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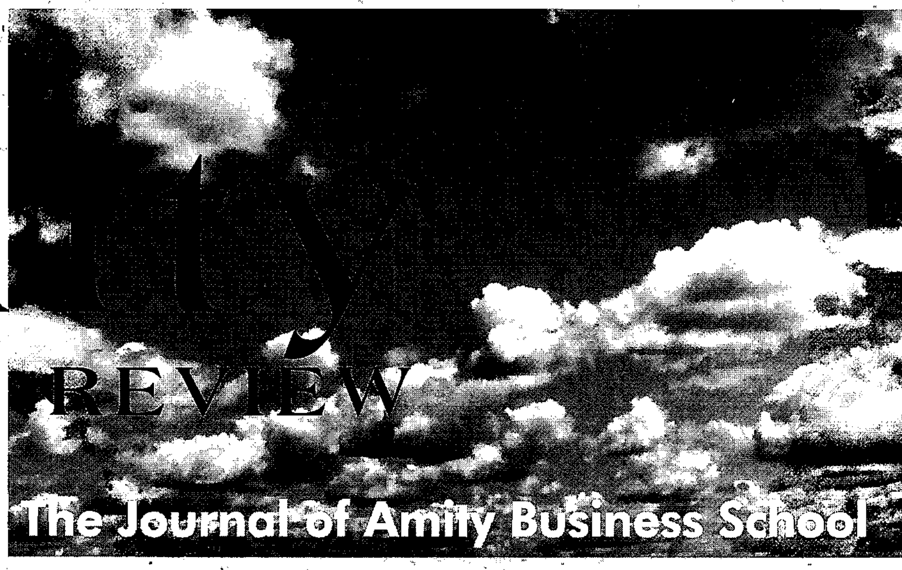

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Foreign Direct Investment in India - Trends and Determinants

Dr. O. S. Deol*

The present study examines the trends and determinants of foreign direct investment in India. This study identifies the determinants of foreign direct investment in India by employing the ordinary least squares regression analysis. The data have been sampled with quarterly and yearly frequencies. It is found that about a two third of the total foreign direct investment in India came from four countries viz., Mauritius, the U. S., the U. K., and Singapore during 2000-2007. Almost a half of the foreign direct investment is received by four sectors; service sector, computer software and hardware, telecommunications, and construction activities. Mumbai and Delhi regions comprising Maharashtra, Dadra& Nagar Haveli, Daman & Diu, Haryana, Delhi, and part of Uttar Pradesh account for about the half of total foreign direct investment inflows for 2000-2007. Lagged real gross domestic product growth, economy openness, tax rates for foreign companies and political stability significantly explain the foreign direct investment flows to India for 1991/92-2006/07. The determinants sampled with annual frequency explain the behaviour of foreign direct investment inflows in a better way as compared to data sampled with quarterly frequency.

INTRODUCTION

Foreign direct investment flows generally comprise capital inflows, knowledge, and technology transfers. So, foreign direct investment may have manifold impact on the growth of economy. Foreign direct investment may complement local investment and can thus enhance the production capacity of the host company. Foreign direct investment can promote growth through productivity gains resulting from spillovers to local firms. The growth of a developing country depends on the extent to which this country adopts and implements the advanced technologies applied in developed countries. Foreign direct investment in developing countries by multinational companies based in developed countries is considered a major mechanism of transferring advanced technologies to developing countries. Similarly, managerial expertise and knowledge about international markets may spillover to local firms of the host countries of foreign direct investment. Consequently, this promotes growth by relaxing human- capital constraints in the host country and strengthening the competitiveness of its external sector. In brief, foreign direct investment is expected to help over various bottlenecks which, according to new growth theory, tend to constrain growth in developing countries.

Economists are divided, as far as the effects of foreign direct investment are concerned. Singer (1950) argues that foreign direct investment has a detrimental effect on developing countries and leads to uneven global development. The empirical study by Karikari (1992) does not support for a positive relationship between foreign direct investment and economic growth. Karikari tests for causality using data for Ghana and finds that foreign direct investment does not affect output. Griffin (1970) and Weisskopf (1972) also support the view that foreign direct investment from developed countries to developing countries does not have beneficial effects.

On the other hand, Rosenstein-Rodan (1961), and Chenery and Strout (1966) show that foreign capital flows have a favourable effect on economic efficiency and growth. In recent past, there is much literature showing that foreign direct investment can

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$) in a better way as compared to the behaviour of FDI/GDP ratio.

One important thing is clear that continuation of the present trend of distribution of foreign direct investment inflows will aggravate the existing problem of regional economic imbalance in India. The government should devise action for the even distribution of benefits of foreign investments in the country. The government should also make efforts to attract foreign direct investment in infrastructure sector.

Appendix: Descriptive Statistics.

Quarterly Series (1996/97-2006/07)				
Variable	Average	Std. Dev.	Minimum	Maximum
FDI/GDP*100	1.089	0.638	0.349	2.124
Log FDI (U.S. $)	3.076	0.285	2.562	3.988
Real GDP Growth (%)	2.437	11.569	-11.8	27.2
Trade Openness	25.20	5.952	17.7	41.8
Log Tax Rate	1.655	0.042	1.613	1.740
Political Stability	0.930	0.291	0	1
Annual Series (1991/92-2006/07)				
Variable	Average	Std. Dev.	Minimum	Maximum
FDI/GDP*100	0.844	0.605	0.054	2.619
Log FDI (U.S. $)	3.399	0.558	2.119	4.362
Real GDP Growth (%)	6.294	2.130	1.3	9.6
Trade Openness	22.894	5.863	15.6	36.6
Log Tax Rate	1.696	0.073	1.613	1.813
Political Stability	0.688	0.479	0	1

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MOBILE BUSINESS TECHNOLOGY AND BUSINESS PROLIFERATION OF BANKS - A FUTURISTIC APPROACH

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Technological progress has enormous significance for the development process of a nation as well as an individual business organization. Mobile business technology is the proliferation of mobile telephones, wireless enabled personal digital assistance and other services that enable the user to make transactions anywhere any time. In India, mobile business service covers banking industry, share markets, customer shopping, office automation, packaging, hotel & tourism, pharmaceutical industry, construction industry etc. This paper aims to elicit the perspective of bankers to introduce mobile banking as a new distribution channel and examines the customers' perspective on mobile banking adoption and their behavior on mobile banking services. It also provides suitable policy and regulatory guidelines to strengthen the mobile banking framework in the country.

Key words: Mobile Business Technology, Mobile Banking and Mobile Business Service

INTRODUCTION

Technological advancement enables an economy to shape up its position and gain competitive edge in the changing market environment. Effective Management of Technology links engineering, Science, and Management discipline and address the issues involved in developmental planning and complex managerial situations. It helps a business unit to keep up its fitness and take a lead role in the competitive market. The convergence of wireless devices and the Internet is creating an important new channel to business and the next wave of change across industries. Mobile business (or M-business) will enable organizations in every industry to expand their markets, improve their services and reduce their costs. M-business can best be described as the transaction of data between mobile devices. The most significant factor driving M-business is undoubtedly the proliferation of mobile telephones, wireless-enabled personal digital assistants (PDAs) and other devices that enable users to conduct transactions anywhere at any time (Ozair et al., 2003).

Much of the discussion surrounding M-business has been narrowly focused on m-commerce, a subset of M-business that involves the use of mobile devices for marketing, selling and buying products and services over the Internet, "third generation" (3G) networks, or other supporting technologies. But it is believed that M-business is a far greater one that will build on organizations' e-business transformations and capabilities and provide the backdrop for a further qualitative shift in business operations. M-business will comprise a broad spectrum of applications, from communication and entertainment to consumer transactions and corporate services. These services will not be limited to one particular type of relationship, like business-to-consumer (B2C), but also will include business-to-business (B2B), business-to-employee (B2E), consumer-to-consumer and device-to-device relationships. For this reason, M-business has been dubbed A-A business: anytime, anywhere (Aithal et al., 2006). Indian organizations can benefit from world wide implementation experiences of M-business and apply them after local conditioning. The adaptations will have to be made in the areas of localized business practices, telecom infrastructure, security requirements and local language interfaces. M-business implementation in India has been affected by both external and internal factors. External factors include a low number of customers accessing the Internet/mobile devices for their

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secured payment from the customers bank accounts.

In the study, it is found that the proper education and training on usage of mobile banking services has substantial effect on attracting more customers to use this new distribution channel. The study comes to the conclusion that Mobile Banking, as an interesting application in Mobile business, is winning the acceptance of the customers and enjoys sufficient demand in future days. Banks are seeing themselves increasingly forced to include Mobile Banking in their product portfolios to avoid negative differentiation against their competitors. Apart from this strategic relevance, there are other financial incentives, too. Their actual scope however depends, amongst others, on the product portfolio and the customer structure of individual banks. The study also reveal that proper education and training should be provided on availability and usage of mobile banking services to the Customers by the banks in terms of its importance, convenience and negligible cost.

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GAP ANALYSIS : A CASE-STUDY ON UNMET SERVICE EXPECTATION FROM A QUALITY BRAND LEADING TO BRAND DETERIORATION

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Service marketing no doubt is a hard hitting ballgame compared to product marketing. Reasons are obvious -heterogeneity, intangibility, inseparability and perishability. GAP analysis is one such study which portrays the variance between the customer expectations and the real attainment level. The below mentioned situation can be used to study and understand both the customer behavior and also GAP Analysis. The case highlights on expectation of a group of customers (faculty members) with respect to a service (FDP in a top Institute).Being a top Institute the brand name creates high expectation level among the target customers. The case focuses on the need of how understanding this level and meeting the same becomes a challenge for such service sectors. The case also highlights the complexity in consumer behavior; in understanding the importance of relationship management.

The case study does not intend to hurt the sentiments of either the faculty group or any Institute. It aims to bring out and understand the gaps that can exist in the service market, using an academic service as an experience / example.

Key words: SERVQUAL, Marketing Intelligence Gap, Standard Gap, Performance Gap, Communication Gap, Perceived Service Gap.

INTRODUCTION

The case study tries to study the service gaps with respect to an academic service hub. The case portrays the expectation milieu which the participants had built up in their mind before getting the actual feel of it. The case then goes into the depth of how during their one month stay the gap widens and the participants' perception changes. The case analyzes the loopholes using the basic service gap model laid down by Parsuraman.

Garvin concedes 'Quality means pleasing consumers, not just protecting them from annoyances'. The concept of quality is of much importance especially in service marketing. Understanding customer's expectation with respect to quality and meeting the requirements are the issues of concern in this case study. A very good example with respect to this would be Southwest Airlines [1980] which found a gap of low-cost and no frills travel in the airline industry and built a business model around that unfulfilled need. Management understood that competing head – to - head (using their rules) of the other giant airlines meant certain disaster. Southwest Airlines, in effect, changed the rules and was rewarded with market dominance and monetary prosperity during tumultuous times. Southwest built a low-cost business model by employing point-to-point service; one aircraft type (Boeing 737) which reduced maintenance costs and cross-functionally trained all their employees to engage in multiple activities.

Our review of the literature indicates the various levels of study undertaken by researchers to analyze the quality customers search in a service. It highlights on the parameters that affect the satisfaction level of the customers. This case study tries to study the gaps that may exist in a service. The paper is an experience sharing which gives a picture of how neglecting such criteria can change the perception of the customers. Having studied the various Gaps existing in service marketing, the paper employs the model developed by Parasuraman as the tool of analysis in this case.

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had come across a number of complaints with respect to time management and other issues, he was not effective enough to sort out the problems. He played defensive in some situations.

The question is in an academic program to what extent should focus be distributed into academic and how much into the other areas related to it. If not a 5 or 7 star arrangement made with hi-fi fooding and other amenities, then what is the benchmark level? How to set that?

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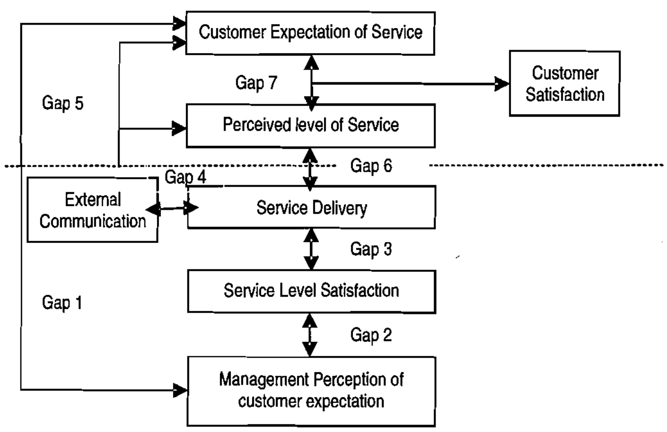

Figure 1: The basic GAP MODEL as proposed by Parsuraman

THE USE OF NON-MONETARY INCENTIVES AS A MOTIVATIONAL TOOL : A STUDY IN PUBLIC SECTOR BANKS

Deepti Sinha* & Sachin Sinha**

The purpose of this study is to demonstrate to what extent non-monetary incentives are utilized in the banking sector and whether non-monetary incentives have the potential to increase the motivation of employees as much as the monetary incentives. Incentive is any means that makes an employee desire to do better, try harder and expend more energy. Non-monetary incentives such as participation in decision making, verbal or written recognition of good work etc. are the kinds of incentives that do not involve direct payment of cash. According to the results of the study, most of the employees think that the level of utilization of the non-monetary incentives in their organization is inadequate. Also, the findings suggest that they value non-monetary incentives as much as monetary incentives. Thus, within the limitations of the study, it may be concluded that non-monetary incentives have the potential to increase the motivation of personnel in the banking sector.

Keywords: Non-monetary Incentives, Motivation, Personnel Administration, Banking sector.

INTRODUCTION

It is widely accepted by organizational theorists that manpower is one of the most important assets of an organization because things get done through employees. In other words, the success of an organization in realizing its objectives heavily depends on the performance of its employees. Therefore, it is important to focus on the factors affecting the performance of the employees. Performance is considered to be related with the concepts of ability, opportunity and motivation (Ivancevich & Matteson, 1988). Ability is a function of skills, education, experience and training. Opportunity refers to the infrastructure needed to perform a job. Finally, motivation is the desire to achieve a goal and willingness to exert effort for it. 'Motivation' is perhaps the most used and, at the same time, the most 'misused' term in the entire corpus of management literature. Used, because motivation is the lubricant of the machinery of management. Nothing and nobody works, and cannot work, without motivation. Misused, because there are umpteen interpretations of this seemingly innocuous phenomenon. Theoretically defined, motivation is the strong urge or drive that impels an individual to hit targets and achieve goals. In gross practical terms, motivation is probably a fancy term for manipulation. If A is able to make B do A's work under the illusion that it is B's own work, this phenomenon is grandiosely referred to as B being motivated by A, but, in effect it is a sheer case of B being manipulated by A. So, the point being driven home is that this concept called motivation is not as flawless as it is made out to be. There are a large number of contradictions and inconsistencies involved herein, which leads to a lot of grey areas, which can collectively be called motivational complexity.

Motivation has been defined as the drive to move from the present position to the desired position. It is a very complex internal force within human beings. There have been numerous examples of motivation where almost impossible things have been accomplished in a matter of minutes. There is a military axiom, 'It is the man behind the machine that matters.' It signifies the strength of motivated force and it even holds true even in the organisational context. Motivation is concerned with getting someone to do something you want or, on an individual basis, wanting to do something for yourself for a particular reason. For many businesses, the most expensive asset they possess is

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public sector banks, it is possible to argue that non-monetary incentives may promote the employees' willingness to exert more effort in their jobs, to go beyond expectations and to contribute to the organizational objectives fully when applied effectively.

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A STUDY OF CUSTOMER-DELIGHT IN THE INDIAN BANKING SECTOR BASED ON KANO'S MODEL OF PRODUCT QUALITY

Sathya Swaroop Debasish* & Sarmistha Sarma**

The paper is a study of the element of "Customer Delight" in the Indian Banking sector in the backdrop of Kano's Model. Noriaki Kano had developed a model on product attributes in three groups of customer needs basic, linear and delight factor. In the present study we have taken banking services of SBI, BOB, ICICI and HDFC, as the factors under analysis. The highlight of the study is that same services fall into different influencing factors in different banks. The customers react differently in different banks. Like for customers of some banks long working hours is a "delight" factor while for others it is just a "basic" factor. Kano's Model has been studied for various products and services but for banking services of India this study will be the first of its kind.

INTRODUCTION

Social psychologists, marketing researchers and students of consumer behavior, have extensively studied the concept of consumer satisfaction and dissatisfaction. The increasing importance of quality in both service and manufacturing industries has created a proliferation of research with more than 15,000 academic and trade articles having been published in the past decades (Peterson and Wilson 1992)[1]. Customer Satisfaction is a psychological concept that involves the feeling of well being and pleasure that results from obtaining what one hopes for and expects from an appealing product or service(WTO 1985)[2].While there are a variety of approaches to the explanation of customer satisfaction /dissatisfaction ,the most widely used one is proposed by Richard Oliver who has developed the expectancy disconfirmation theory (Oliver 1980)[3]. According to this theory which has been tested and confirmed in several studies.

Customers purchase goods and services with pre-purchase expectations about anticipated performance. Once the products or service has been purchased or used , outcomes are compared against expectations . When outcome matches expectations , confirmation occurs. Disconfirmation occurs when there are differences between expectations and outcomes.

The results on the research on customer satisfaction has lead to the development of nine theories of customer satisfaction . A majority of these theories are based on cognitive psychology , some have received moderate attention ,while other theories have been introduced without any empirical research . The nine theories are ---a.Expectency disconfirmation, b. Assimilation or cognitive dissonance, c.Contrast, d.Assimilation and Contrast, e. Equity, f. Attribution, g. Comparision Level h.Generalised Negativity, i.Value Percept (Oh and Parks 1997)[4].

Satisfaction is not a universal phenomenon and not everyone gets the same satisfaction out of the same hospitality experience. The reason is that customers have different needs, objectives and past experience that influence their expectations. To a student on a limited budget, a lunch composed of fast food items at the crowded and noisy school cafeteria may be highly satisfying experience, while the same experience may be perceived as totally dissatisfying to an affluent executive discussing a business transaction. The same customer may also have

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It might be that any customer expects for certainty when he walks into a bank. Rest of the features under study do not seem to have strong impact on the level of satisfaction and dissatisfaction. (For Correlation See Table 1.)

The present study provides a new dimension to the element of delight in banking sector. The study can be further proceeded in the structuring of the services of the banks and achieving performance standards like Six Sigma.

Table No. 1

Banks	SBI	BOB	ICICI	HDFC				
Questions	Satisfaction (+ve)	Dissatisfaction (-ve)	Satisfaction (+ve)	Dissatisfaction (-ve)	Satisfaction (+ve)	Dissatisfaction (-ve)	Satisfaction (+ve)	Dissatisfaction (-ve)
Quick Service	0.45	-0.85	0.25	-0.85	0.40	-0.80	0.35	-0.85
Parking Space	0.32	-0.63	0.33	-0.61	0.50	-0.50	0.60	-0.40
Prompt Reply	0.60	-0.70	0.80	-0.65	0.60	-0.75	0.60	-0.85
Easy Branch Availability	0.60	-0.60	0.55	-0.60	0.55	-0.65	0.70	-0.70
ATM Availability	0.65	-0.75	0.50	-0.70	0.65	-0.75	0.55	-0.65
Acceptability of Debit and Credit Card	0.58	-0.63	0.63	-0.58	0.65	-0.55	0.74	-0.68
Processing Time	0.50	-0.63	0.50	-0.50	0.69	-0.85	0.21	-0.79
Involvement of Paper Work	0.22	-0.56	0.41	-0.59	0.55	-0.70	0.45	-0.70
Working Hours	0.71	-0.29	0.61	-0.11	0.56	-0.28	0.95	-0.37
Add On facilities for senior Citizens and differently abled	0.50	-0.50	0.35	-0.35	0.55	-0.40	0.40	-0.45

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THE NEW WORLD OF THE WTO MULTILATERAL-TRADE REGIME

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GATT was the sole international agreement for the promotion of free trade. GATT suffered from number of defects as it was not an institution but just an agreement and during the time when GATT was in existence most of the trade was carried out of GATT rules. GATT was substituted by a more systemized institution known as WTO. WTO has more expanded parameters in comparison to GATT. To some extent they acknowledge the problems of least and developing countries and certain exemptions were given to them for initial period. In this paper an endeavour has been made to understand the changing mosaic of the economic realities of the world, as to how the GATT gave way to WTO- the new dawn and whether it is that in reality or not.

The multilateral trade paradigm has become increasingly complex, comprehensive and universal as it grows even more powerful[1]. The character of Third World involvement has also evolved as these nations become increasingly significant in the system they once shunned as a rich nation club[2].

THE THIRD WORLD AND THE INTERNATIONAL TRADE PARADIGM

Third World countries have had an uneven relationship with the world trade system. They were largely absent at the birth of GATT. For them, the concern during the GATT period was development, and they considered GATT to be a rich nation club rather than an ally in their development. With the victory of the United States and global capitalism over the Soviet Union and international communism, the liberal consensus prevailed as the paradigm to bring development to the underdeveloped[3]. As a result, these nations entered trade discourse through the development paradigm.

A. *Short Primer on GATT*

For almost fifty years, GATT and the GATT Secretariat were at the core of the international trade system.[4] GATT's central tenet is the promotion of free trade, and it accomplished this goal through a system that laid the foundation for an open and level playing field liberated from non-economic barriers[5]. Underlying the premise of a market driven trade regime is the theory of comparative advantage according to which each nation concentrates on producing what it makes most efficiently and trades to obtain the products it makes less efficiently[6]. However, the predicted outcomes of comparative advantage can be problematic even accepting the theory on its own terms. Aggregate gains may simultaneously result in critical dislocations within individual nations and communities,[7] prompting nations to erect trade barriers. That is, even as nations pursue free trade they may have incentives to undermine it.[8] Thus, in levelling the economic playing field, GATT targeted socially, culturally, and politically motivated government interference in economic transactions.

GATT employed four fundamental legal principles to achieve its goal of free trade. Firstly, tariffs were declared the only acceptable trade barrier,[9] and they were progressively reduced.[10] Secondly, the most-favored-nation principle, generalized tariff

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Because they are few in number, they can internalize the benefits of negotiations. Also they are at comparable per capita income levels, and their strategies are thus more similar and consistent in areas such as intellectual property rights and the environment, issues that generally divide along North-South lines. Hence, consensus regarding contentious issues is reached more easily within their ranks.

Thus, large industrialized nations present a generally unified front, while the priorities and interests of Third World states may often vary and diverge.[160] Larger and more industrialized Third World countries that may be realizing greater benefits from the WTO system than poorer nations may no longer share some of the goals and positions of the most impoverished states, even though fundamental similarities remain.[161]

2. *A Unified North Faces a Fracturing and Diverse South*

Although there was Third World unity at Cancun, it may prove to be ephemeral because Third World interests are no longer entirely homogeneous or necessarily congruous. India, for example, wanted to protect agriculture, while Brazil was a member of the Cairns Group of agricultural exporters who were pushing to liberalize agricultural trade. Other Third World nations, such as the Group of 33,[162] wanted to include strategic products and a special safeguard mechanism regarding agricultural products. On yet a third front, a coalition of the African Union, the African, Caribbean, and Pacific countries and the Least Developed Countries (AU/ACP/LDCs) sought to continue the preferential treatment accorded to them under various preferential agreements, in addition to achieving G-33 demands.[163] It is possible that the dynamics between these groups are axiomatic of the evolving dynamics of the international trade regime and will prove decisive in future negotiations.[164]

While the Third World fragments, industrialized nations are able and willing to act as a cohesive front. They remain adamant in their bargaining stances regarding Third World demands, which often succeed only when accompanied by support from one or more major industrialized western nations, such as the Declaration on TRIPS.[165] Indeed, as negotiations on the Singapore issues unfolded, all of these forces became evident.[166] A significant number of nations opposed opening negotiations on these issues, but the opposition by Third World nations was not unanimous or uniform. Given their generally open capital markets, higher levels of incomes, and their preoccupation with agricultural liberalization, many South American nations were not opposed to negotiating these matters. The real opposition came from African and Asian nations concerned about implementation.

CONCLUSION

In sum, it may be said that the world has come a long way from the humble beginnings of GATT 1947. Development for all, in a free and fair manner was the goal; obstructions were met- much due to efforts of strong economies not willing to abdicate their central positions, but with negotiations, co-operations and dialogues all this has been seen-off. WTO brought in the new dawn, but as we have seen through this paper it was mostly on paper. The ground reality still exists, and it remains what the Britishers first brought to India and was aptly capsuled by Lala Hardyal: *Divide and Rule;* the WTO gives all nations a level playing surface, but the North continues to use the short-sightedness on part of the South to divide us, and make us stay exactly what we are: The South.

[1] The World Trade Organization (WTO) is now the most sophisticated international legal organism in history; it would

probably be unrecognizable to its founders. (See Kevin C. Kennedy, The GATT-WTO System at Fifty, 16 Wis. Int'l L.J. 421, 422-23 (1998)) [hereafter Kennedy, GATT-WTO at Fifty]

[2] See, Surya P. Subedi, The Road From Doha: The Issues for the Development Round of the WTO and the Future of International Trade, 52 Int'l & Comp. L.Q. 425, 426 (2003) [hereafter Subedi, The Road from Doha]

[3] According to the "liberal consensus," Third World nations are to be hospitable to foreign investment through monetary policy, accommodating governmental policies and trade liberalization. See Ruth Gordon & Jon Sylvester, Deconstructing Development, 22 Wis. Int'l L.J. 1 (2004) at 44-49; see also Poorest Nations Opt Out of WTO Block, Alertnet, Sept. 22, 2003, http://www.alertnet.org/thefacts/reliefresources/106423847080.htm [hereinafter Poorest Nations Opt out of WTO]

[4] See General Agreement on Tariffs and Trade, Oct. 30, 1947, 55 U.N.T.S. 194 [hereinafter GATT 1947], available at http://www.wto.org/english/docs_e/legal_e/gatt47_01_e.htm. At Bretton Woods, the United States and the United Kingdom proposed a comprehensive economic and financial plan for post World War II reconstruction and development. It envisioned three international economic and financial institutions: the World Bank, the International Monetary Fund (IMF) and an International Trade Organization (ITO). GATT was part of this system. Negotiations for an ITO were launched in 1946, but as in 1947 the U.S. Senate failed to approve the ITO Charter, GATT (along with the World Bank and IMF) was left as the central component of the international economic and trade structure. (See John H. Jackson, GATT and the Future of International Trade Institutions, 18 Brook J. Int'l L. 11, 16-17 (1992), Kevin C. Kennedy, The GATT-WTO System at Fifty, 16 Wis. Int'l L.J. 421, 422-23 (1998))

[5] See generally John H. Jackson, The World Trading System, Law and Policy of International Economic Relations 31-43 (2nd ed. 1999) [hereinafter Jackson, Trade Law And Policy]

[6] See Susan Tiefenbrun, Free Trade and Protectionism: The Semiotics of Seattle, 17 Ariz. J. Int'l & Comp. L. 257, 260-61 (2000); see generally John H. Jackson, William J. Davey, Alan O. Sykes, Legal Problems of International Economic Relations Cases, Materials and Text 7-12 (4th ed. 2002) [hereinafter Jackson, Legal Problems]

[7] See S. Olofin, Trade and Competitiveness of African Economies in the 21st Century, Afr. Dev. Rev. at 302 (2002)

[8] Jackson, Trade Law and Policy, at 20 (explaining the competing interests within a nation that may result in particular groups being harmed even when a nation as a whole is prospering from trade)

[9] Tariffs are favored because they are transparent, easy to comply with, straightforwardly accounted for by private parties in the marketplace, readily withdrawn and explicitly targeted at protecting specific goods. See generally Inaamul Haque, Doha Development Agenda: Recapturing the Momentum of Multilateralism and Developing Countries, 17 Am. U. Int'l L. Rev. 1097 (2002)

[10] There have been eight GATT negotiating rounds: Geneva (1947), Annecy (1949), Torquay (1950), Geneva (1956), Dillon (1960-61), Kennedy (1962- 67), Tokyo (1973-79) and Uruguay (1986-94). See Mitsuo Matsushita Et Al., The World Trade Organization Law: Practice and Policy 6 (2003); Kevin C. Kennedy, The GATT-WTO System at Fifty, 16 Wis. Int'l L.J. 421 (1998) at 427; see also Susan Tiefenbrun, Free Trade and Protectionism: The Semiotics of Seattle, 17 Ariz. J. Int'l & Comp. L. 257 (2000) at 263- 64

[11] GATT 1947, at art I; see also Asoke Mukerji, Developing Countries and the WTO-Issues of Implementation, 34 J. World Trade 33, 35 (2000)

[12] See GATT 1947, at art. III; see also Jackson, Trade Law and Policy, at 213-28

[13] GATT 1947, at art XI Quotas on goods will skew markets based on supply and demand, and will tend to favor domestic producers who will have fewer imports to compete against. See Jackson, Trade Law and Policy, at 129.

[14] See GATT 1947, at art. VI (dumping); see also Jackson, Trade Law and Policy, at 227-28 (describing anti-dumping provisions enacted by GATT signatories); see also id at 249-73 (the vexing problem of government subsidies)

[15] See GATT 1947, art. XX (protecting domestic health and safety); id. at art XII & art XVIII (addressing balance of payments difficulties); at art. XIX (impeding import surges that cause politically and economically untenable domestic dislocations); see also Jackson, Trade Law and Policy, at 175-212 (discussing safeguards against imports that cause injury to domestic industries)

[16] During subsequent negotiating rounds, GATT members expanded and improved provisions on dispute settlement, dumping, subsidies and other matters. WTO Secretariat, Guide To The Uruguay Round Agreements 1-2 (1999) [hereinafter WTO Secretariat]

[17] See The Agreement on Technical Barriers to Trade (Standards Code), GATT B.I.S.D. (26th Supp.), at http://www.wto.org/english/docs_e/legal_e/prewto_legal_e.htm#tokyoroundcodes. Because not all GATT Contracting Parties joined the various codes, many legal quandaries arose, such as forum shopping to resolve disputes, and determining the applicability of most favored nation to non-code signatories.

[18] See GATT 1947, at arts. XII-XIII. Article XXII establishes the right to consultation between GATT Contracting Parties, while Article XXIII gives parties the right to bring claims of nullification or impairment of tariff concessions due to violation or non-violation activities by another GATT Contracting Party.

[19] See S. Olofin, Trade and Competitiveness of African Economies in the 21st Century, Afr. Dev. Rev. (2002) at 309

[20] See Bartram S. Brown, Developing Countries in the International Trade Order, 14 N. Ill. U. L. Rev. 347 (1994) at 357

[21] Hansel T. Pham, Developing Countries and the WTO: The Need for More Mediation in the DSU, 9 Harv. Negot. L. Rev. 331, 333 (2004). The ten Third World GATT charter members were Brazil, Burma, Ceylon, Chile, China, India, Lebanon, Pakistan, Syria and South Africa.

[22] For a discussion of the preparatory work for GATT Article XVIII, see Jackson, Law of GATT, at 628-38

[23] The original American proposals contained no language addressing the needs of Third World nations. Only after these nations complained, was a special committee formed to draft a chapter on industrial development, which permitted departures from general trade rules with permission from the organization. The battle centered on quantitative restrictions, with industrialized nations desiring and eventually prevailing in obtaining an exception for agricultural and fishery products, and

industrializing nations unsuccessfully seeking to broaden the exception to include infant industry products. See id. at 630-36.

[24] See id. at 627

[25] One result was that some Third World nations did not maintain official representation at GATT headquarters and participation was often passive or marginal before the Uruguay Round. See Hansel T. Pham, Developing Countries and the WTO: The Need for More Mediation in the DSU, 9 Harv. Negot L. Rev. 331 (2004) at 336

[26] Susan Demske, Trade Liberalization: De Facto Neo-colonialism in West Africa, 86 Geo. L.J. 155, 158-60 (1997); see also Carmen Gonzalez, Institutionalizing Inequality: The WTO Agreement on Agriculture, Food Security and Developing Countries, 27 Colum. J. Envtl. L. 433, 442-43 (2002)

[27] See Carmen Gonzalez, Institutionalizing Inequality: The WTO Agreement on Agriculture, Food Security and Developing Countries, 27 Colum. J. Envtl. L. 433 (2002) at 440 (explaining that tariffs on agricultural goods are much higher than on manufactured goods); see also Asoke Mukerji, Developing Countries and the WTO-Issues of Implementation, 34 J. World Trade 33 (2000) at 45-46 (discussing agricultures role within the GATT)

[28] This was the case even as quotas on manufactured goods were prohibited or strongly discouraged. See GATT 1947, at art. XI; see also Carmen Gonzalez, Institutionalizing Inequality: The WTO Agreement on Agriculture, Food Security and Developing Countries, 27 Colum. J. Envtl. L. 433 (2002) at 440-49

[29] Since 1974, an extensive and complex network of bilateral agreements permitted quantitative limits on exports of specific textile and clothing products from particular countries. See Alice J.H. Wohn, Comment, Towards GATT Integration: Circumventing Quantitative Restrictions on Textiles and Apparel Trade under the Multi-Fiber Arrangement, 22 U. Pa. J. Int'l Econ. L. 375, 388-405 (2003). If there were a bona fide free market, the Third World would clothe the world. See generally Stephen E. Lamar, The Apparel Industry and African Economic Development, 30 Law & Pol'y Int'l Bus. 601 (1999)

[30] Textile manufacturing requires few skills, little education and pays very low wages. These characteristics typify the labour force plentiful in poorer nations, thus creating a comparative advantage in textile production. See Stephen E. Lamar, The Apparel Industry and African Economic Development, 30 Law & Pol'y Int'l Bus. 601 (1999). Trade in textiles and clothing has been a major source of foreign exchange and employment for nations in the Third World, it had previously marked the birth of industrialization in Europe. Alice J.H. Wohn, Comment, Towards GATT Integration: Circumventing Quantitative Restrictions on Textiles and Apparel Trade under the Multi-Fiber Arrangement, 22 U. Pa. J. Int'l Econ. L. 375, 388 (2003)

[31] See Robert Curry, Jr., Africa and the Generalized System of Preferences, 10 J. Modern Afr. Stud. 285, 286 (1972)

[32] See Branislav Gosovic, UNCTAD: Conflict and Compromise: The Third World's Quest for an Equitable Economic Order 198-217 (1972); Anindya K. Bhattacharya, The Influence of the International Secretariat: UNCTAD and Generalized Tariff Preferences, 30 Int'l Org. 75, 76 (1976)

[33] See Diana Tussie, The Less Developed Countries and the World Trading System: A Challenge to the GATT 33 (1987) (discussing the influence of UNCTAD in GATT negotiations); Subedi, The Road from Doha at 427 (noting that the momentum to create a New International Economic Order had an impact on the GATT).

[34] See Expansion and Diversification of Exports of Manufactures and Semi-manufactures of Developing Countries, UNCTAD Res., at 38, U.N. TDBOR, 2d Sess., Vol. I, Annex 1, Agenda Item 11, U.N. Doc. TD/97/Annexes (Mar. 26, 1968). The idea of a system of preferences was first raised by Argentine economist Raul Prebisch in 1964 at the first United Nations Conference on Trade and Development; D. Robert Webster & Christopher P. Bussert, The Revised Generalized System of Preferences: "Instant Replay" or a Real Change?, 6 Nw. J. Int'l L. & Bus. 1035, 1036 (1985) UNCTAD, and especially its Secretariat, performed several important functions including: fashioning an ideology that made preferences a significant issue; lobbying rich countries to support general, rather than selective, preferences; and enabling the creation of specific, functional agreements through "incremental and pragmatic" negotiations; Anindya K. Bhattacharya, The Influence of the International Secretariat: UNCTAD and Generalized Tariff Preferences, 30 Int'l Org. 75 (1976) at 75-77. GATT had discussed preferences, but rejected them in the name of avoiding discrimination and interference with multilateral tariff reductions.

[35] Protocol Amending the General Agreement on Tariffs and Trade to Introduce a Part IV on Trade and Development, Feb. 8, 1965, 17 U.S.T. 1977, 572 U.N.T.S. 320. GATT attempted to incorporate some of the principles of the New International Economic Order through the Generalized System of Preferences. Subedi, The Road from Doha at 426

[36] See Gustavo Olivares, The Case for Giving Effectiveness to GATT/WTO Rules on Developing Countries and LDCs, 35 J. World Trade 545 (2001) at 548

[37] Final Act Embodying the Results of the Uruguay Round of Multilateral Trade Negotiations, Apr. 15, 1994, 33 I.L.M. 1125 (1994) [hereinafter Final Act], at http://www.wto.org/english/docs_e/legal_e/legal_e.htm#top The WTO was a product of the eighth GATT negotiating round, which began in 1986.

[38] At the apex of this institutional structure is the Ministerial Conference, which meets at least once every two years, is the highest decision-making body in the WTO, and is comprised of trade ministers from all WTO members.. Between ministerial conferences, decisions are implemented and adopted by the WTO General Council, which is also made up of representatives from all WTO members. See Mitsuo Matsushita Et Al., The World Trade Organization Law: Practice and Policy 9 (2003)

[39] Final Act, Annex 1 (The 1947 GATT became GATT 1994 and is the first of the WTO Annex Agreements) Annex1B contains the General Agreement on Trade in Services (GATS), Annex1C contains the Trade-Related Aspects of Intellectual Property Rights (TRIPS), Annex2 contains the Dispute Settlement Understanding and Annex3 contains the Trade Policy Review Mechanism, http://www.wto.org/english/docs_e/legal_e/legal_e.htm

[40] Detailed, universal, and quite specific agreements now deal with a range of issues that the previous system dealt with in an abbreviated or fragmented fashion. See Agreement on Anti-Dumping (Article VI of GATT 1994); Agreement on Customs Valuation (Article VII of GATT 1994); Agreement on Pre-shipment Inspection; Rules of Origin; Agreement on Import Licensing; Subsidies and Countervailing Measures; and Safeguards, available at http://

www.wto.org/english/docs_e/legal_e/legal_e.htm#top

[41] The dispute system has addressed myriad issues including environmental matters and national health and safety measures. See WTO Dispute Settlement, www.wto.org/english/tratop_e/dispu_e/find_dispu_cases_e.htm

[42] Some decisions have made the WTO a better-known organization than GATT, although this visibility has not always been positive, with the 1999 Seattle protests at the fourth WTO Ministerial conference partly in response to WTO dispute settlement decisions, being the most notorious case in point. See, e.g., Ibrahim J. Gassama, Confronting Globalization: Lessons from the Banana Wars and the Seattle Protests, 81 Or. L. Rev. 707 (2002); John Ragosta, Unmasking the WTO: Access to the DSB System: Can the WTO DSB Live Up to the Moniker World Trade Court, 31 L. & Pol'y Int'l Bus. 739 (2000)

[43] General Agreement on Trade in Services, Apr. 15, 1994, Marrakesh Agreement Establishing the World Trade Organization, Annex 1B, Legal Instruments--Results of the Uruguay Round, 33 I.L.M. 1125, 1168 (1994), available at http://www.wto.org/english/docs_e/legal_e/legal_e.htm#top.; see also WTO Secretariat, at 162

[44] Agreement on Trade-Related Aspects of Intellectual Property Rights, Apr. 15, 1994, Marrakesh Agreement Establishing the World Trade Organization, Annex 1C, Legal Instruments--Results of the Uruguay Round, 33 I.L.M. 1125, 1197 (1994), available at http://www.wto.org/english/docs_e/legal_e/legal_ e.htm#top; see also WTO Secretariat, at 207

[45] Agreement on Trade Related Investment Measures, Apr. 15, 1994, Marrakesh Agreement Establishing the World Trade Organization, Annex 1A, Legal Instruments--Results of the Uruguay Round, 1868 U.N.T.S. 186, available at http://www.wto.org/english/docs_e/legal_e/legal_e.htm#top

[46] See generally Ruth Gordon, Saving Failed States: Sometimes a Neo-colonialist Notion, 12 Am. U. J. Int'l L. & Pol'y 903 (1997) Large powers, such as India and Brazil, were not only more engaged, but more influential.

[47] Ernst-Ulrich Petersmann, Challenges to the Legitimacy and Efficiency of the World Trading System: Democratic Governance and Competition Culture in the WTO, 7 J. Int'l Econ. L. 585, 589 (2004); Yash Tandon, The World Trade Organization and Africa's Marginalization, 53 Austl. J. Int'L Aff. 83, 84 (1999) Part of the Third World inability to effectively participate in the WTO may have been lack of staff and resources to simply be present during negotiations.

[48] For example, the preamble of the Agreement Establishing the WTO states: "there is a need for positive efforts designed to ensure that developing countries, and especially the least developed among them, secure a share in the growth in international trade commensurate with the needs of their economic development." Final Act, at preamble

[49] See Peter Lictenbaum, "Special Treatment" vs. "Equal Participation:" Striking A Balance in the Doha Negotiations, 17 Am. U. Int'l L. rev. 1003 (2000); See also Frank J. Garcia, Trade and Inequality: Economic Justice and the Developing World, 21 Mich. J. Int'l L. 975, 989 (2000)

[50] See Arvind Panagariya, Developing Countries at Doha: A Political Economy Analysis, 25 World Econ. 1205, 1218-19 (2002)

[51] Tariff escalation is when industrialized nations impose a higher tariff on processed products from the Third World, than they do on raw materials. Yash Tandon, The World Trade Organization and Africa's Marginalization, 53 Austl. J. Int'L Aff 83 (1999) at 87 For example, a raw hide would typically have a low 0.1% tariff, finished leather a tariff of 5% and leather goods a tariff of 8%.

[52] S. Olofin, Trade and Competitiveness of African Economies in the 21st Century, Afr. Dev. Rev. 298 (2002). The WTO agreement does not cover most of the products Africa trades and thus Africa is unlikely to benefit from the treaty, at least in the short run. Id. at 298, 309

[53] See id. at 309; Yash Tandon, The World Trade Organization and Africa's Marginalization, 53 Austl. J. Int'L Aff 83 (1999) at 87

[54] GATT disciplines have been extended to services, trade related investment measures and the protection of intellectual property. See Nsongurua J. Udombana, Back to Basics: The ACP-EU Cotonou Trade Agreement and Challenges for the African Union, 40 Tex. Int'l L.J. 59, 92 (2004). Developing countries were bitterly opposed to including these issues in the Uruguay Round, but they were central to the U.S. negotiating agenda and the United States ultimately prevailed.

[55] Yash Tandon, The World Trade Organization and Africa's Marginalization, 53 Austl. J. Int'L Aff 83 (1999) Bringing services into the international trade regime was a very contentious issue between northern and southern tier nations; India and Brazil were particularly exasperated over the issue. Id. at 84; See also Asoke Mukerji, Developing Countries and the WTO-Issues of Implementation, 34 J. World Trade 33 (2000) at 58-64; S. Olofin, Trade and Competitiveness of African Economies in the 21st Century, Afr. Dev. Rev. 298 (2002) at 313 (noting that there are competing arguments regarding how including services trade might affect the competitiveness of SSA nations)

[56] Article I defines trade in services in terms of modes of supply, which is defined as cross-border, consumption abroad, commercial presence in the consuming country and temporary movement of natural persons. WTO Secretariat, at 164-65

[57] Asoke Mukerji, Developing Countries and the WTO-Issues of Implementation, 34 J. World Trade 33 (2000) at 58

[58] See S. Olofin, Trade and Competitiveness of African Economies in the 21st Century, Afr. Dev. Rev. 298 (2002) at 313-14 (noting that some argue that nascent service industries could be wiped out)

[59] Id.

[60] Yash Tandon, The World Trade Organization and Africa's Marginalization, 53 Austl. J. Int'L Aff 83 (1999) at 88

[61] The OECD developed the model for Bilateral Investment Treaties (BITs) and by the 1980s, there were hundreds of these treaties, all calculated to protect foreign capital. The struggle for national over foreign direct investment and natural resources raged for several decades and were key parts of the demands for a new economic order. The West eventually prevailed, with the conclusion of numerous BITs that codified the Western standard regarding appropriation of foreign capital. For a discussion of this vociferous debate, see Ruth Gordon & Jon Sylvester, Deconstructing Development, 22 Wis. Int'l L.J. 1 (2004) at 34-49

[62] The United States, for example, sought to use GATT to challenge Canada's Foreign Investment Review Act, but was unsuccessful. See Report of the Panel, Canada-Administration of the Foreign Investment Review Act, 30S/140 (Feb. 7, 1984), GATT B.I.S.D. (30th Supp.)

[63] Agreement on Trade Related Investment Measures, Apr. 15, 1994, Marrakesh Agreement Establishing the World Trade Organization, Annex 1A, Legal Instruments--Results of the Uruguay Round, 1868 U.N.T.S. 186, available at http://www.wto.org/english/docs_e/legal_e/legal_e.htm#top

[64] WTO Secretariat, at 77-80; Yash Tandon, The World Trade Organization and Africa's Marginalization, 53 Austl. J. Int'L Aff 83 (1999) at 88

[65] Moreover, since the Uruguay Round, OECD countries have been pressing for a Multilateral Agreement on Investments that would further reinforce foreign capital's control over host governments. Yash Tandon, The World Trade Organization and Africa's Marginalization, 53 Austl. J. Int'L Aff 83 (1999) at 88-89

[66] Agreement on Trade-Related Aspects of Intellectual Property Rights, Apr. 15, 1994, Marrakesh Agreement Establishing the World Trade Organization, Annex 1C, Legal Instruments--Results of the Uruguay Round, 33 I.L.M. 1125, 1197 (1994), available at http://www.wto.org/english/docs_e/legal_e/legal_ e.htm #top These matters had been within the jurisdiction of the World Intellectual Property Organization (WIPO), but large corporations were dissatisfied with WIPO's lack of sanctions; See Asoke Mukerji, Developing Countries and the WTO-Issues of Implementation, 34 J World Trade 33 (2000) at 54- 55 For example, some nations were able to reverse engineer Western technology, make direct copies and/or build their own manufacturing plants based on Western designs and then compete in Western markets.

[67] Guide to the Uruguay Round Agreements, World Trade Organization 207- 09 (1999) It covers all the main areas of intellectual property, including copyright, trademarks, geographical indications, industrial designs, patents, and undisclosed information, including trade secrets.

[68] See Asoke Mukerji, Developing Countries and the WTO-Issues of Implementation, 34 J World Trade 33 (2000) at 55 (citing Darjeeling tea as an example, Professor Mukerji notes that TRIPS was the result of extensive lobbying by multinational corporations and only resulted in patent protection for their products); see also Subedi, The Road from Doha at 437 (noting that wines and spirits are provided with enhanced protection but that TRIPS merely instructs the TRIPS counsel to address the issue of such protections for certain foods and handicrafts of interest to developing countries)

[69] Asoke Mukerji, Developing Countries and the WTO-Issues of Implementation, 34 J World Trade 33 (2000) at 55 (This led to a quite confrontational atmosphere over these issues)

[70] Arvind Panagariya, Developing Countries at Doha: A Political Economy Analysis, 25 World Econ. 1205 (2002) at 1206; see also Alan O. Sykes, TRIPS, Pharmaceuticals, Developing Countries and the Doha Solution, 3 Chi. J. Int'l L. 47 (2002) at 47-49. Given their low levels of income, this may effectively deny them access to life saving medicines altogether.

[71] Because production is increasingly based on knowledge and information intensive technologies, intellectual property has become more important to industrialized nations and the multinational corporations that own most of these processes. Yash Tandon, The World Trade Organization and Africa's Marginalization, 53 Austl. J. Int'L Aff 83 (1999) at 89-90. TRIPS undoubtedly tip the balance towards these corporations. Reverse engineering is now outlawed and companies alleged to be using patented technology are presumed guilty until proven innocent.

[72] Asoke Mukerji, Developing Countries and the WTO-Issues of Implementation, 34 J World Trade 33 (2000) at 56 (discussing problems faced by developing countries during the early years of the implementation of TRIPS)

[73] No Western nation has a sustainable agricultural sector. It is heavily subsidized for myriad reasons that include food security, strong lobbies and its highly politicized nature. Yash Tandon, The World Trade Organization and Africa's Marginalization, 53 Austl. J. Int'L Aff 83 (1999) at 86 (concluding that if markets were truly free, Europe and Japan would have long abandoned food production and allowed Southern Tier nations, who have a comparative advantage in agricultural production, to feed the world)

[74] S. Olofin, Trade and Competitiveness of African Economies in the 21st Century, Afr. Dev. Rev. (2002) at 310-11 (describing how GATT 1994 brought trade in agricultural products into the GATT system); See Agreement on Agriculture, Apr. 15, 1994, Marrakesh Agreement Establishing the World Trade Organization, Annex 1A, Legal Instruments--Results of the Uruguay Round 33 I.L.M. 1 (1994); See also Randy Green, The Uruguay Round Agreement on Agriculture, 31 Law and Pol'y Int'l Bus. 819 (2000) at 821-22; Arvind Panagariya, Developing Countries at Doha: A Political Economy Analysis, 25 World Econ. 1205 (2002) at 1220.

[75] Dirty tarrification entailed setting tariff equivalents for non-tariff barriers at excessively high levels. Subsequent reductions would then be from an abnormally high level. Carmen Gonzalez, Institutionalizing Inequality: The WTO Agreement on Agriculture, Food Security and Developing Countries, 27 Colum. J. Envtl. L. 433 (2002) at 461. This led to higher levels of protection than under the old system.

[76] For example, OECD nations adopted complex tariff systems whose lack of transparency may complicate future negotiations. See id. at 462. The Agreement only required WTO members "to provide 'access opportunities' rather than requiring that imports actually take place."

[77] S. Olofin, Trade and Competitiveness of African Economies in the 21st Century, Afr. Dev. Rev. (2002) at 310

[78] The professed goal of the ATC was to structure a steady and progressive transition from a system characterized by extensive trade restrictions to one where normal GATT rules would apply. WTO Secretariat, at 65-66.

[79] S. Olofin, Trade and Competitiveness of African Economies in the 21st Century, Afr. Dev. Rev. (2002) at 312 (stating that "sixteen percent of textiles imports [were] brought under GATT rules at the signing of the WTO agreement...followed by further phased integration until total integration" in 2005); See also Alice J.H. Wohn, Comment, Towards GATT Integration: Circumventing Quantitative Restrictions on Textiles and Apparel Trade under the Multi-Fiber Arrangement, 22 U. Pa. J. Int'l Econ. L. 375 (2003)

[80] WTO Secretariat, at 67. The transition process began with notification of all restrictions in place as of December 31, 1994. Id. "No new restrictions [could] be introduced, except as provided for under the agreement, or under GATT provisions such as balance-of-payments rules" Thus, restrictions imposed under the MFA had to be removed and no new restrictions could be imposed except as permitted by GATT rules. Alice J.H. Wohn, Comment, Towards GATT Integration: Circumventing Quantitative Restrictions on Textiles and Apparel Trade under the Multi-Fiber Arrangement, 22 U. Pa. J. Int'l Econ. L. 375 (2003) at 406-08

[81] WTO Secretariat, at 66 Article I permits special consideration for

several groups of WTO members, such as "small suppliers and new entrants to the textiles and clothing trade, least-developed countries, countries which had not been signatories of the MFA since 1986, and cotton-producing exporters."; Asoke Mukerji, Developing Countries and the WTO-Issues of Implementation, 34 J World Trade 33 (2000) at 42; Arvind Panagariya, Developing Countries at Doha: A Political Economy Analysis, 25 World Econ. 1205 (2002) at 1220

[82] Even nations with established textile manufacturing industries have been concerned about the demise of quotas, fearing they will be unable to compete with China, who joined the WTO after the ATC was negotiated and whose entry has dramatically changed the economic landscape with respect to textiles. See, e.g., Saeed Azhar, Pakistan Seeks to Widen Access to Textile Market as Quotas End, Wall St. J. (Europe), Dec. 31, 2004, at A4; Peter S. Goodman & Paul Blustein, Worldwide Textiles Shake-up to Outsource Even Sweatshops, The Seattle Times, Nov. 22, 2004, at A3; Karl Malakunas, China to Sew Up Asian Rivals When Garment, Textile Quotas End, The Daily Star, Mar. 29, 2004, http://www.thedailystar.net/2004/03/29/d40329050766.htm

[83] The Dispute Settlement Body (DSB) is the WTO General Council sitting for purposes of dispute settlement under a different name and with a different chairman. Jackson, Constitution & Jurisprudence, at 75-76. After consultations, the party bringing a complaint can request a panel, which will be established unless there is a consensus against it. Since the party bringing the dispute will vote for a panel, there will never be a consensus against establishing a panel and thus the complaining party has a right to a panel. Id. at 68; Douglas Ierley, Defining the Factors That Influence Developing Country Compliance With and Participation in the WTO Dispute Settlement System: Another Look at the Dispute Over Bananas, 33 Law & Pol'y Int'l Bus. 615, 616 (2002) Richard H. Steinberg, Judicial Lawmaking at the WTO: Discursive, Constitutional, and Political Constraints, 98 Am. J. of Int'l L. 247 (2004)

[84] The old GATT system was not entirely power based. Some scholars maintain that it contained elements of both a rule and power based system, and may have been both, tending to be rule-based until the powerful believed the stakes were simply too high to abide by the rules in a particular case. Jackson, Constitution & Jurisprudence, at 66-69

[85] See Kim Van Der Borght, The Review of the WTO Understanding on Dispute Settlement: Some Reflections on the Current Debate, 14 Am. U. Int'l L. Rev. 1223, 1230 (1999)

[86] Brazil, India, Mexico, Korea, Thailand and Argentina have become repeat players, which partly accounts for statistics demonstrating more Third World participation. Calvin Manduna, Daring to Dispute: Are there shifting trends in African participation in WTO dispute settlement? http://www.tralac.org/pdf/TB3_Calvin_Manduna_web.pdf

[87] Two requests for consultations have been lodged against South Africa. African nations have been involved in only a few disputes and only as third parties. Id. at 3

[88] Douglas Ierley, Defining the Factors That Influence Developing Country Compliance With and Participation in the WTO Dispute Settlement System: Another Look at the Dispute Over Bananas, 33 Law & Pol'y Int'l Bus. 615 (2002) at 642

[89] Some have noted that private firms may have some interest in prolonging disputes to generate fees. See, e.g. id at 644-45

[90] Douglas Ierley, Defining the Factors That Influence Developing Country Compliance With and Participation in the WTO Dispute Settlement System: Another Look at the Dispute Over Bananas, 33 Law & Pol'y Int'l Bus. 615 (2002) at 646-51

[91] See generally Asoke Mukerji, Developing Countries and the WTO-Issues of Implementation, 34 J World Trade 33 (2000)

[92] See Susan Tiefenbrun, Free Trade and Protectionism: The Semiotics of Seattle, 17 Ariz. J. Int'l & Comp. L. 257 (2000) at 257-58

[93] Low income is defined as per capita income of US $1,000 or less. T. Ademola Oyejide, Development Dimensions in Multilateral Negotiations, in Doha And Beyond The Future Of The Multilateral Trading System 68 (Mike Moore ed., 2004)

[94] See Subedi, The Road from Doha at 428-29 (noting that the Group of 77 and China issued a Declaration stating "Due to systematic shortfalls in the international economic and trading system, a large majority of the developing countries have, so far, failed to accrue a share in the global and economic prosperity."). The Declaration went on to discuss the shortcomings in terms of market access, tariff peaks, tariff escalation and non-tariff barriers such as technical barriers to trade. Id. at 429 It also cited abuse of trade remedies such as anti dumping and, especially in textiles and agricultural products. Id.

[95] T. Ademola Oyejide, Development Dimensions in Multilateral Negotiations, in Doha And Beyond The Future Of The Multilateral Trading System 69 (Mike Moore ed., 2004)

[96] These nations believed trade barriers remained. The trade agenda was being expanded to cover issues that were only of interest to industrialized countries, and multilateral rules were increasingly becoming codifications of laws and rules prevailing in industrialized countries that often were unsuitable for Third World nations. Id. See also Inaamul Haque, Doha Development Agenda: Recapturing the Momentum of Multilateralism and Developing Countries, 17 Am. U. Int'l L. Rev. 1097 (2002) at 1111-12

[97] Third World countries feared that subjects of interest to industrialized countries would be emphasized, and topics of interest to them would be disregarded as emphasis was placed on industrialized nation concerns. Id. at 1112

[98] The Doha Round is the first round of global trade negotiations since the Uruguay Round concluded in 1994. A number of factors led to a reversal of the outcome at Seattle, including U.S. determination to launch a new trade round after the events of September 11, 2001, and a new Republican administration that was willing to eliminate labor standards from the WTO agenda. Arvind Panagariya, Developing Countries at Doha: A Political Economy Analysis, 25 World Econ. 1205 (2002) Even so, the Round was launched only after marathon negotiating sessions and hard bargaining. Inaamul Haque, Doha Development Agenda: Recapturing the Momentum of Multilateralism and Developing Countries, 17 Am. U. Int'l L. Rev. 1097 (2002) at 1098-99

[99] Sung Joon Cho, A Bridge Too Far: The Fall of the Fifth WTO Ministerial Conference in Cancun and the Future of Trade Constitution, 7 J. Int'l Trade 219, 227 (2004)

[100] United States General Accounting Office, World Trade Organization Cancun Ministerial Fails to Move Global Trade Negotiations Forward: Next Steps Uncertain 5 (2004). Cancun concluded with an agreement to continue consultations and convene a meeting of the General Council by mid-December 2003 to determine how the negotiations could be revived. Id.

[101] Regrettably, it may also foreshadow a trend towards regional and bilateral agreements, as industrialized nations are unable to

achieve all of their trade goals in a consensus-based organization such as the WTO. See Fredrick Abbott, The WTO Medicines Decision: World Pharmaceutical Trade and the Protection of Public Health, 99 Am. J. Int'l L. 317, 349 (2005). See generally Eric J. Boos, Between Scylla and Charybdis: The Changing Nature of U.S. and EU Development Policy and Its Effects on the Least Developed Countries of Sub-Saharan Africa, 11 Tul. J. Int'l & Comp. L. 181(2003)

[102] See Asoke Mukerji, Developing Countries and the WTO-Issues of Implementation, 34 J World Trade 33 (2000) at 33-36; Arvind Panagariya, Developing Countries at Doha: A Political Economy Analysis, 25 World Econ. 1205 (2002) at 1218-23

[103] World Trade Organization, Ministerial Declaration of 20 Nov. 2001, WT/MIN(01)/DEC/1 [hereinafter Ministerial Declaration], available at http://www.wto.org/english/thewto_e/minist_e/min01_e/mindecl_e.pdf

[104] Id. at arts 42-43 (promising to make efforts to ensure that these nations secured a share in the growth of world trade that was commensurate with their economic development needs); See also Peter Lichtenbaum, Special Treatment vs. Equal Participation: Striking A Balance in the Doha Negotiations, 17 Am. U. Int'l L. Rev. 1003, 1021-25 (2002)

[105] See Arvind Panagariya, Developing Countries at Doha: A Political Economy Analysis, 25 World Econ. 1205 (2002) at 1210-14

[106] The Declaration called for fundamental agricultural reform that included, United States General Accounting Office, World Trade Organization Cancun Ministerial Fails to Move Global Trade Negotiations Forward: Next Steps Uncertain (2004) at 10

[107] The Declaration explicitly approves reducing or eliminating tariff peaks, high tariffs, tariff escalation and non-tariff barriers, particularly on products of export interest to developing countries. See Arvind Panagariya, Developing Countries at Doha: A Political Economy Analysis, 25 World Econ. 1205 (2002) at 1211

[108] See Subedi, The Road from Doha at 435; See also Peter Lichtenbaum, Special Treatment vs. Equal Participation: Striking A Balance in the Doha Negotiations, 17 Am. U. Int'l L. Rev. 1003 (2002) at 1022-26

[109] Four articles of the Declaration are devoted to a section entitled "Technical Cooperation and Capacity Building of Least Developed Countries." Ministerial Declaration, at arts. 38-41. Other special provisions were included for least developed countries and WTO members committed to the objective of duty- and quota- free market access for products from these countries. The goal was not concrete, however, despite being a genuine objective. See Subedi, The Road from Doha at 434-5

[110] Ministerial Declaration, The protection of traditional knowledge and folklore was also placed on the study agenda. Id. at art 19. At the insistence of developing countries, especially Brazil and India, the Declaration charged the TRIPS Council with examining the relationship between the TRIPS Agreement, the Convention on Biological Diversity and the protection of traditional knowledge and folklore. Arvind Panagariya, Developing Countries at Doha: A Political Economy Analysis, 25 World Econ. 1205 (2002) at 1205-06

[111] T. Ademola Oyejide, Development Dimensions in Multilateral Negotiations, in Doha And Beyond The Future Of The Multilateral Trading System 69 (Mike Moore ed., 2004)

[112] Id. at 71-72.

[113] See also Ruth Gordon & Jon Sylvester, Deconstructing Development, 22 Wis. Int'l L.J. 1 (2004) at 2-19; see also T. Ademola Oyejide, Development Dimensions in Multilateral Negotiations, in Doha And Beyond The Future Of The Multilateral Trading System (Mike Moore ed., 2004) at 70-71

[114] The Integrated Framework for Least Developed Countries, http://www.wto.org/english/tratop_e/devl_e/teccop_e/f_e.htm

[115] Inaamul Haque, Doha Development Agenda: Recapturing the Momentum of Multilateralism and Developing Countries, 17 Am. U. Int'l L. Rev. 1097 (2002) at 1099. See also Ministerial Declaration, at arts. 42-43

[116] Peter M. Gerhart, Reflections on the WTO Doha Ministerial: Slow Transformations: The WTO as a Distributive Organization, 17 Am. U. Int'l L. Rev. 1045, 1074-79 (2002) (arguing towards the thesis that Doha may signal the beginning of a WTO that is concerned with not only how wealth is created, but also with how it is distributed)

[117] Inaamul Haque, Doha Development Agenda: Recapturing the Momentum of Multilateralism and Developing Countries, 17 Am. U. Int'l L. Rev. 1097 (2002) at 1122-23. Representatives of Third World nations generally concluded that their objectives remained largely unfulfilled

[118] The Doha Declaration did not include any tangible measures regarding poor Third World nations. It only made a series of promises that all hoped would eventually result in concrete actions. See Subedi, The Road from Doha at 442.

[119] The perception prevalent in the 1970s and early 1980s that Third World nations shared common interests has faded as it becomes increasingly difficult to discern what a developing country is. See Subedi, The Road from Doha at 444-45

[120] See generally James C. Hsiung, The Aftermath of China's Accession to the World Trade Organization, 8 The Indep. Rev. 87 (2003) (discussing the aftermath of China's entry to the WTO). For a discussion of China and India's growing economic power and influence, see National Intelligence Council, Mapping the Global Future (2004), available at http://www.cia.gov/nic/NIC_globaltrend2020.html. at 47-51

[121] See Subedi, The Road from Doha at 431-34

[122] Sung Joon Cho, A Bridge Too Far: The Fall of the Fifth WTO Ministerial Conference in Cancun and the Future of Trade Constitution, 7 J. Int'l Trade 219 (2004) at 225-26

[123] Ministerial Declaration, at arts. 38-41. Article 40 only suggested that the Committee on Budget, Finance and Administration develop a plan for funding that might later be adopted. Id. at art 40

[124] Sung Joon Cho, A Bridge Too Far: The Fall of the Fifth WTO Ministerial Conference in Cancun and the Future of Trade Constitution, 7 J. Int'l Trade 219 (2004) at 220-21; see also Richard Steinberg, In the Shadow of Law or Power? Consensus-Based Bargaining and Outcomes in the GATT/WTO, 56 Int'l Org. 339 (2002)

[125] On the eve of the Fifth WTO Ministerial Conference in Cancun, there was a pervasive sense that little progress had been made in narrowing differences on various proposals and that negotiations had yet to begin. United States General Accounting Office, World Trade Organization Cancun Ministerial Fails to Move Global Trade Negotiations Forward: Next Steps Uncertain 7 (2004); Sung Joon Cho, A Bridge Too Far: The Fall of the Fifth WTO Ministerial Conference in Cancun and the Future of Trade Constitution, 7 J. Int'l Trade 219 (2004)

[126] Id. at 227

[127] Agriculture was considered by many Third World WTO members to be the linchpin in achieving progress in all other areas of the Doha negotiating agenda, and this was born out as the negotiations unfolded. See id. at 227; United States General Accounting Office, World Trade Organization Cancun Ministerial Fails to Move Global Trade Negotiations Forward: Next Steps Uncertain 7 (2004)

[128] The majority of the wrangling was over eradicating EU subsidies, and the chief quarrel was between the United States and European Union. See Arvind Panagariya, Developing Countries at Doha: A Political Economy Analysis, 25 World Econ. 1205 (2002) at 1210

[129] The Cairns Group included Argentina, Australia, Bolivia, Brazil, Canada, Chile, Columbia, Costa Rica, Guatemala, Indonesia, Malaysia, New Zealand, Paraguay, the Philippines, South Africa, Thailand and Uruguay. The Cairns Group, along with the United States, envisioned an ambitious agricultural liberalization agenda that would eliminate export subsidies and reduce and harmonize tariff and trade distorting domestic support levels over a five-year period. United States General Accounting Office, **World Trade Organization Cancun Ministerial Fails to Move Global Trade Negotiations Forward: Next Steps Uncertain** 11 (2004)

[130] Id. The industrialized nations favouring a more measured agenda included the EU, Japan, Korea and Norway.

[131] These nations contended that subsidies and other trade barriers led to lower world prices and displaced their producers in global markets. Id.

[132] Sung Joon Cho, **A Bridge Too Far: The Fall of the Fifth WTO Ministerial Conference in Cancun and the Future of Trade Constitution, 7 J. Int'l Trade** 219 (2004) at 235 Thus, when the United States and European Union announced their joint position on farm subsidies, these nations immediately denounced it and issued their own negotiating text. Id.

[133] The G-21 alliance included the large agricultural exporters such as Brazil, India and China. Their main goal was to level the playing field by requiring rich countries to reduce or eliminate their subsidies; however, they also sought differential market access commitments, with rich countries opening their markets more broadly than would be required by developing nations. See Poorest Nations Opt out of WTO

[134] The influential NGOs included, inter alia, Greenpeace, Oxfam, and Public Citizen. Sung Joon Cho, **A Bridge Too Far: The Fall of the Fifth WTO Ministerial Conference in Cancun and the Future of Trade Constitution, 7 J. Int'l Trade** 219 (2004) at 235

[135] See id. at 230

[136] See generally, Kevin Kennedy, **The Incoherence of Agricultural, Trade and Development Policy for Sub-Saharan Africa: Sowing the Seeds of False Hope for Sub-Saharan Africa's Cotton Farmers? 14 Kan J L & Pub Pol'y** 307 (2005) [hereinafter Kennedy, Incoherence] Additionally, agricultural production accounts for more than fifty-percent of the labor force in almost all SSA nations designated as least developed, and in many, it employs more than sixty- to-seventy percent. Id. at 309-14

[137] Kennedy, **Incoherence,** at 309-15. Cotton exports represent approximately thirty-to-forty percent of total export earnings. With over ten million people depending on cotton commerce, it has been key in achieving development goals such as building roads, schools, health centers and the necessary infrastructure to support it. Id.

[138] See Charles E. Hanrahan, **The African Cotton Initiative and WTO Agricultural Negotiations 2 (CRS Report for Congress,** 2004), available at http://www.nationalaglawcenter.org/assets/crs/RS21712.pdf. (providing statistics on cotton production in West African nations)

[139] Cotton subsidies, especially those bestowed by the United States upon its cotton farmers, have had at the least a price suppressing effect on world prices for cotton, to the detriment of cotton farmers in sub-Saharan Africa. Kennedy, Incoherence, at 315. For an account of the role played by the European Union in this saga, see Oxfam Briefing Paper, at 6-10

[140] Charles E. Hanrahan, The African Cotton Initiative and WTO Agricultural Negotiations 2 (CRS Report for Congress, 2004), available at http://www.nationalaglawcenter.org/assets/crs/RS21712.pdf. (noting that cotton production accounted for 0.034% of U.S. GDP in 2002, represents 1.4% of total merchandise exports and 4% of agricultural exports)

[141] Industrialized nations have admitted that their subsidies distort trade. Id.

[142] **WTO, Committee on Agriculture**, Special Session, **WTO Negotiations on Agriculture, Poverty Reduction: Sectoral Initiative in Favour of Cotton,** (Joint Proposal by Benin, Burkina Faso, Chad and Mali) **TN/AG/GEN/4** (May 16, 2003) [hereinafter Sectoral Initiative]

[143] **Sectoral Initiative**, at **I, para. 6**

[144] Id. at **I para 7**

[145] Id. at **I para 4**

[146] The United States proposed that cotton be included within larger discussions to eliminate tariffs and subsidies on farm products. See Charles E. Hanrahan, **The African Cotton Initiative and WTO Agricultural Negotiations** 4-5 **(CRS Report for Congress,** 2004), available at http://www.nationalaglawcenter.org/assets/crs/RS21712.pdf.

[147] See **The Cotton Initiative**, www.wto.org/english/tratop_e/agric_e/negs_bkgrnd20_cotton_e.htm

[148] **Oxfam Briefing Paper**, at 8 (noting that the United States suggested diversification by poor nations)

149 The WTO sponsored a workshop in Cotonou, Benin in March 2004. See Kennedy, **Incoherence**, at 322

[150] See WTO, **Decision Adopted by the General Council on 1 August 2004, Annex A, para 4, Doha Work Programme, WT/L/579** (Aug. 2, 2004) at http://www.wto.org/english/tratop_e/dda_e/draft_text_gc_dg_31july04_e.htm

[151] *Id.*

[152] *Id.*

[153] **Africans Keep Up Pressure For Progress By The End Of July,** WTO News, July 18, 2005, http://www.wto.org/English/news_e/news05_e/cotton_18july05_e.htm

[154] **Chair Calls for Cotton Consultations as Hong Kong Meeting Looms, WTO News,** Sept. 28, 2005, http://www.wto.org/english/news_e/news05_e/cotton_

28sep05_e.htm

[155] See **Summary of Hong Kong Ministerial Conference,** http://www.wto.org/english/thewto_e/minist_e/min05_e/min05_18dec_e.htm (Though the declaration makes clear that the agreed dates are conditional. Furthermore, loopholes must be closed, so that export subsidies are not hidden in "credit, food aid and the sales of exporting state enterprises.")

[156] See Leroy Trotman, **The WTO: the Institutional Contradictions, in Doha and Beyond The Future of the Multilateral Trading System** 21 (**Mike Moore ed.** 2004)

[157] See Arvind Panagariya, **Developing Countries at Doha: A Political Economy Analysis,** 25 **World Econ.** 1205 (2002) at 1230

[158] Id.

[159] Id. at 1229; United States General Accounting Office, **World Trade Organization Cancun Ministerial Fails to Move Global Trade Negotiations Forward: Next Steps Uncertain** (2004) at 16-17

[160] Inaamul Haque, **Doha Development Agenda: Recapturing the Momentum of Multilateralism and Developing Countries,** 17 **Am. U. Int'l L. Rev.** 1097 (2002) at 1109-11

[161] Subedi, **The Road from Doha** at 445

[162] See http://www.twnside.org.sg/title2/twninfo273.htm

[163] Sung Joon Cho, **A Bridge Too Far: The Fall of the Fifth WTO Ministerial Conference in Cancun and the Future of Trade Constitution,** 7 **J. Int'l Trade** 219 (2004) at 236

164 As Professor Subedi surmises: A fragmented numerical majority of the poor would be like a rag-tag army facing the challenge of the better equipped. Subedi, **The Road from Doha** at 445

[165] United States General Accounting Office, **World Trade Organization Cancun Ministerial Fails to Move Global Trade Negotiations Forward: Next Steps Uncertain** (2004) at 9 The Declaration on TRIPs was realized mostly because of pressure from civil society groups in the North and South.

[166] See Sung Joon Cho, **A Bridge Too Far: The Fall of the Fifth WTO Ministerial Conference in Cancun and the Future of Trade Constitution,** 7 **J. Int'l Trade** 219 (2004) at 230-31 (discussing the negotiation of Singapore issues at Cancun)

IDENTIFYING INDIAN INDUSTRY'S SUPPLY CHAIN POTENTIAL AND TRANSFORMATION REQUIREMENTS A STUDY OF INDIA'S BEST-IN-BREED, INDUSTRY AVERAGE VIS-À-VIS LAGGARDS

Sudhanshu Joshi*

Purpose - To highlight the critical issues faced by Indian Companies during the alignment of business strategies with the deployment of e-supply chain solutions. In addition, it aims to provide a process roadmap for supply chain executives faced with challenges of transforming their supply chains.

Design/methodology/ Approach - An exploratory research study by examining strategic supply chain process roadmap of more than 100 enterprises.

Research limitations/ Implications - The study was conducted on the basis of similar studies done previously on the common grounds. Further research is needed to establish common indicators responsible for supply chain transformation.

Originality/ Value - In India, no previous academic research has tried to provide a process roadmap for supply chain optimization while delivering strategic value at lower cost.

Keywords - Supply Chain responsiveness, best-in- Breed, Industry Average, Laggard, Cross-Functional Metrics

INTRODUCTION

It is seen that fifty six percent (56%) of the companies regard supply chain management as the market strategy differentiator, customer service differentiator or as a profit center, as opposed to strictly a cost of doing business. While the companies across industries and regions continue to be confronted with inexorable escalations in supply chain cost, market realities such as globalization of supply, increasing competitive pressures, and dwindling product life cycles demand that they transform their supply chains to balance cost reduction with strategic business alignment while performing at stellar levels.

For our purpose, prior to sending the questionnaire to target sample, it was pre-tested with a large number of India's Manufacturing companies as well as few service companies mainly, Indian Public / Private Sector bank. The test revealed that the respondent had no difficulty in understanding the contents of the questionnaire. For the above purpose an on-line survey of over 100 supply chain executives is done. With the aim to highlight the critical issues faced by Indian Companies during the alignment of business strategies with the deployment of e- supply chain solutions. In addition, it aims to provide a process roadmap for supply chain executives faced with transforming their supply chains while delivering strategic value at lower cost.

REVIEW OF LITERATURE

The concept of Supply Chain Management developed out of different dimensions of pre and post production exercise. The Emergence starts from the level of the exercise in small and mid-size firms with the key focus on breaking down internal functional and management. The model proposed by Stevens (1989) outlined an approach to achieving supply chain integration, based on progression from this silo-based activity to interdependent functions between suppliers, OEMs and customers within the supply chain.

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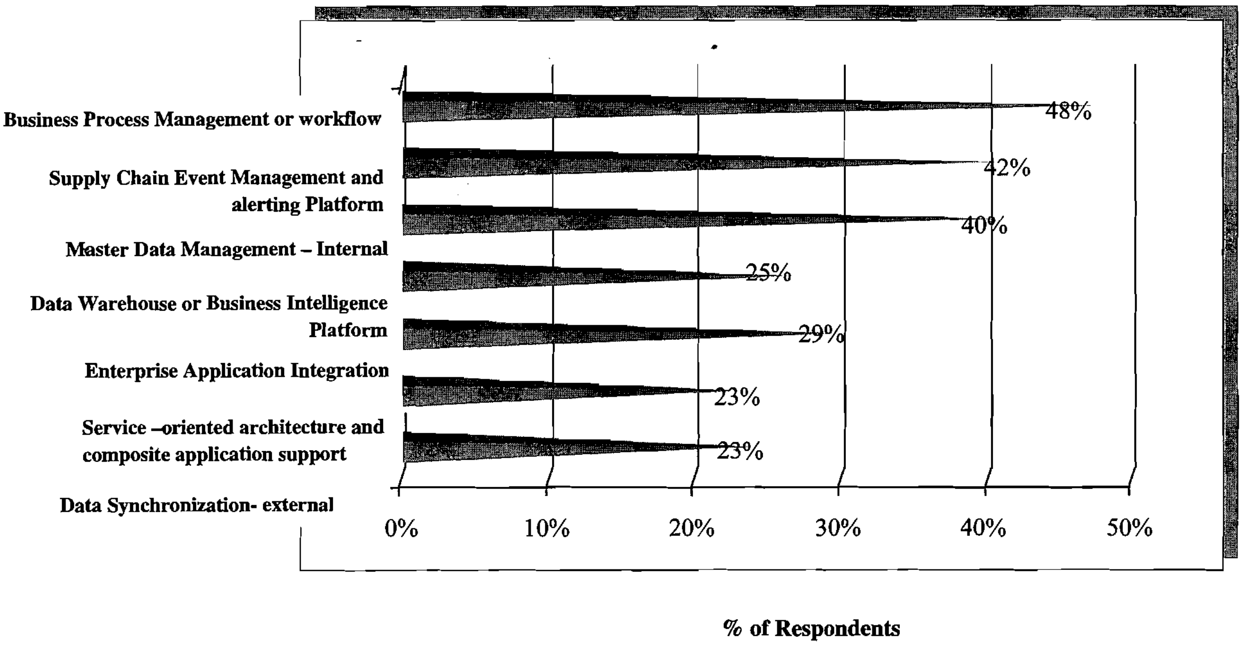
Figure V b. Supply Chain Infrastructure Technology Priorities



SOA and composite applications are seeing enhanced interest in the marketplace. The general market is becoming more aware of the underlying technology used by BPM and SCEM solutions.

CONCLUSION

Supply Chains are constantly in some form of transformation. Internal and external drivers such as growth, competition, market evolution, etc. are always evolving to present new business challenges. Our research shows that as the drivers changes, the supply chain imperatives around redesign and transformation change as well. In today's environment of increasing globalization, low cost country sourcing, new regulations and complex risk factors, enterprises must ensure that their supply chains have the visibility and agility to be responsive, are aligned with strategic business goals and objectives, are fully integrated for real-time collaboration, and embrace the need for social responsibility and sustainability.

Although a majority of survey respondents have embarked on the challenges of supply chain transformation, the journey is not easy. Significant challenges, such as labor and materials supply constraints, the sheer size of their enterprise, the inability to focus on change rather than "fire fighting" and finally, even resistance among parts of the enterprise or its management can and often do derail initiatives. Supply chain transformation clearly requires vision, focus and dedication from top management to overcome these challenges.

Against this backdrop of transformation imperatives balanced with real world challenges, best-in-class/ breed companies see their supply chains as strategic and competitive differentiators, or even as profit centers. Cost reduction and containment remain key drivers, but they must be embraced as part of a focused supply chain redesign to deliver transformation success.

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ELECTRONIC CLEARING SERVICE IN INDIAN BANKS

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Banks in India stand immensely benefited by implementing bank-related e-technology applications. One of the most significant areas where technology has had a positive impact is on the traditional funds movement services. With the advent of electronic banking, funds transfers across different constituencies are easily possible within time frames which would have appeared impossible in the past. The RBI has been taking initiatives in introducing new modes of more efficient and safe means of effecting payments in the country. During the mid 90s, Electronic Fund Transfer in the form of Electronic Clearing Service (ECS) was introduced. This is normally for bulk transfers from one bank account to many bank accounts or vice-versa. Electronic Clearing Service combines ECS-credit and ECS-debit.

The payment and settlement systems are at the core of financial infrastructure in a country. A well-functioning payment and settlement system is crucial for the successful implementation of monetary policy and maintaining the financial stability. The central bank of any country is usually the driving force in the development of the national payment system. The Reserve Bank of India (RBI) as the Central Bank of country has been playing this developmental role and has taken several initiatives for a safe, secure, sound and efficient payment system.

A payment system is a mechanism that facilitates transfer of value between a payer and a beneficiary by which the payer discharges the payment obligations to the beneficiary. Payment system enables two-way flow of payments in exchange of goods and services in the economy. Payment systems include instruments through which payments can be made, rules, regulations and procedures that guide these payments, institutions which facilitate payment mechanisms and legal systems etc., that are established to facilitate transfer of funds between different participants. Payment systems are used by individuals banks, companies, governments, etc., to make payments to one another.

Payments can be made in India in the form of cash, cheque, demand drafts, credit cards, debit cards and also by means of giving electronic instructions to the banker who will make such a payment on behalf of his customers. Electronic clearing service (ECS), National Electronic Funds Transfer (NEFT) and Real Time Gross Settlement (RTGs) system are the three main electronic payment and settlement systems in India.

Electronic Clearing Service (ECS) enables transfer of funds from one bank account to many bank accounts and from many bank accounts to one bank account. It is a retail payment system that can be used to make bulk payments / receipts of a similar nature especially where each individual payment is of a repetitive nature and of relatively smaller payment.

National Electronic Funds Transfer System (NEFT) is a funds transfer mechanism developed by RBI, which facilitates customers to transfer funds from one bank account to another bank account in India.

Real Time Gross Settlement (RTGS) System is one in which payment instructions between banks are processed and settled individually and continuously throughout the day. This is the fastest possible money transfer system through the banking channel. Settlement in "real time" means payment transaction is not subjected to any waiting period "Gross Settlement" means the transaction is settled on one to one basis without bunching with any other

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CONCLUSION

During the mid 90s, payment system services offered by banks to the common persons as well as the corporate bodies have improved substantially. It is partly due to increased use of technology in service delivery and partly due to procedural changes necessitated in the wake of competition amongst the banks. Electronic clearing service (ECS) was launched by RBI in 1995. ECS helped large corporate bodies to pay their dividend, interest and refunds electronically on due date. Not only the investing public could get the payment on the due date, but also the corporates could save substantially by not having to print paper instruments. Similarly, the utility bodies are now in a position to collect their bills through ECS right on the due date. Presently, ECS facility is available at more than 68 centres managed by RBI, SBI group and other public sector banks. The ECS is expected to speedup transfer of funds in the Indian banking system.

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