



Seventh Trade Policy Review of India at the WTO

Why in News

Recently, the final session of India's seventh [Trade Policy Review \(TPR\)](#) concluded at the [World Trade Organization \(WTO\)](#) in Geneva, Switzerland.

- The **TPR** is an **important mechanism under the WTO's monitoring function** in which member countries' trade and related policies are examined by the WTO with an aim to contribute towards **improved adherence** to WTO rules.
- India's last TPR took place in **2015**.

Key Points

▪ Appreciation for India:

- Introduction of [Goods & Services Tax](#) in 2016.
- India's efforts in the implementation of **WTO's Trade Facilitation Agreement**.
- Role played by India in furthering ["Ease of Doing Business"](#) in the country.
- India's improved ranking in **"Trading across Borders"** indicator under the [Ease of Doing Business Report](#).
 - **Trade Facilitation Agreement (TFA)**, aims to speed up customs procedures and make trade easier, faster, and cheaper.
- The steps taken by India for **liberalizing its Foreign Direct Investment (FDI) regime** and India's [National Intellectual Property Rights Policy, 2016](#).

▪ Concerns for India:

- India's trade **policy remained largely unchanged** since the previous review.
- India continues to **rely on trade policy instruments** such as the **tariff, export taxes, minimum import prices, import and export restrictions, and licensing**, WTO said.
 - These are **used to manage domestic demand and supply requirements**, protect the economy from wide domestic price fluctuations, and ensure conservation and proper utilization of natural resources.
 - As a result, **frequent changes** are made to tariff rates and other trade policy instruments, which **create uncertainty for traders**.

▪ India's Request:

- The ongoing pandemic has again brought to the fore, the importance of food and livelihood security and **urged for a permanent solution to Public Stock Holding (PSH) for food security**.

Public Stockholding (PSH)

- It is a policy tool used by governments to procure, stockpile and distribute food when needed.
- Currently, public distribution programmes of developing countries are included under **trade-distorting Amber Box** measures **that attract reduction commitments of WTO**.

- India with the group of developing countries is **demanding that the programmes for food security purposes be exempted from subsidy reduction commitments** of WTO.

- India has repeatedly demanded a permanent solution for public stockholding issues.

Trade Policy Review Mechanism

- The **Trade Policy Review Mechanism (TPRM)** was an early result of the **Uruguay Round**.
- It is the **main transparency instrument of the WTO**, affording opportunities for a process of collective evaluation of the trade policies and practices of individual members.
- **Objectives:**
 - Facilitating the smooth functioning of the multilateral trading system by enhancing the transparency of Members' trade policies.
 - To examine the impact of a Member's trade policies and practices on the multilateral trading system.
- **Mechanism:**
 - The reviews **take place in the Trade Policy Review Body** which is actually the WTO General Council — comprising the WTO's full membership — operating under special rules and procedures.
- **Function:**
 - The trade policy review **allows members to put the overall trade and economic policies of a country under the scanner**.
 - The trade policies of developing countries are taken up for review every four years while developed ones face similar scrutiny every two years.
 - The mandate of the TPRM was **broadened to cover services trade and intellectual property**.
- **All WTO Members are subject to review** under the TPRM.

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