

# Priority Agenda for India to Navigate the Ongoing Period of Turbulence in Global Trade

*Perspectives on Trade, Reform, and  
India's Global Role Ahead of MC14*



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*Perspectives on Trade, Reform, and  
India's Global Role Ahead of MC14*

*An expert series on trade policy curated exclusively  
for Economic Times by CUTS International*

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# Preface

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The publication of the first op-ed in this series on September 15, 2025, coincided with the resumption of India-US bilateral trade talks, as US Trade Envoy Brendan Lynch arrived in New Delhi with his negotiating team. Six months on, India is on the brink of formally signing what may become one of its most contentious trade agreements with the United States.

The speed of this transition shows the broader churn shaping India's trade policy landscape. Geopolitical pressures have sharpened. Policy uncertainty has deepened. The strain on the rules-based trading system is now unmistakable. These developments have been traced and analysed across the series through sustained expert commentary, aimed at situating immediate negotiations within India's larger strategic and institutional trade choices.

Taken together, the articles in this volume tell a larger story - one that goes beyond country-level negotiations to examine the shifting foundations of global trade governance.

The multilateral system, anchored in the World Trade Organisation, is facing a deep structural and political crisis. The continued paralysis of the dispute settlement system, persistent deadlock in decision-making, and the increasing discourse on unilateral and plurilateral arrangements have raised fundamental questions about the organisation's relevance and future direction, particularly in the run-up to the 14th Ministerial Conference (MC14) in Yaoundé.

Within this context, India's role emerges as both pivotal and contested. Historically, India has positioned itself as a defender of development concerns - advocating for policy space, equity, and the interests of the Global South. Several contributions in this volume acknowledge the legitimacy of these concerns, particularly in areas such as public stockholding, digital trade governance, and special and differential treatment.

At the same time, they collectively point out the limitations of a predominantly defensive posture in an increasingly fragmented trading environment.

A recurring theme across the articles is the need for greater strategic flexibility. India's resistance to plurilateral initiatives, blocking the plurilateral Investment Facilitation for Development, reluctance to engage with interim dispute settlement mechanisms, and cautious approach to emerging issues such as e-commerce have, at times, constrained its ability to build coalitions and shape outcomes. As other developing countries pursue

more flexible and interest-driven strategies, the risks of isolation have become more pronounced.

The series, therefore, calls for a calibrated shift - from outright opposition to conditional engagement, where India participates selectively, shapes rules proactively, and safeguards core interests without stalling broader progress.

At the same time, the evolving global landscape is creating new opportunities for India to redefine its role. The rise of alternative trade arrangements, supply chain realignments, and experimentation with new institutional mechanisms reflects a move toward a more flexible system. India's expanding network of free trade agreements, its efforts to diversify trade partnerships, and its domestic initiatives in digital and regulatory reform signal an emerging pragmatism that can be leveraged at the multilateral level. All these efforts are being driven by the national vision of becoming a self-reliant developed country by 2047, when it celebrates its centenary of freedom from colonial rule.

Ultimately, the central question running through this volume is whether India chooses to remain a cautious veto player or emerge as a constructive shaper of the next phase of global trade governance.

In a moment where the multilateral system is under visible strain, leadership will be defined not merely by resistance, but by the ability to propose credible alternatives, build coalitions, and bridge divides.

As MC14 approaches, the stakes are particularly high. For India and the developing world, a weakened multilateral system risks eroding the very safeguards that have historically supported their development trajectory.

Conversely, a reformed and adaptable WTO offers an opportunity to align global trade rules with contemporary economic realities while preserving inclusivity.

The series also raises issues related to domestic reforms, which are necessary to capture the gains from global trade liberalisation. One critical reform suggested by a former Cabinet Secretary is to professionalise our international trade policy regime on the lines of USTR.

The insights of eminent experts gathered in this volume argue that India is uniquely positioned to act as a bridge-builder and that its choices in the coming months will be critical in shaping not only its own trade future, but also the future of the multilateral trading system itself.

**Pradeep S Mehta**  
Secretary General  
CUTS International

# Overview

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This volume brings together a series of op-eds written during a period of rapid transition in the global trade policy landscape marked by intensifying geopolitical pressures, renewed bilateral engagements, and growing uncertainty within the multilateral trading system.

Beginning in September 2025, when India-US trade negotiations resumed, and extending to the lead-up to the 14<sup>th</sup> WTO Ministerial Conference (MC14) in Yaoundé by the end of March 2026, the articles capture a moment of flux.

They situate immediate policy developments within a broader structural shift: the weakening of multilateral trade disciplines, the rise of bilateral arrangements, and the increasing need for countries like India to recalibrate their strategies.

Read together, the articles offer both diagnosis and direction. They show how India's trade approach is evolving across institutional, strategic, and domestic levels.

The opening section, *From Resistance to Leadership*, calls on India to move beyond a defensive stance and take a leadership role in reviving the institution.

Rajesh Aggarwal, a former Indian trade negotiator, sets the tone by arguing that the weakening of the WTO's dispute settlement system and negotiating function poses systemic risks, particularly for developing countries.

This argument is taken further by another former Indian trade negotiator and senior officer at the WTO Secretariat, Shishir Priyadarshi, who situates the WTO's challenges within a broader geopolitical and systemic crisis. He contends that a more decentralised and flexible architecture will likely characterise the future of the multilateral trading system, and that India must position itself as a "co-architect" of this emerging order.

The theme of strategic engagement is sharpened by Pradeep S. Mehta, author of this booklet, a public policy advocate and a three-time NGO Adviser to the DG, WTO, who critically assesses India's resistance to plurilateral agreements. He argues that such rigidity risks isolating India as other countries adopt more flexible approaches. Rather than opposing such initiatives outright, he advocates for selective participation that allows India to shape outcomes while safeguarding its development concerns. Furthermore, he advises that opposing any such moves by others is unhealthy for the system and itself.

Building on this institutional focus, Prabhash Ranjan, Law Professor, examines the transformation of global trade dispute resolution in the absence of a functioning Appellate Body. His article provides a detailed assessment of interim mechanisms such as the MPIA, arguing that India's continued absence from such arrangements may undermine its long-term interest in preserving a rules-based system. He suggests that participation in these mechanisms need not dilute India's principled position on restoring the multilateral dispute settlement system.

The second section, *Rewiring India's Trade Strategy in a Fragmented World*, expands the focus to India's external trade strategy in a changing global environment.

K M Chandrasekhar, former Cabinet Secretary and India's Ambassador to the WTO, draws a compelling parallel between the current moment and the 1991 economic crisis. He argues that current global disruptions offer a similar moment for reform. India must use this moment to rethink its trade priorities and pursue long-standing structural reforms. He also argues for a professionalised international trade policy regime that can be more effective than the current practice of posting transferable civil servants across various streams.

Complementing this perspective, Pritam Banerjee, director of the Commerce Ministry's Centre for WTO Studies, argues that traditional trade agreements are no longer sufficient to secure India's position in the global economy. Rather, supply chain cooperation and regulatory coherence between trade and industrial policies better align with global value chain dynamics.

The third section, *Building the Domestic Foundations of Global Competitiveness*, turns to internal reforms.

R V Anuradha and Piyush Joshi, eminent trade lawyers, provide a nuanced analysis of India's revised Bilateral Investment Treaty model. They examine its implications for balancing investor protection with regulatory autonomy, as well as for legal certainty and credibility in attracting investment.

Ajay Shankar, a former Indian civil servant with a strong economic background, emphasises domestic competitiveness in turn. He argues that improvements in ease of doing business, especially at the state level, are essential for India's global integration.

The final section, *India, BRICS, and the New Geometry of Global Trade*, situates India within broader geopolitical coalitions. Sanjay Bhattacharyya, a former Indian diplomat and India's BRICS Sherpa, explores the evolving role of BRICS as a platform for economic cooperation and institutional innovation. For India, they offer a complementary platform to engage beyond the WTO. They also strengthen its ability to navigate a fragmented global order.

Taken together, the articles present a coherent and multi-layered narrative of transition. More importantly, they converge on a central insight: that India's ability to influence the future of the global trading system will depend on greater flexibility, stronger domestic foundations, and proactive participation in global rulemaking.

As MC14 approaches, the message is clear. India's role will be defined not only by what it resists, but by how it chooses to lead.

## Section I

# From Resistance to Leadership – India at the WTO

# India must lead the WTO revival to protect global trade order



Rajesh Aggarwal

*September 15, 2025*

With US trade envoy Brendan Lynch and his team in Delhi, stalled talks on an India-US bilateral trade agreement are scheduled to resume today. While that's all very well - and seemingly in the realm of Trump temperament - in an era where multilateralism is increasingly questioned, the WTO is at a critical juncture. To survive, the institution must prove its relevance or risk being overshadowed by exclusive trade clubs. For the developing world, the WTO has been a safeguard against rules dictated by the powerful. If it fails in this role, a rules-based trading order will be compromised.

India, historically a voice for the 'global south', must take the lead in steering the WTO's revival. But the path ahead is anything but easy, requiring clarity of vision and strategic flexibility. India has been criticised on several grounds:

Stalling consensus on plurilateral initiatives such as investment facilitation for development (IFD), and MSMEs: Critics argue that this has deprived developing nations of opportunities to expand trade and attract foreign investment.

Opposing plurilateral ecommerce negotiations: India's rationale that plurilateral deals undermine multilateral trading system is not unfounded. Yet, given that non-participating members can still enjoy benefits on an MFN basis, India could consider a more flexible approach. Showing willingness to engage, with safeguards to ensure clarity and fairness, would restore India's image as a responsible leader of the 'global south' and strengthen faith in the WTO's role.

Dispute settlement system: WTO's appellate body has been dysfunctional for years due to US recalcitrance, paralysing enforcement of panel rulings. While many countries joined the Multi-Party Interim Appeal Arbitration Arrangement (MPIA), India stayed out. India has used the tactic of appealing panel reports 'into the void' a couple of times, drawing criticism. Going forward, in addition to continuing to advocate for the revival of the appellate body, India should reconsider joining MPIA as an interim arrangement.

Meanwhile, developed countries have been pushing for a revision of Special and Differential Treatment (S&DT), claiming that developing countries exploit these provisions. Related is the issue of self-declared developing-country status. The US insists this status is abused, while India, China and others argue that self-designation reflects

real developmental gaps. Current negotiations are moving towards making S&DT provisions more specific and targeted.

For India and others, the challenge is to engage constructively in these talks without sacrificing their hard-earned flexibilities. G90's roadmap for the upcoming 14<sup>th</sup> WTO Ministerial Conference in Cameroon in March 2026 includes clarifying the meaning and scope of S&DT provisions. India should welcome this debate.

Digital trade: India has resisted binding commitments on ecommerce at the WTO, citing the evolving nature of digital trade. It has shown pragmatism by including digital trade chapters in bilateral deals, such as with the UAE and Britain. This reflects a nuanced approach: India is not anti-digital trade, but insists on preserving regulatory autonomy, fiscal sustainability and policy space.

Domestic initiatives like UPI and ONDC demonstrate that India is actively shaping a transparent, inclusive digital ecosystem. If the WTO can prioritise modern frameworks for data governance, digital taxes and cross-border services to ensure fair competition, consumer protection and innovation, India may become more open to global digital trade rules.

On newer themes such as gender, MSMEs, and climate, India has historically been sceptical of their inclusion in trade talks, fearing they could be misused as non-tariff barriers. Yet, recent bilateral agreements suggest India is softening its stance. This gradual, step-by-step approach makes sense for developing economies.

WTO, too, must ensure that new thematic work on plastics, climate measures, environmental goods and fossil fuel subsidy reforms comes with genuine development support and technology transfer. Otherwise, lofty commitments risk becoming tools of exclusion.

In this shifting landscape, India cannot afford to be seen as an obstructionist. On issues like plurilateralism, showing conditional openness would not only safeguard its interests but also keep consensus-based multilateral negotiations alive. WTO's survival depends on bridging divides, and India has both the moral authority and the strategic need to lead this effort.

A weakened WTO benefits no one. For India, the challenge is to defend its core interests while stepping up as a bridge-builder. By combining pragmatism with principle, India can help revitalise the WTO and reaffirm its relevance in a fragmented world.

*Rajesh Aggarwal is the former Chief of Trade Policy and Trade Facilitation, International Trade Centre (ITC), Geneva*

# The new normal in global trade disputes – and India's stake in it



Prabhash Ranjan

*December 15, 2025*

WTO's two-tiered dispute settlement system (DSS), comprising ad-hoc panels and a permanent seven-member appellate body (AB) - hailed as a jewel in its crown - has judicialised global trade relations and provided a robust means of enforcing trade rules.

Sadly, the AB became a victim of its own success. Upset by losing key cases, the US began blocking the appointment of AB members, thereby de-judicialising trade relations and weakening DSS to reclaim decision-making power. Since 2019, the AB has been dysfunctional. While countries continue using the panel process, appeals go into a void, compromising DSS and undermining the multilateral trading system.

Until AB is restored, the EU and a coalition of willing countries have set up an alternative appeal system. Known as the Multi-Party Interim Arbitration (MPIA) agreement, it includes 57 WTO members and relies on Article 25 of the WTO's Dispute Settlement Understanding (DSU).

This article allows two WTO member countries to use arbitration to settle their dispute in place of the regular two-tiered process. MPIA has two parts. First, a political agreement not to appeal into the void and to use MPIA as an appeal mechanism. Second, the actual MPIA appeal process, which kicks in with the signing of a dispute-specific appeal arbitration agreement.

MPIA, which is based on arbitration, does not circumvent the panel process. It comes into existence once the panel report is available, and then countries are required to suspend panel proceedings. The MPIA system seems to be functioning effectively. It has resolved three cases and is currently hearing nine.

India has not yet joined MPIA, despite being a proponent of a two-tiered dispute settlement system at the WTO. It appears that India fears that accepting MPIA would undermine its demand to restore AB. This is not a valid concern. Given the existing geopolitical situation, it is implausible that the US will agree to AB's restoration.

As Anthea Roberts, professor at the Australian National University (ANU), notes, rising geoeconomic competition with China drives the US to de-judicialise AB. A

dysfunctional AB removes multilateral constraints, giving Washington the freedom to act unilaterally against Beijing.

In this grim situation, MPIA is the new normal. It preserves WTO's original promise of a two-tiered dispute settlement. Joining MPIA demonstrates a political commitment by countries to avoid the bizarre situation of appealing panel decisions into a void. India, as a champion of the rule-based trading order, should accept this new normal. Moreover, accepting MPIA does not mean that India is relinquishing its demand to restore AB.

India may have some concerns about the procedures followed in the MPIA system. For example, in the MPIA process, arbitrators are empowered to 'take appropriate organisational measures to streamline the proceedings'. Thus, they may include decisions on limiting page or word counts and time limits for parties making submissions.

If India finds these procedures unfair, it can negotiate changes as a condition for joining MPIA or after becoming an MPIA member. However, objections to procedural aspects do not, in principle, justify opposing the MPIA system.

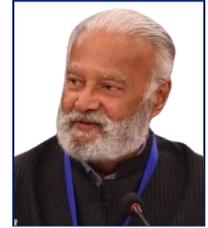
Some in India seem to prefer a transactional approach toward joining MPIA. For instance, it is argued that the absence of an appellate mechanism may benefit India by allowing New Delhi to adopt trade protectionist measures unilaterally. Similarly, some believe that since India can utilise the Article 25 mechanism on a case-by-case basis, there is no need to formally join MPIA and make a commitment not to appeal into a void.

India must resist the temptation of a transactional mindset. At a time when the US is retreating from rule-based trade multilateralism, it is incumbent on developing countries like India to play a pivotal role in re-judicialising trade relations and establishing the rule of law.

Joining hands with the EU, Britain, and others in MPIA would signal India's commitment to buttressing the rule-based multilateral trading order, which is the best antidote to the US' trade unilateralism.

*Prabhash Ranjan is a Professor at Jindal Global Law School*

# India at the WTO: Why blocking plurilateral deals risks isolation in a fractured trade order



Pradeep S Mehta

*January 19, 2026*

Both geoeconomically and geopolitically, India plays a significant role in advancing the WTO beyond its current soporific state. It must stop being a naysayer and allow even a truncated agenda to move forward in deference to its defensive interests. Our policymakers have yet to realise this larger objective.

India believes the WTO must proceed with its multilateral agenda, even though it may be difficult to reach an agreement among 166 members. This point was realised by several WTO members in the 2017 Buenos Aires ministerial conference. With Trump's US leading the assault, the multilateral agenda is not moving forward; the need is to move forward on plurilateral issues. India, since Buenos Aires, objected to this process and outcome.

At the same time, India is on an FTA spree with several countries outside the WTO premises, even as it objects to plurilaterals on similar subjects at the WTO. Plurilaterals have a history at the WTO, and at least three such limited agreements are in force there but are closed to its members.

On the other hand, plurilaterals under negotiation are open to all members. Most WTO members have participated in the negotiations because of the flexibility the forum offers - a 'coalition of the willing' if you will, and also of variable geometry.

Alliance-building has been key to India's success in WTO negotiations, particularly in opposing issues. Many experts highlight that rigid negotiating stances at the WTO deter alliance-building efforts. This could eventually leave India friendless and isolated. Lessons can be learnt from its successful alliance-building efforts in the past. But issue-based fractures among developing countries have also become more prominent in recent years, making the need for adopting accommodative stances even more crucial.

While India tells itself that it speaks for developing countries, this is belied by the fact that other developing countries are themselves speaking in a different voice. They are opting for a different path and advancing their own interests by, say, supporting the Investment Facilitation for Development (IFD) agreement.

On such plurilateral agreements, the discussion should be about the benefits and drawbacks of signing on to specific agreements. Instead, India has become notorious for opposing open plurilateral agreements altogether, blocking willing members from going ahead. Consequently, it has lost friends in the developing world.

Yet, India's latest communication on this matter indicates it will maintain its in-principle opposition to plurilateral agreements in the run-up to the WTO's 14th Ministerial Conference in Cameroon in March.

A mature retreat from such a position may hold India in good stead. Yes, the country needs satisfaction of its own demands - such as public stockholding for food security purposes, which can be negotiated simultaneously - but by being positive about issues that other members want that may not be harmful to India.

By entering into FTAs, India may not be able to achieve the level of exports it aspires for. Current inertia must be shed, and new thinking on how to reimagine India's engagement with the WTO, or to create a better equilibrium in the WTO system in a changed era, must be inculcated.

Contrarian views should be engaged with, and dialogue between government and trade policy researchers, which include many former negotiators working on frontier trade and investment issues, should be encouraged. We need 'aatmavishwas' before we can ever be 'aatmanirbhar'.

*Pradeep S Mehta is the Secretary General of Consumer Unity & Trust Society (CUTS) International. Inputs are provided by Advaiyot Sharma*

# India must steer WTO 2.0 forward



Shishir Priyadarshi

*March 13, 2026*

For much of the past three decades, the WTO has been the institutional anchor of globalisation. Yet, today, few international organisations face persistent questioning of their relevance, authority and future direction. Dispute settlement remains paralysed, negotiations struggle to advance, and major powers increasingly pursue unilateral or club-based approaches to trade.

This is not merely a technocratic crisis. It is a political and strategic one. Choices made over the next few years - particularly in the run-up to WTO's 14th Ministerial Conference (MC14) in Cameroon - will determine whether the organisation adapts to 21<sup>st</sup> century realities or drifts into managed irrelevance.

The diagnosis emerging from recent reform debates is sobering. Businesses complain of eroding predictability and rising fragmentation as rules are ignored or circumvented. The balance of rights and obligations struck in 1995, when the WTO was born, no longer reflects today's trade patterns, the digital economy or the weight of emerging powers.

Yet, there is deep disagreement about the cure. Some advocate pragmatic reform - new negotiating approaches, greater flexibility and plurilateral agreements among willing members - to prevent paralysis. Others warn that poorly designed reform could hollow out the institution, downgrade its rule-making authority or legitimise discriminatory clubs dominated by major powers. What unites both camps is recognition that the status quo is unsustainable.

Among the most frequently cited priorities are restoring dispute settlement, advancing stalled negotiations, improving transparency and monitoring, and rethinking how special and differential treatment (SDT) applies in a world where developing countries span different levels of competitiveness.

The direction of travel appears to be toward a more variable-geometry system: partial agreements among coalitions of the willing, coupled with pressure to preserve core principles such as non-discrimination and transparency. Whether this evolution strengthens or weakens multilateralism depends on how inclusive such arrangements

are, how benefits are multilateralised, and whether large economies continue to respect common rules even when they are inconvenient.

India has long been a pivotal - if sometimes controversial - actor in WTO politics, presenting itself as a champion of developing country interests. Yet, it is also one of the world's largest trading nations. This dual identity brings both leverage and responsibility. In a moment when the system's institutional foundations are under strain, a defensive posture is inadequate. But alignment with major powers would also undermine India's strategic autonomy and development priorities.

India is also well-placed to act as a bridge between camps. As reform debates intensify, New Delhi's voice will matter on the fundamental question confronting all members: do they still want a rules-based multilateral trading system, and what compromises are they prepared to make to sustain it?

Institutional reform is not driven solely by negotiations in Geneva. Ideas, narratives and coalitions formed outside the WTO increasingly shape what is politically possible inside. In that context, Trade Not Just Aid: Winners and Losers in the WTO (TRaNJA) initiative launched by CUTS International is noteworthy. It has an ambitious task: repositioning the WTO in an era of geopolitical rivalry, emerging powers and digital transformation.

Three strands of work for TRaNJA stand out.

- Rebuilding a positive narrative around the WTO.
- Fostering coalitions among major players and middle powers to pursue reform.
- Generating research on what has worked in the WTO, where the system is failing, and what credible reform options look like.

Most importantly, India must decide whether it wants to be seen primarily as a blocker of (in)convenient outcomes or as a co-architect of the WTO's next phase. The two are not mutually exclusive - but in a period of institutional flux, leadership is often exercised by those who propose workable alternatives rather than merely resist flawed ones.

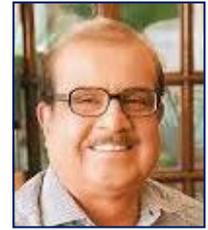
Writing off the multilateral trading system would be a strategic error with long-lasting consequences. The real question is whether governments are prepared to invest the political capital needed to fix it - and whether India is willing to be among those shaping what comes next.

*Shishir Priyadarshi is the former Director, WTO, and President, Chintan Research Foundation*

## Section II

# Rewiring India's Trade Strategy in a Fragmented World

# Trump tariffs give India a 1991-like chance to reinvent trade strategy



K M Chandrasekhar

*September 16, 2025*

Donald Trump, with his beloved tariffs, has handed India a golden opportunity to reinvent India's multilateral trade management systems. He clearly underestimated India's resolve and imposed heavy tariffs for essentially non-commercial reasons. He expected India to cave in, as other countries had, and was surprised when India resisted. A sort of rapprochement has since occurred, with the US president and Indian PM exchanging conciliatory words, and with US trade envoy Brendan Lynch in Delhi this week to discuss the future of trade negotiations between the two countries.

Existing Trump tariffs that kicked in from last month won't significantly affect India, except in a few select sectors in some states - gems and jewellery in Gujarat, carpets in UP, marine products in Andhra Pradesh, pepper in Kerala, etc. Hopefully, the 16th Finance Commission will find ways to support these sectors and states, particularly in areas where significant job losses could occur.

This is India's opportunity to bring about transformative reforms. India has, by now, realised that it needs to diversify its trade and capture more markets. Instead of depending heavily on the West, principally the US, it is now building bridges with China, strengthening trade ties with Russia, and examining other markets and trade agreements more closely. It's trying to increase trade in rupees through the Special Rupee Vostro Account (SRVA) arrangement announced by the RBI last month.

India has to deepen trade links with other parts of the world, particularly BRICS countries. At present, foreign trade accounts for roughly 50% of its GDP, even though its share of global trade is less than 3%. The potential is immense.

There is, however, a need to reinvent our trade diplomacy machinery. The commerce ministry, as it is presently constituted, is manned by officers on deputation who remain in their posts only for limited tenures. Incoming officers will either tread the beaten track or make mistakes in a flush of enthusiasm.

Like the Office of the United States Trade Representative (USTR), which was formed in 1963, India needs experts in law, finance, and international commerce. Such an organisation can be built in the same manner as the Intelligence Bureau, with mostly permanent staff, a deep knowledge base, a strong memory bank and significant negotiating skills. There are other models, like the European Commission's Directorate-General for Trade (DG Trade), and Japan External Trade Organisation (Jetro), which can serve as models.

India's commerce ministry, like the US Department of Commerce, must have as its mission the creation of 'conditions for economic growth and opportunity for all communities'. India has largely neglected the goldmine it sits on and the vast potential of its domestic market. Developing the domestic market requires close coordination with other ministries dealing with finance, agriculture, industry, power, railways, infrastructure, mining, as well as RBI.

The commerce ministry should also act as a spokesperson for India Inc, continuously interacting with them to make things easier for them. A total overhaul of the Centre's ministry structure could well be required, leading to overall churn that will put in place a highway to rapid growth.

A strong and continuing interaction with states is needed, an area found wanting in the last few years. More flexibility will have to be given to states to implement central schemes in ways that are conducive to their development. Their financial stability must not be compromised by reducing their Finance Commission allocations.

India must not hesitate. We have before us a moment like 1991 that can jump-start meaningful reforms.

*K M Chandrasekhar is a former Cabinet Secretary*

# From trade deals to supply chains: India must recalibrate its policy to compete in a fragmented world economy



Pritam Banerjee

*October 13, 2025*

In today's hyper-disruptive environment, India's trade policy must foster economic growth, enhance competitiveness and create jobs, while navigating a tense geopolitical landscape and rising protectionism.

A key pillar of India's trade policy is its FTA network, which aims to secure stable, binding market access with major economies, covering nearly three-quarters of global demand.

India's FTA approach is strategic:

- Shielding key and vulnerable sectors while giving industry time to build competence, supported by targeted policies like the PLI scheme.
- Securing market access for digital services and safeguarding against future protectionism, while also gaining commitments on professional and worker mobility through bilateral accords.
- Avoiding strict environmental and labour standards that could raise production costs, hinder India's growth goals or become non-tariff barriers.

By establishing a stable trade environment with all major economies, India aims to become an attractive location for lead firms in GVCs. FTAs ensure minimal barriers to companies importing essential inputs, machinery, or services for their operations in India. India's large market, talent pool, and access to global markets through FTAs are helping create conditions for India to emerge as a global manufacturing hub.

India is also pioneering innovative ways to link trade with investment. A prime example is the India-European Free Trade Association (EFTA) Trade and Economic Partnership Agreement (TEPA). This agreement ties EFTA members' market access to India's fast-growing economy to a \$100 bn investment over 15 years. India retains the right to

withdraw market access if this investment target is not met. The next step would be to fine-tune the EFTA model and apply this principle to achieve sector-specific or even firm-specific investment outcomes linked to market access in FTAs.

Going forward, India needs to:

- Take the lead in reforming global rules on industrial policy, helping push reforms that ensure developing countries have the flexibility needed for budget-friendly industrial policies currently prohibited or proscribed under the WTO.
- Harmonise its trade and industrial policies to avoid overlaps and work with developed and developing countries to address unfair practices by non-market economies like China. This includes advocating for stricter transparency norms and punitive measures against trade-distortive policies. Domestically, India should consider enacting legislation that allows the imposition of tariffs on partners that use unfair or trade-distortive practices.
- Use FTAs to incentivise diversification of import sources to reduce overdependence on any single country. Future FTAs will include specific chapters on supply-chain cooperation, including for critical minerals. India is increasingly engaged in supply chain cooperation agreements, such as the IPEF Supply-Chain Pillar and the Mineral Security Partnership (MSP).
- Implement urgent domestic reforms to complement its trade policy.
- Extend the ease of doing business to states and addressing inefficiencies in factor markets should be executed in mission mode.

Other key reforms include:

- Following GST reforms, rationalising MFN duties to no more than three rates, with most raw materials and intermediates in the low-duty bracket. This will also address the inverted duty structure.
- Identifying and removing protection for goods and services that do not merit it. Potential criteria for objective identification include oligopolistic markets, few firms dominating profitable segments, dependence on domestic sales, above-average profits, relatively low rates of profit reinvestment, innovation and R&D.

India should also actively consider the pros and cons of acceding to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), which could potentially streamline India's trade relationships, replacing a complex 'noodle bowl' of existing bilateral agreements with a single, comprehensive framework.

Crucially, policymaking across trade, industrial and supply-chain domains must be coordinated at the highest level, with PMO taking the lead. A unified strategy that replaces the current siloed approach is essential.

*Pritam Banerjee is the Director of the Centre for WTO Studies,  
Commerce and Industry Ministry, Government of India*

## Section III

# Building the Domestic Foundations of Global Competitiveness

# Making a case for India's revised 'bilateral investment treaty' model to ensure investor protection



R V Anuradha & Piyush Joshi

*October 21, 2025*

With global headwinds threatening domestic economic growth and stability, India needs to be more self-reliant. Attracting and enhancing the flow of foreign inbound investments is integral to achieving this goal. Budget 2025 recognised the need for a stable investment environment and ease of doing business, while emphasising the need for a trust-based, 21st-century-appropriate regulatory framework and the streamlining of regulations, certifications, and licences.

Rebooting India's model bilateral investment treaty (BIT) was another key theme of the budget. This is also an opportunity to reimagine BITs as ones that address 'investment facilitation' alongside assuring 'investment protection'.

India has had mixed experiences with BITs. Like many other countries in the 1990s-2000s, it, too, rapidly signed over 80 BITs, only to terminate most by 2015, with the risks of such agreements increasing over time. These risks were primarily due to the invocation of a key provision of BITs, which grants foreign investors the right to sue the government before foreign arbitral tribunals for any perceived violation of the terms of the agreement.

This special tool of investor-state dispute settlement (ISDS) is available only to foreign investors, and not domestic investors who may pursue remedies only in domestic courts or arbitral fora. GoI is not alone in its concern about ISDS. The US has questioned its very legitimacy and need. Brazil has stayed away from ISDS and, instead, focused on 'investment facilitation', including in its recent agreement with India. India's revised model BIT of 2015 didn't eliminate ISDS, but took rigid positions on the scope of protection under ISDS and the conditions for invoking it. It has had few takers.

As GoI addresses the twin objectives of dismantling internal barriers through domestic reforms and attracting foreign investment, India must ensure its BIT model is balanced and effectively addresses investor concerns, while preserving regulatory autonomy in key

areas. A good starting point would be to ask what investors seek, and address that in the BIT.

India's BIT should provide legally binding assurances of:

- Non-discrimination - equality of treatment of domestic and foreign investors.
- Protection against expropriation of investments.
- Investment facilitation, with the concept including legal and administrative measures that facilitate the flow of investments. This would range from having streamlined processes for enabling investors to apply for licences, permits and approvals for establishing and expanding investments, to those needed for day-to-day operations. Many states have already enacted laws establishing single-window clearance systems. Some also have specific laws for special investment regions (SIRs) to promote industrial development through dedicated legal frameworks and administrative structures.
- Establish, by law, a mechanism of dedicated investment facilitators at the national and state levels. These can resolve investor concerns on time and minimise disputes. In the event of disputes, a dedicated, fast-track forum would play an important role in enhancing investor confidence.

Developing our own BIT model is crucial. The size of India's market and open FDI regime are welcoming signals. But, beyond that, we need a mechanism that can assure stability, transparency and access to remedies for all investors, domestic or foreign.

The focus should be on investor protection within the country and on the better design of regulatory actions susceptible to dispute, such as changes in law or decisions that modify or cancel permissions and licenses granted. Pre-emptive steps would include assessing how any potential government action or change in law may adversely affect an investor and how to mitigate that impact.

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# Ease of biz starts in the states



Ajay Shankar

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The modern industrial economy has been getting increasingly complex. There is a greater need for higher standards in safety, health, and the environment. No inherent contradiction exists between this and improving the ease of doing business.

The problem is the legacy mode of thinking in government. While large firms can find resources to cope with excessive regulatory burdens, MSMEs and startups find the burden too heavy. Much of the work that needs to be done is the job of state governments, and municipal and district authorities.

All regulatory requirements across all agencies in a state should be listed. They should be subject to a fresh independent scrutiny. Only those that pass the test of a professional regulatory impact assessment (RIA) should be retained. Officers heading departments and agencies normally don't have time or inclination for this.

GoI could take the initiative and partner with willing chief ministers to assemble an expert team to undertake a wholesale review. This team should take one sector at a time and make recommendations. This would be a new model of partnership between the central and state governments. This exercise could be guided by a few suggestions:

- **Do away with prior permission:** For instance, a radical reform would be having European pollution control standards for an industrial plant, with sensor-based real-time measurement of air and water emissions to be logged in a control room. There would be pre-programmed escalating financial penalties for breaches, and time-bound closure till processes are rectified to keep emissions within permissible limits.

This would be better than the current lengthy process of experts reviewing proposed pollution control technologies and recommending environmental clearance. Prior clearance could be done away with. Adequate capacity and codes would need to be put in place to operationalise this.

- **External certification:** Government inspectors could be replaced with a credible, real-time data-logged third-party inspection and certification process. The latter

would, in turn, need to be subject to audit and to strong penalties for breaches to ensure quality.

- **Reduced record-keeping and reporting requirements:** This can reduce the costs of regulatory compliance substantially. The institutionalisation of regulatory impact assessment and the undertaking of cost-benefit analysis would be crucial. The exercise would make the transition to digital governance more efficient. But someone would have to read forms with a fresh mind, and see what can be eliminated, merged or simplified.

As the work proceeds, legal provisions, rules, regulations, implementation and government orders would need to change. There is huge inertia and resistance to change in government agencies. A patient-centred, transparent consultation with all stakeholders, in an effort to generate broad consensus, would be essential. This would make it much easier for a CM to use their political capital to steer the transformation.

Success in any one area would encourage other states to study whether they can do something similar. A grassroots constituency for reforms could emerge and gather momentum. This would generate a sustainable momentum for reform across departments.

This initiative would need the backing of a strong central leadership. A test of success would be honest feedback from small entrepreneurs and startups, whose growth would be the proof of the pudding.

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## Section IV

# India, BRICS and the New Geometry of Global Trade

# BRICS must cement its global role



Sanjay Bhattacharyya

*January 07, 2026*

As India assumes leadership of BRICS in 2026, the group is caught between divergent aspirations and narratives. For EMDCs, it provides more space, both economic and diplomatic, but few developed countries, particularly the US, view it as an anti-West group, challenging their leadership. The flux in geopolitics adds to the complexity.

Meanwhile, classical multilateralism is in a coma, and minilaterals and plurilaterals are the hope to fuel the engines of growth and globalisation. India's presidency will navigate choppy waters, add substance to the BRICS economic agenda and serve as a bridge between the G7 and the G20.

BRICS' early success as a group of rapidly growing large EMDCs, seeking inclusive development and reform of global governance, drew the attention of other rising powers. BRICS initially admitted new partners in the New Development Bank (NDB) and then in BRICS. Today, it has grown from the earlier 5 to 11 members and 10 partner countries, and others hope to join the same, now addressed as BRICS+.

The enlarged group has different characteristics as new members are relatively smaller economies. BRICS+ includes 7 members of G20, represents the largest oil-producing nations and has global aspirations. Post expansion, in terms of global share, its GDP has increased by 3%, the share of exports has risen by 5%, internal trade has grown by 5%, the per-capita GDP growth rate has risen, the share of gross fixed capital formation in GDP is at similar levels, and the current account balance remains surplus.

Since the 2014 summit in Brazil, the group has resolved to deepen economic coordination and institution-building. The decisions on NDB and the Contingent Reserve Arrangement (CRA), and on trade in local currencies, added dynamism and made it more attractive to other developing countries.

NDB had modest capital and funding capacity but gained popularity with flexible loans denominated in local currency, the absence of IMF-style conditionality, and its accessibility to non-BRICS members. With new members, NDB is expected to grow in stature and capacity. The Indian presidency could leverage new NDB funding options for the private sector through the establishment of an NDB structure based in GIFT City, popularise the use of Central Bank Digital Currency (CBDC) and new electronic settlements.

The BRICS trade agenda highlighted policy coordination for trade and development, and reform of multilateralism. However, the reform of the WTO and the integration of BRICS with regional arrangements had been difficult. Efforts to set up a BRICS group within the WTO, trade facilitation, resolve intra-BRICS disputes that are stuck at the WTO, and COP financing mechanisms can advance the trade agenda. The use of AI tools can help BRICS countries modernise and integrate their trade policies.

The BRICS decision for trade in local currencies had a slow start but picked up momentum in recent times. Russia estimates that 90% of its intra-BRICS trade is in local currency; China and India have also made advances in this area. To some extent, Western sanctions have also prompted a shift to local-currency transactions and non-SWIFT settlements.

Alternate settlement mechanisms based on digital means for cheaper and faster transactions have popularised BRICS local currencies and helped them go international. These include SPFS of Russia, CIPS of China, UPI of India and PIX of Brazil. BRICS Pay has potential as an interoperable, decentralised system for linking national networks.

It is designed as a cross-border financial messaging system that enables transactions between members in their respective national currencies. It includes encryption, distributed consensus nodes, multi-factor authentication and the capacity to process up to 20,000 messages per second. It can spur reform in global governance towards a multipolar financial system.

Meanwhile, BRICS countries have also seen a spurt in swap arrangements, growth in CBDCs, adjustments in reserve currency holdings, and advances in development assistance in local currency. BRICS initiatives currently under discussion that could impact trade and development include modalities for ecommerce and digital trade, a common logistics platform to integrate intra-BRICS supply chains, and collaboration on investment-technology-innovation.

BRICS is at a crucial juncture, reconciling internal consolidation and expansion plans, and engagement with the Western world. BRICS must counter false narratives that suggest it is anti-West or promotes de-dollarisation. Prudent strategy demands that BRICS maintain consensus-driven decision-making within the group and establish collaborations with the West for solutions in a globalised world.

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