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Reciprocal Tariffs vs Digital Trade Liberalization: India's Strategic Dilemma in Cross-Border E-Commerce

ABSTRACT

The swift expansion of international e-commerce has placed digital commerce at the forefront of contemporary global trade legislation, escalating the conflict between protective reciprocity and liberalization within the structure of the World Trade Organization. This study analyzes India's complex situation of managing reciprocal tariffs specifically the possible reinstatement of tariffs on electronic transmissions after the expiration of the WTO moratorium and its obligations toward the liberalization of digital trade as outlined by the General Agreement on Trade in Services and newly emerging Free Trade Agreements. Since 1998, the WTO moratorium has allowed for tariff-free digital trade, promoting Mode 1 supply of services across borders. Its conclusion at the 14th WTO Ministerial Conference gives India the legal ability under current trade guidelines to impose such tariffs. Nevertheless, this could provoke retaliatory actions and raise issues about adherence to essential WTO principles, including MFN treatment and National Treatment obligations. At the same time, India's internal regulatory framework, especially data localization measures enforced by the Digital Personal Data Protection Act of 2023, may be subject to examination under GATS rules, as the exceptions for public order and security provide only limited reasons for these measures. While India's FTAs incorporate non-binding commitments on facilitating digital trade, they refrain from establishing firm obligations regarding cross-border data movement and the disclosure of source code. The paper contends that India is confronted with a significant legal dilemma between maintaining digital autonomy and moving towards further integration within the global digital marketplace. It recommends a measured strategy that utilizes GATS exceptions and the policy flexibility available through FTAs while progressively adopting interoperability and digital trade standards.

KEYWORDS

Digital Trade Liberalization; Reciprocal Tariffs; Cross-Border E-Commerce; WTO Moratorium; GATS

1. INTRODUCTION

This is the biggest structural transformation in the international trade construct that has taken place since the establishment of the World Trade Organization in 1995[1]. Two are working in tandem to affect global trade: an increase in economic nationalism, as shown by mutual tariff policies, which the U.S. has been promoting in numerous administrations[2], and the inexorable push by technology corporations and trade negotiators in the developed world towards wide-ranging digital trade liberalization. In the case of India, the most populous nation[3], the fifth-largest economy[4] and the country with the third-largest number of internet users[5], the dynamics do not present an easy trade off and, instead, present a complex, multifaceted strategic dilemma.

The cross-border e-commerce in India is projected to reach USD 350 billion by 2030, compared to USD 48 billion by 2024[6]. But the involvement of India in the digital trade of the world is an indication of profound doubt. On the one hand, Indian consumers and small businesses are increasingly dependent on global digital platforms of all sorts of goods, services, and connectivity. On the other hand, the local digital industry of India, that includes payment systems, cloud computing, and production, is still in danger because of the magnitude and data-related dominance of the American and Chinese technological firms.

This report has been segmented into five parts. Section 2 defines the structure of reciprocal tariff systems and how they relate with e-commerce[7]. Section 3 discusses the aspects of digital trade liberalization such as the Joint Statement Initiative on electronic commerce by the WTO. Section 4 provides a detailed discussion of the current policy position of India. Section 5 discusses the strategic dilemma and its structural aspects. Finally, Section 6 gives a strategic way on how India can negotiate its way out of this challenge and a conclusion has been

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[1] Marrakesh Agreement Establishing the World Trade Organization, Apr. 15, 1994, 1867 U.N.T.S. 154.

[2] Tariffs in the Second Trump Administration, Wikipedia (last updated Apr. 2026) (detailing successive U.S. administrations' policies).

[3] Worldometers, Countries in the World by Population (2026),

[4] (confirming fifth-largest status following GDP revisions); IMF, World Economic Outlook (Apr. 2026).

[5] Reuters, India's Vast Internet, Social Media Apps Market (Jan. 29, 2026) (nearly 1.02 billion users by Sept. 2025, third-largest globally).

[6] IMARC Group, India Cross-Border E-Commerce Market Size & Report 2034 (reached approx. USD 48 million base in 2025 with projections aligning to hundreds of billions by 2030–2034)

[7] World Trade Org., Joint Statement Initiative on E-Commerce.

given in Section 7.

2. RECIPROCAL TARIFF REGIMES AND E-COMMERCE DIMENSION

2.1. The Framework of Reciprocity

The concept of reciprocal tariffs, whereby a country imposes tariffs on imports, according to the level of tariffs its trading partners impose on its exports is not a novel concept. Nonetheless, the novelty is that the application of reciprocity as a universal trade model has recently expanded regarding the physical objects and also includes services, digital products, regulatory asymmetry, and even value added taxes. A good example of this broadening strategy is the tariff measures that the United States initiated in April 2025, which will impose standard tariffs of 10% on most trading partners and high tariffs on those countries that are categorized as having non-reciprocal trade restrictions[8].

In the case of India, the impact was very direct. The first US reciprocal tariff was that India was charged with 26 percent tariff which was based on the US displeasure with the relatively high average tariff rates applied by India (around 17 percent on goods, as opposed to the average rate of about 3 in the US).[9] It has its complex non-tariff issues, its shield position on online trade, and its 3% rate. Though the US government subsequently declared that it was suspending it by 90 days, it was evident that the basic strain on the trading relationship between India and its biggest partner with bilateral trade exceeding USD 190 billion annually.[10]

2.2. The Customs Duty Freeze on Electronic Transfers

One major, but often neglected point in the digital trade confrontation is the action taken by the WTO of halting customs duties on electronic transfers. This freeze, which was introduced in 1998 and has been renewed at subsequent meetings of the ministers, does not allow WTO members to impose custom duties on electronic transfers- such as

[8] Exec. Order No. 14,257 (Apr. 2, 2025) (Regulating Imports With a Reciprocal Tariff to Rectify Trade Practices That Contribute to Large and Persistent Annual United States Goods Trade Deficits).

[9] Reuters, India Says Studying Impact of 27% US Tariff (Apr. 3, 2025) (noting Trump's announcement of 26% tariff on Indian goods, with White House order at 27%, based on India's higher average applied tariffs and non-tariff barriers); WTO, Tariff Profiles – India (2024) (India's simple average MFN applied tariff around 13–17% in recent years, compared to U.S. average of ~3%).

[10] U.S. Census Bureau, Trade in Goods with India (2025 data showing bilateral goods trade exceeding USD 190 billion in recent years); see also White House Fact Sheet, United States-India Joint Statement (Feb. 6, 2026).

software, music, films, e-books and, most significantly, data.[11] This freeze has been continually prolonged, the last time being at the Abu Dhabi Ministerial Conference in 2024, yet it is an area of contention.[12]

India and South Africa have been at the forefront of criticizing the move to make the freeze permanent[13]. Their position: the freeze is skewed towards technology companies based in the developed world who control the production and sale of digital goods and services at the expense of the developing world who are denied the potential revenue of tariffs and valid policy alternatives to advance growing digital economies.[14]

The economic costs are huge. Depending on the classification methodology adopted, the United Nations Conference on Trade and Development (UNCTAD) has estimated that the developing countries, on a collective level, forfeit an estimated USD 10 billion to USD 50 billion in tariff revenues annually as a result of the freeze. In the case of India, this is projected to range between USD 500 million and USD 1 billion every year- a considerable amount, but still small compared to the overall trade values of India.[15]

The root cause lies in political economy. According to the Indian policymakers in the digital field, the freeze creates a lasting competitive edge to the established technology platforms and it is becoming harder to have Indian digital services compete on equal footing; that includes cloud computing, digital content and software solutions. This opinion is directly connected with the discussion of the reciprocal tariffs: to the extent that the freeze is a sort of asymmetry in the built-in form, the claim of reciprocity in traditional goods tariffs and the maintenance of this digital imbalance is, so far as India is concerned, simultaneously self-contradictory.

3. DIGITAL TRADE LIBERALIZATION: THE INTERNATIONAL PUSH

[11] WTO, Ministerial Declaration on Global Electronic Commerce, WT/MIN(98)/DEC/2 (May 20, 1998) (establishing the moratorium on customs duties on electronic transmissions).
[12] WTO, Thirteenth Ministerial Conference, Ministerial Decision on the Work Programme on Electronic Commerce, WT/MIN(24)/38 (Mar. 2024
[13] Communication from India and South Africa, WTO Doc.
[14] U.N. Conference on Trade & Dev. [UNCTAD], WTO Moratorium on Customs Duties on Electronic Transmissions: How Much Tariff Revenue Have Developing Countries Lost? (2022)
[15] Id.; see also Outlook Business, What WTO's E-Transmission Duty Moratorium Means for India (Mar. 20, 2026) (citing approx. USD 500 million annual loss for India).

3.1. The Joint Statement Initiative on E-Commerce by the WTO

In 2017, the WTO Buenos Aires Ministerial Conference presented the Joint Statement Initiative (JSI) on Electronic Commerce, which is currently the most significant effort at developing global rules on digital trade.[16] As of early 2026, over ninety members have been included in this initiative, making a huge percentage of the total international trade.[17] The discussions have been positive in developing comprehensive texts that address critical issues such as electronic verification, consumer protection, paperless trading activities, and cross-border data transfer.[18]Despite these advancements, the suggested regulations bring about considerable issues from India's viewpoint on regulation. The provisions that require the flow of data to be free between countries might hamper the ability of India to implement data localization policies, which are becoming more and more essential in the context of data protection, national security, and localization of digital sectors.[19] Similarly, the protection of source code may impose some requirements on the authorities, preventing the country from being transparent and responsible in new technologies implementations.[20]

The other issue that is controversial is the recommendation of a permanent stop on the tariffs on electronic transmissions. In the case of India, this would remove a significant fiscal weapon, particularly considering the expansion of the digital space and the lack of equal benefits of more technologically advanced countries.[21] The decision of India not to join the JSI can be seen as an overall reluctance by the country to join any new multilateral agreements within the World Trade Organization, especially when such policies are likely to entrench current imbalances that recall the results of the Uruguay Round.[22]

3.2. Bilateral and Regional Digital Trade Agreements

In addition to multilateral efforts, digital trade liberalization has also been achieved by bilateral and regional-level agreements, which also incorporate high-quality guidelines. Examples of such a trend include the United States Mexico Canada Agreement and the Digital Economy Partnership Agreement, which set out binding commitments involving

[16] World Trade Org., Joint Statement on Electronic Commerce, Ministerial Conference, Buenos Aires (Dec. 2017).
[17] world Trade Org., Joint Statement Initiative on E-Commerce,
[18] WTO, Consolidated Text – Joint Statement Initiative on E-Commerce
[19] See Communication from India, WTO Doc. WT/GC/W/911 (Feb. 2024)
[20] Id. (noting source code protection provisions in JSI text).
[21] U.N. Conference on Trade & Dev. [UNCTAD], WTO Moratorium on Customs Duties on Electronic Transmissions: How Much Tariff Revenue Have Developing Countries Lost? (2022)
[22] WTO Members Try to Close Gap Between US, India on E-Commerce (Mar. 28, 2026)

data movement, prohibiting data localization, and enhancing digital cooperation.[23] Digital economy agreements concerning Singapore, United Kingdom and Australia, as well as the emerging trade framework in the European Union contain similar words. The bilateral trade approach of India, however, seems to be more conservative. Though India has concluded agreements e.g. the Comprehensive Economic Partnership Agreement with UAE and Economic Cooperation and Trade Agreement with Australia, these agreements remarkably avoid making binding obligations on digital trade as observed in the USMCA or DEPA.[24] Recent talks with the United Kingdom and the European Union also show a lack of eagerness to make early promises in the digital sphere.[25]

This well thought strategy shows the interest of India in safeguarding the independence of regulation in the virtual market. Considering the changing landscape of digital governance, India seems to prioritize maintaining policy adaptability over quick assimilation into stringent digital trade frameworks, thus allowing it to mold domestic regulatory standards in accordance with developmental goals.

4. THE CURRENT POLICY POSTURE OF INDIA: AN IN-DEPTH ANALYSIS

4.1. Data Localization and Personal Data Protection Framework

The implementation of the Digital Personal Data Protection Act, 2023 in India marks a significant change in the national policies in data management.[26] This law uses a restrained approach to international transfers of data, where such transfers can be made to countries that are acceptable by the central authority, but where the operations with countries lacking adequate data protection regulations can still be restricted.[27] This structure is not as rigid as the former draft regulations, which insisted on strict localization, although it does not deprive the government of the possibility of imposing certain localization rules on certain sectors. One of the brightest examples is the policy of the Reserve Bank of India, which obliges to localize data connected with payment systems, which accentuates the necessity of financial autonomy and

[23] United States-Mexico-Canada Agreement (USMCA), Chapter 19 (Digital Trade) (entered into force July 1, 2020)
[24] Comprehensive Economic Partnership Agreement Between the Government of the Republic of India and the Government of the United Arab Emirates (India-UAE CEPA)
[25] Govt. of India, Updates on India-UK and India-EU FTA Negotiations (2025–2026)
[26] Digital Personal Data Protection Act, 2023, No. 22, Acts of Parliament (India).
[27] Id. § 16

protection of information.[28]

These measures are often considered as barriers to market entry as far as encouraging digital trade is concerned. Other organizations like the U. S.-India Business Council and the Information Technology Industry Council have frequently expressed criticism of localization regulations, emphasizing their ability to dispel international data flows and increase compliance expenses.[29] In its National Trade Estimate Reports, the Office of the United States Trade Representative has also cited India as having strategies of data localization that hinder trade, and India thus regulator position is in the midst of major trade battles.[30]

4.2. Platform Regulation and Market Access

The period between 2021 and 2026 has seen a significant increase in regulatory regulation of digital platforms in India. The Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules, 2021 provide a comprehensive compliance framework of the intermediaries where they are required to address grievances, filter the content, and provide traceability of communications. These laws, as well as subsequent changes, signify a transition to more robust controls of platforms.[31]Meanwhile, the Competition Commission of India has started investigating major digital companies, such as Google, Amazon, and Meta Platforms, because of the suspicion of anti-competitive behavior and concentration of the market.[32] Such a policy position indicates a larger conflict of policy. Although digital platforms are an important aspect of the Indian economy, by making it easier to conduct e-commerce, online payments, and engage small businesses, the concentration of data and market power, which is largely in the hands of foreign-owned organizations, raises concerns about economic dependency and strategic risk, particularly in a geopolitically volatile environment.

4.3. Customs and Taxation of E-Commerce across the Borders

The policy of India on taxation of international e-commerce suggests that there is a deliberate narrowing of fiscal control. The reduction of the de minimis threshold of the customs duties and the payment of the

[28] Reserve Bank of India, Circular DPSS.CO.OD.No.2785/06.08.005/2017-18 (Apr. 6, 2018)

[29] U.S.-India Bus. Council & Info. Tech. Indus. Council, Joint Comments on India's Data Localization Policies (2024–2025

[30] U.S. Trade Representative, 2025 National Trade Estimate Report on Foreign Trade Barriers

[31] Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules, 2021

[32] Press Releases and Orders (2023–2026)

Integrated Goods and Services Tax (IGST) on imported goods and digital services will allow the country to level the tax level between domestic and international sellers.[33]The special feature of governance in India is the Equalisation Levy, which levies a 2 percent tax on online transactions by non-resident e-commerce firms and 6 percent tax on some of online advertising services.[34] The initiative has led to significant strain in international trade relations particularly with the United States. A Section 301 investigation initiated by the U. S. officials highlighted the concerns of the supposedly biased nature of the levy and its consistency with international trade obligations.[35] Although the dispute was more recently settled with a tax proposal spearheaded by the OECD, this scenario illustrates the controversial nature of taxing the digital and the broader challenges of harmonizing national taxation with international trade norms.

5. INDIA STRATEGIC DILEMMA

5.1. The Asymmetry Paradox

The Indian position on digital trade talks is a piece of fundamental contradiction that is asymmetrical. When it comes to trade in goods, India has routinely opposed assertions especially from the United States that it imposes non-reciprocal tariffs and non-tariff barriers.[36] At the same time, India justifies its regulatory differences in the digital trade arena, such as the data localization requirements and data exchange restrictions across the borders, which it considers instrumental to its developmental goals. There is no inherent conflict between this dual approach. The decision taken by India has its justification in the historical background on special and differential treatment that was accepted in the agreements of World Trade Organization in Uruguay Round that realized the need to adapt policies in developing countries.[37] However, this view puts India in a disadvantageous position in terms of diplomacy in the present day negotiations. The approach by India to liberalize its economy, where it selectively opts to liberalize only physical goods and not digital trade, can be described by trading partners as a discriminatory stance. This kind of attitude makes it difficult to have bargaining power in India especially during bilateral negotiations where compromising

[33] Courier Imports and Exports (Electronic Declaration and Processing) Regulations; Ministry of Finance notifications on IGST applicability to low-value imports.
[34] Finance Act, 2020, § 165A (Equalisation Levy at 2% on e-commerce supply of goods/services by non-residents); Finance Act, 2016
[35] U.S. Trade Representative, Report on India's Digital Services Tax (Jan. 6, 2021)
[36] Digital Personal Data Protection Act, 2023, No. 22, Acts of Parliament (India).
[37] Id. § 16 (cross-border transfer framework based on notified countries and adequacy).

with each other is an important aspect of the negotiations.

5.2. The Geopolitical Triangulation

The digital trade problems that India faces are even made difficult by the changing geopolitical situation, particularly concerning its renewed relationship with China. The 2020 prohibition of many Chinese apps, including Tik Tok, WeChat, and Alibaba-related apps, in the wake of the Galwan Valley incident signaled that digital decoupling is indeed a strong trend.[38]This plan created space in the Indian market to allow the development of local and Western platforms. However, it also increased the reliance of India on a technology system that revolves around the U. S. cloud platforms, digital services, and platform governance standards. So, India is in a complex triangulation: to be as close as possible to the United States to counterbalance China, and at the same time, not to give in to U.S. demands to sign binding agreements in online business that may endanger its regulatory autonomy.This is a balancing act which is delicate in nature. The U. S. technological dependence poses a threat to undermine India and its long-standing devotion to strategic self-reliance. On the other hand, intense objections to U. S.-led digital trade standards would be a source of strains in broader bilateral relationships, impacting talks on the cooperation in defense technologies, foreign investment, and new technology supply chains such as semiconductors.[39]

5.3. The Domestic Industry Calculus

The policy of the domestic digital economy in India has an additional layer of complexity due to the landscape. The presence of such established companies as Infosys, Tata Consultancy Services, Wipro, and HCL Tech allows them to compete on a global level, still, their primary advantages are based on IT service exports, but not platform-based digital ecosystems.[40] Conversely, a newer generation of consumer-based platform companies, including Zepto, Meesho, PhonePe, Ola, and Nykaa are forced to work in highly competitive settings that are affected by local and international companies. The policy preferences of these companies differ. Other companies benefit by the localization of data that exacerbates costs to foreign competitors and others are far more dependent on international cloud computing and data transfer which prompts them to prefer more open digital trade policies. This heterogeneity makes it difficult to come up with one national digital

[38] Reserve Bank of India, Circular DPSS.CO.OD.No.2785/06.08.005/2017-18 (Apr. 6, 2018)

[39] U.S.-India Bus. Council & Info. Tech. Indus. Council, Joint Submissions on Data Localization and Digital Trade (2023–2025).

[40] U.S. Trade Representative, 2025 National Trade Estimate Report on Foreign Trade Barriers

trade strategy. The role of policymakers is to address the domestic interests that are in conflict and to respond to external pressures. The result is a conservative and flexible policy framework that seeks to ensure regulatory flexibility whilst gradually opening up to the global digital marketplace.[41]

6. A NAVIGATIONAL FRAMEWORK OF INDIA

6.1. Differentiated Reciprocity

India should also insist on a policy of differentiated reciprocity in the context of digital trade-negotiations, in other words, it should pledge to give each other reciprocity where it has a comparative advantage, but leave room to regulate in the new areas. This would in reality entail providing commitments about cross border data transfer in information technology services and software exports, where the companies like Infosys and Tata Consultancy Services are very strong in the international arena, and localization rights in sensitive sectors like finance, health and public data.[42]

This is a strategy that follows the logic of special and differentiated treatment that is held by the World Trade Organization and emphasizes the need to align the commitments in trade with the developmental interests.[43] By outlining such a principle, India is able to suggest active participation, but retain policy autonomy in matters of strategic necessity.

6.2. Strategic Engagement with the JSI

The fact that India is not part of the Joint Statement Initiative on e-commerce is a disadvantage to India in terms of the influence over the changing global standards. Switching to a conditional participation in the JSI, which is the result of the WTO Buenos Aires Ministerial Conference of 2017, would allow India to shape discussions without any binding on final agreements.[44] Such involvement would enable India to support offers that would suit its interests, including better consumer protection, interoperability standards, and rules that would regulate anti-competitive practices of large platforms. By allying with other developing nations, India will be able to rebrand itself as a standards maker, not a standards follower, in the evolving digital trade

[41] Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules, 2021,
[42] Competition Comm'n of India, Orders & Press Releases (2023–2026)
[43] Ministry of Finance, Notifications on IGST and Reduction in De Minimis Threshold for E-Commerce Imports (2024–2025).
[44] Finance Act, 2020, § 165A.

environment.[45]

6.3. The Digital Public Infrastructure Advantage

Digital Public Infrastructure (DPI) is a unique strategic asset of the international digital trade dialogue in India. Projects such as Aadhaar, Unified Payments Interface, Open Network for Digital Commerce, and Account Aggregator framework are all demonstrations of a different, interoperable system of digital economy governance.[46]

This system contrasts with proprietary, platform-based systems, as it emphasizes openness, competition, and inclusiveness. The Indian involvement at the G20 New Delhi Summit in 2023 contributed to increasing the knowledge of the DPI to the world, as organizations such as the International Monetary Fund and the World Bank have endorsed its potential in improving financial inclusion. By applying DPI as a diplomatic tool, India can restructure its regulatory stance as an alternative of development-oriented instead of a protective stance.[47]

6.4. Calibrated De Minimis Reform

The emerging system of customs in India in relation to international e-commerce is indicative of a policy seeking to balance national industrial policy and consumer interests. The reduction of de minimis can be justified because it will remove competition imbalances between local and international sellers. However, a blanket reduction can unintentionally put a strain on consumers and make enforcement challenging. A more sophisticated system would be to introduce a tiered de minimis system, but that will be product type adjusted. Areas where domestic production is viable such as electronics and clothing may have reduced thresholds and higher thresholds in those items with no local alternatives. This discriminatory approach balances the customs laws to broader industrial interests and reduces the adverse effects on consumer access and market operations.[48]

6.5. ASEAN and Indo-Pacific Economic Framework Dimension

The withdrawal of India in the Regional Comprehensive Economic Partnership has pointed the challenges of attempting to become part of

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[45] U.S. Trade Representative, Section 301 Investigation: India's Equalisation Levy (initiated 2021, later suspended in favor of OECD negotiations).
[46] U.S. Trade Representative, 2025 National Trade Estimate Report on Foreign Trade Barriers (criticizing India's tariff and non-tariff barriers).
[47] Marrakesh Agreement Establishing the World Trade Organization, Apr. 15, 1994, 1867 U.N.T.S. 154, pmbl. & arts. III–IV
[48] Ministry of Electronics & Info. Tech., Govt. of India, Press Note (June 29, 2020).

high-quality trade arrangements lacking protection of local agendas.[49] Conversely, its participation in the Indo-Pacific Economic Framework to Prosperity provides it with an opportunity to redefine its policy towards liberalization in digital trade.Through IPEF, India will have a chance to explore whether any promises regarding digital trade can be reconciled with its policy objectives. Obtaining outcomes like an improved access to IT services markets, recognition of its data protection laws, and cooperation in new technologies like artificial intelligence would be signs that regulatory independence and liberalization can be achieved.[50]

7. CONCLUSION

The cross-border e-commerce issue in India has been a strategic dilemma, which is based on timing and leverage. The nation is going into the global digital economy at a critical stage when laws are yet to be defined, with power imbalances still in place. Its relation with the United States, which is both a huge trading partner and a key strategic partner greatly affects its bargaining strategies.[51] Selective accommodation of U. S. tastes in the digital trade might be necessary to gain more benefits in areas such as security cooperation, foreign investment, and high-tech collaboration.[52]On the other hand, India has a strong bargaining power. The fact that it has a huge digital market and has been able to develop the public digital infrastructure successfully presents it with a unique opportunity in the global discussion. Other innovations such as the Unified Payments Interface and Aadhaar are examples of a more alternative version of digital development, state-backed, interoperable, and based not on proprietary technology.[53] India has hundreds of millions of internet users, and one of the largest digital consumer markets in the world; it is a major player that global tech companies cannot ignore.[54]

The approach to differentiated reciprocity, selective engagement in multilateral activity, digital public infrastructure diplomacy, strategic customs reforms, and deliberate engagement in new trade agreements is not what can eliminate the current tensions in the Indian position. Rather, it provides a systematic means of going through these challenges. India needs to constantly balance its desire to have regulatory autonomy

[49] U.S.-India Initiative on Critical and Emerging Technology (iCET) Joint Statement (Jan. 2023 & subsequent 2025 updates)
[50] NASSCOM, Strategic Review 2025
[51] NITI Aayog, India's Digital Economy Report (2025)
[52] Competition Comm'n of India & Ministry of Corporate Affairs documents (2023–2026
[53] Ministry of Electronics & Info. Tech., Draft National Data Governance Framework (2024)
[54] India's Position on Digital Trade at WTO and Bilateral For a.

and the economic benefits of increased integration into global digital trading systems.[55]

Such a balancing process is particularly important in the current changing world trade environment under the World Trade Organization. The shocks to the multilateral system that was put in place after 1995 such as the revival of protectionist measures and battles over digital trade standards have both threats and opportunities.[56] In the case of India, this is an opportunity to reformulate this discourse by claiming that the subject of developmental concerns is at the core of legitimacy of the international economic law.[57]

Here, the policy of India must be to form coalitions with other developing and middle-income nations to advocate equitable digital trade policies. India can not only hope to adjust to the global digital economy by leveraging its domestic achievements and global partnerships but also can influence the principles that will shape its future. It is not aimed at extreme independence and unconditional liberalization, but the creation of a well-coordinated system that will reconcile international activity with domestic development goals.[58]

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