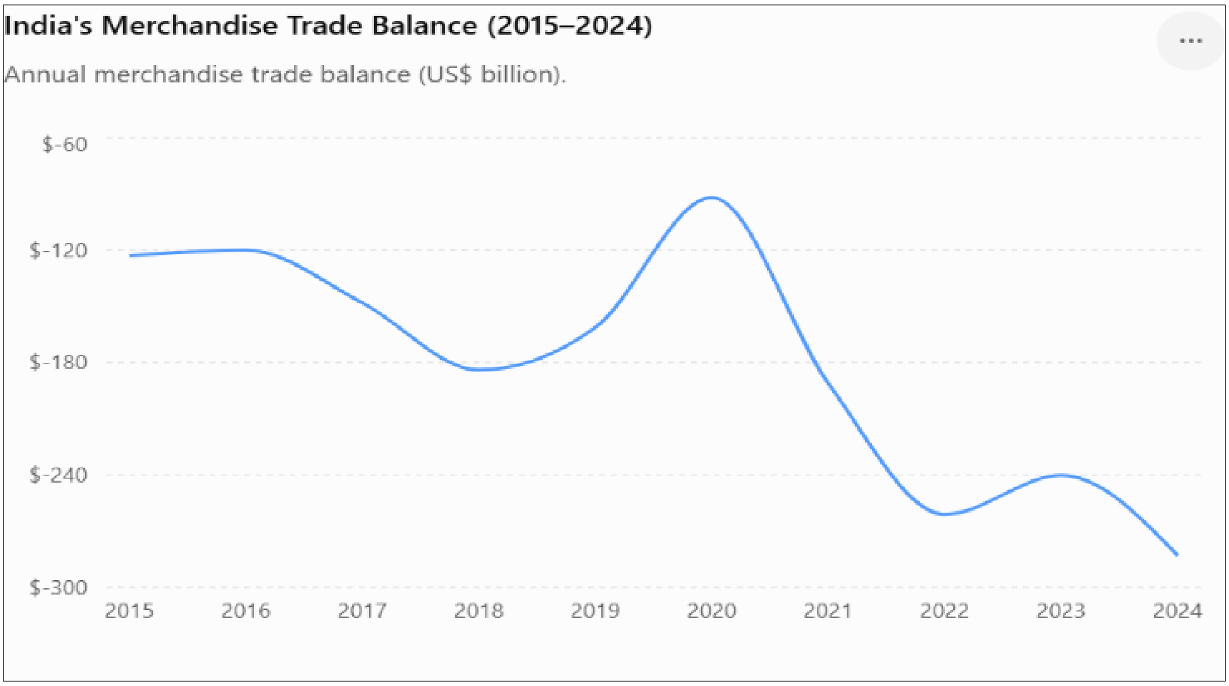

Fig 3

Interpretation

The decade-long trend reveals a substantial expansion in India's international trade, with both exports and imports recording significant growth. Merchandise exports increased from US$267.6 billion in 2015 to US$437.4 billion in 2023–24, while imports rose from US$390.7 billion to US$720.3 billion during the same period. The temporary contraction in trade during 2020 was primarily due to the COVID-19 pandemic, which disrupted production, logistics, and global demand. However, trade recovered strongly from 2021 onwards, supported by the revival of global economic activity and domestic policy initiatives. Despite the positive export performance, India's merchandise trade balance remained negative throughout the study period because import growth consistently exceeded export growth. Higher imports of crude oil, gold, electronic goods, machinery, and intermediate products contributed to the widening trade deficit. The analysis indicates that while India's integration with the global economy has strengthened considerably, sustained efforts towards export diversification, value addition, logistics efficiency, and import substitution are essential for improving long-term trade balance and enhancing global competitiveness.

Findings

The study reveals that the World Trade Organization (WTO) continues to play an important role in facilitating multilateral trade and promoting economic integration among member countries. The analysis indicates that India's merchandise exports increased from US$267.6 billion in 2015 to US$437.4 billion in 2023–24, reflecting the country's growing participation in global trade. At the same time, services exports expanded significantly from US$154.3 billion to over US$341 billion, highlighting India's strong competitiveness in information technology and knowledge-based services. The findings further show that India's share in world merchandise exports improved from 1.62 per cent in 2015 to around 1.81 per cent in 2024, demonstrating gradual progress in export performance. However, the country's merchandise trade deficit remained persistent throughout the study period due to higher import growth, particularly in crude oil, electronics, and capital goods.

The study also finds that developing countries continue to face several challenges, including non-tariff barriers, agricultural subsidies in developed economies, digital disparities, climate-related trade regulations, and geopolitical uncertainties. Despite these constraints, opportunities arising from services trade, digital commerce, green trade, MSME participation, and global value chains have expanded considerably.

Overall, the analysis suggests that while the multilateral trading system has created significant opportunities for developing countries, effective domestic policies, WTO reforms, technological advancement, and enhanced export competitiveness remain essential for maximizing the benefits of global trade and achieving sustainable economic growth.

Suggestions

Based on the findings of the study, the following suggestions are proposed to enhance the benefits of the multilateral trading system for developing countries, particularly India:

- **Strengthen export competitiveness:** India should focus on improving product quality, innovation, infrastructure, and logistics efficiency to enhance its competitiveness in international markets.
- **Promote MSME integration into global markets:** Special support in the form of technology adoption, digital marketing, export finance, and capacity building should be provided to MSMEs to increase their participation in global value chains.
- **Enhance digital trade readiness:** Investments in digital infrastructure, cybersecurity, digital skills, and e-commerce ecosystems are essential to fully exploit opportunities emerging from the digital economy.
- **Advocate WTO reforms:** India and other developing countries should actively participate in WTO reform discussions to ensure a more transparent, inclusive, and equitable multilateral trading system.
- **Address non-tariff barriers:** Greater diplomatic and trade negotiations are required to reduce unjustified non-tariff barriers that restrict market access for exports from developing economies.
- **Support sustainable and green exports:** Government policies should encourage environmentally sustainable production practices and facilitate compliance with emerging global environmental standards and carbon-related trade measures.
- **Diversify export markets and products:** Reducing dependence on a limited number of markets and export commodities can enhance resilience against global economic and geopolitical disruptions.
- **Strengthen agricultural trade policies:** India should continue advocating for fair agricultural trade rules and permanent solutions regarding public stockholding and food security concerns within the WTO framework.
- **Invest in skill development and innovation:** Enhancing human capital, research, innovation, and technological capabilities will improve productivity and support long-term export growth.
- **Promote regional and multilateral cooperation:** Greater cooperation among developing countries through regional trade agreements and multilateral forums can strengthen their bargaining power and improve trade outcomes.

These measures can help India and other developing countries effectively utilize the opportunities offered by the WTO-led multilateral trading system while addressing emerging global trade challenges and achieving sustainable economic development.

Conclusion

The World Trade Organization (WTO) remains a cornerstone of the multilateral trading system and continues to influence the direction of global trade in the twenty-first century. The study highlights that WTO-led trade liberalization has created significant opportunities for developing countries by facilitating market access, promoting export growth, encouraging foreign investment, and integrating economies into global value chains. India, as one of the leading developing economies, has benefited considerably from the expansion of international trade, particularly in merchandise exports and services sectors.

However, the benefits of multilateral trade are not evenly distributed. Developing countries continue to face challenges such as non-tariff barriers, agricultural subsidies in developed nations, digital inequalities, climate-related trade regulations, and increasing geopolitical uncertainties. These issues often limit the ability of developing economies to fully realize the gains from international trade. The analysis reveals that India's growing share in global trade, strong performance in services exports, and active engagement in WTO negotiations demonstrate its increasing importance in the global economy. At the same time, the persistence of trade deficits and emerging global trade challenges underline the need for strategic policy interventions.

In conclusion, the future effectiveness of the WTO will depend on its ability to adapt to changing global realities and address the concerns of developing countries. By strengthening competitiveness, promoting innovation, enhancing digital capabilities, and actively participating in WTO reforms, India can leverage the opportunities of the multilateral trading system to support inclusive, sustainable, and resilient economic growth. Such efforts will contribute significantly towards achieving the vision of Viksit Bharat@2047 and strengthening India's position in the global trading landscape.

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