CHAPTER VII

SUMMARY, CONCLUSIONS AND SUGGESTIONS

International trade and finance must be understood in much broader perspective than simply the inter country flow of commodities and financial resources. By opening their economies and societies to global trade and commerce and by looking outward to the rest of the world, developing countries invite not only the international transfer of goods, services, and financial resources but also the developmental or anti-developmental influence of the transfer of production technologies; consumption patterns; institutional and organisational arrangements; educational, health and social systems; and the more general values, ideals, and life styles of the developed nations of the world. The impact of such technological, economic, social, and cultural transfers on the character of the development process can be either benign or malignant. Much will depend upon the nature of the political, social and institutional structure of the recipients’ country and its development priorities. Whether it is best for LDCs to look outward and promote more exports, either passively or actively; to look inward and substitute domestic production for import, as the protectionists and cultural nationalists purpose, or to be simultaneously and strategically outward-and inward-looking in their international economic policies cannot be stated a priori. Individual nations must appraise their present and prospective situations in the world community realistically in the light of their development objective. Only thus can they judge how much to expose themselves to the obvious benefits and many risks of international commerce.

The entire world is struggling to develop their economies through the alternative development models and strategies to improve the level of living of their people. Over the period of time alternative developmental models have been advocated by the economists for the faster development of an economy, namely, outward looking policies and inward looking polices.
Historically, both these models have been tried in the different part of the world and had produced divergent results. Some countries have succeeded to develop their economies by emphasising on domestic market and encouraging import substitution policies to reduce their trade deficits and balance of payments position. On the other hand other group of countries succeeded to generate additional revenues by promoting export promotion policies, of course there is a third set of countries who had maintained a balance of both these polices.

Having learned from this experience, the advanced industrial nations of the West committed themselves after World-War II to remove barriers to the free flow of goods, services, and capital between nations. This goal was enshrined in the treaty known as the General Agreements on Tariffs and Trade (GATT).

It was somewhat paradoxical that, as countries deepened their integration, imbalances, instability and the need for protecting domestic markets increased. Against this complex background, regionalism had come to offer Governments – of developed and developing countries alike – an attractive strategy to resolve issues that would be more difficult to resolve in the wider multilateral context. Furthermore stagnant growth, recessionary conditions, and protectionist tendencies in the developed countries had seriously underpinned the economic growth in developing countries. The worsening terms of trade, acute balance of payment crisis and debt burden on developing countries had further crippled the potential economic growth of these countries. Therefore, current world economic conditions called for a greater economic cooperation among the developing countries.

Bilateral and sub regional trading arrangements are being advocated as development tools as they encouraged a shift towards greater market openness. Over the period of time regional economic integration has become an important form of economic operations. Cooperation literally means working together to some end. It varies from coordination of policies to elimination of restrictions and creation of new institutions. In limited sense it may refer simply to harmonization of policies. Economic integration is the unification of economic policies between different states through the partial or the full
abolition of the tariff and non-tariff restrictions on the trade taking place among them prior to their integration. The different forms of regional economic integration have been developed over the period of time. The regional economic integration may takes place at different levels namely, Free Trade Area, Customs Unions, Common Markets, Economic and Monetary Union and Complete economic integration. Though much consensus has not been developed on the cost and benefits generated by such arrangements but it has become a reality over the period of time. At present, a good number of regional economic trade agreements are successfully working in the different part of the world. Important among these include the European Union (EU); North America Free Trade Agreement (NAFTA); South Asian Free Trade Agreement (SAFTA); and Association of South East Asian Nations (ASEAN) etc. Some of these agreements have succeed to develop deep integration in different areas concerning to a particular group of countries. However, some others are struggling to take the benefits by developing regional economic integration.

One such example is of the regional economic integration South Asia which is popularly known as SAARC. It comprise of eight countries namely, Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka. The formation of SAARC took place in the year 1985. The main objective of SAARC as defined in the charter includes promotion of welfare; high economic growth; social and cultural development; to develop trade among the member countries; to promote peace and harmony among the member countries; to share scientific and technical developments available in the region etc.

To achieve these objectives SAARC succeeded to set up two important bodies namely, South Asian Preferential Trade Arrangement (SAPTA) and South Asian Free Trade Agreement (SAFTA) in the year 1995 and 2006 respectively. The targets had been assigned to these bodies for the promotion of social, cultural, political and economic integration among the member countries of SAARC since its inception. Number of studies had been carried out to evaluate the regional economic integration at the global level as well as at regional level. The present study is also in the same direction to study
the dynamics of regional economic integration among SAARC countries over the period of time.

7.1 **RELEVANCE OF THE STUDY**

The available data on the share of SAARC countries in global trade shows that these countries have a very small share in the global trade. For instance the South Asian region constitute about one fifth of the world population and 15 per cent of the world’s arable land, but only 6.0 per cent of Purchasing Power Parity (PPP) based global gross domestic product and account for around 2.0 per cent of the world trade and around 3.0 per cent of the world foreign trade investments. It is pertinent to mention that in spite of efforts made since the inception of SAARC the share of SAARC countries with the rest of the world continuously remained less than 6 per cent till 2012. According to one estimate trade between the member countries (excluding Afghanistan) stood at about $14.5 billion in 2010-2011. Therefore, there is a need to identify the factors which are responsible for the situation and to suggest suitable solutions to promote intra-SAARC trade among the SAARC nations. To enhance its share in total world trade will go a long way for the eradication of mass poverty where large share of total world population is living. Therefore, this study has been planned to fill the gap in research with coverage of long period of 25 years since the formation of SAARC. The period of the study is divided into five blocks, covering pre and post WTO periods.

7.2 **OBJECTIVES OF THE STUDY**

- To analyze the Regionalism verses Multilateralism debate;
- To analyze the policy initiatives taken under the SAARC for the promotion of Regional trading and the institutional arrangement developed under the SAARC;
- To study the Volume and Direction of trade among SAARC countries during Pre and Post WTO Periods;
- To study the Trade Potential among the SAARC countries for further integration; and
To suggest suitable Recommendations for strengthening the Regional integration among the SAARC countries.

7.3 DATA BASE AND RESEARCH METHODOLOGY

The present study is based on secondary data. The sample of the study includes all the Member countries of South Asian Association for Regional Cooperation (SAARC), namely, Afghanistan, Bangladesh, India, Maldives, Nepal, Pakistan and Sri Lanka. However due to the non-availability of data relating to Bhutan, analysis is confined to rest of the members. The first part of the study is based in a comprehensive period of 25 years starting from 1986 to 2010, however the second part of study is based on 18 years covering the period from 1995-2012.

The data for the study has been taken from various reports and institutions working at the international level like International Monetary Fund (IMF); United Nations Conference on Trade and Development (UNCTAD); Asian Development Bank (ADB); Reserve Bank of India (RBI); and Published reports of various websites etc.

7.3.1 Tools of Analysis

For the analysis of the data, simple percentages have been calculated to make comparison among the SAARC nations. The following analytical tools have been used for the analysis purpose:

- **Individual Country Specific Export Share Model**

  It depicts volume as well as direction of exports of SAARC member countries within the region along with rest of the world. For the calculation of export with rest of the world following formula is used;

  \[
  \text{Export to Rest of the World} = \text{Total Export to World} - \text{Total Export to region}
  \]
• **Individual Country Specific Import Share Model**

  It depicts volume as well as origin of import of SAARC member countries within the region along with rest of world. For the calculation of import from rest of world following formula is used;

  \[ \text{Import from Rest of the World} = \text{Total Imports from the World} - \text{Total Imports from region} \]

• **Region Specific Trade Share model**

  It depicts the share of intra-regional trade to SAARC total trade. This model is used to calculate the percentage Share of SAARC with Rest of the world. For the calculation of SAARC trade with rest of World following formula is used;

  \[ \text{SAARC trade with Rest of World} = \text{SAARC Total Trade} - \text{Intraregional trade} \]

• **Trade Intensity Index**

  Though, the time period for the analysis of Direction and Volume of Trade was taken since 1985 a period of 25 years to compare the performance of intra-country trade of SAARC members. However for the prediction of potential of trade among SAARC nations the Trade Intensity Index has been calculated on the basis of post WTO period i.e. from 1995 onwards.

  Trade potential of any country can primarily be measured by the intensity of its trade with its trading partners (Drysdale and Garnaut, 1982). When the intensity is high between two countries, it is obvious that two countries have much more potential to trade with each other. Bilateral trade relationships between SAARC countries help to identify how intensively the countries are trading with each other (Bhattacharya and Das, 2011)

  Trade intensity index (TII) is used to determine whether the value of trade between two countries is greater or smaller than would be expected on the basis of their importance in world trade. It is defined as the share of one country's exports going to a partner divided by the share of world exports going to the same partner.
Trade Intensity Index (TII) can be measured as follows:

\[ TII_{ij} = \left( \frac{X_{ij}}{X_i} \right) / \left( \frac{X_j}{X_w} \right) \]

Where:

- \( TII_{IJ} \) = Trade intensity index of exporting country ‘i’ (source) to country ‘j’ (destination).
- \( X_{ij} \) = Exports of source country ‘i’ to the destination ‘j’
- \( X_i \) = Total exports of ‘i’ i.e. source country
- \( X_j \) = Total exports of country ‘j’ (destination)
- \( X_w \) = Total world exports

The value of index ranges from 0 to 100.

If the value is 0, it implies no trade relationship between home and partner countries. On the other hand, if the value of export intensity index is moves towards 100, then it indicates the higher level of trade between trading countries and the vice-versa.

For the analysis of data the software has developed by Asian development Bank which has frequently been applied by the Researchers to predict the potential of trade among the trading partners in a particular regional block. It pertinent to mention here that (Kojima, 1964); (Yamazawa, 1970); (Garnaut, 1972); (Drysdaile and Garnaut, 1982); (Bhalla and Bhalla, 1996); (Frankel and Rose, 1998) ;(KIM, 2002); (Pitigala, 2005); (Rahman, 2005);( Kalirajan, 2007); (Awad et al); (Bhattacharya and Das, 2011) have used their index to find out the intensities for different trade partners taking different time periods.

**7.3.2 HYPOTHSES OF THE STUDY**

To attain the objectives of the study, the following hypotheses have been framed and tested:
H1: Intra-SAARC trade has increased among the SAARC members during the period under the study;

H2: Increase in world trade has led to increase in the intra-SAARC trade during the period under study;

H3: Size of the country has no influence on the intra-SAARC share of trade among the SAARC countries;

H4: The Regional Economic Integration contribute positively to the growth of multilateral trading;

H5: Regional Economic Integration is influenced by the political relations among the partners;

H6: There is no visible difference in terms of volume and direction of trade during pre and post WTO periods; and

H7: There is a great potential for trade among the SAARC members.

7.4 MAJOR FINDINGS OF THE STUDY

7.4.1 Regionalism vs Multilateralism

The important issues highlighted by the empirical studies include the following:

- Positive correlation between higher trade dependence of member countries, close geographical relations minimized the risk of trade diversion;

- Regional units must be subordinated to the multilateral system, because regional self-sufficiency could further disturb the inter-regional relations;

- Level of regional economic integration has been found highly associated with availability of infrastructural and administrative set-up;

- Regional economic integration is a multidimensional phenomenon;
• Regional cooperation should not be accepted as a substitute for bilateral or multilateral cooperation;

• Regionalism provides investment protection measures to the member countries and the process of regionalism is less costlier;

• Expansion of regionalism undermine multilateral system and weakened its trusts towards liberalization;

• Regionalists argued that regionalism is the second best approach for liberalization.

• Regionalism emphasis on deeper international integrations;

• Economic alliances within regions, strengthen the member countries to compete in the global environment;

• New regionalism enhanced worldwide approach and external linkages and multilateral free trade;

• Trade diversion effects of regionalisms are more powerful as compare to trade creation;

• Regionalism leads to more integrated market economies of scale and declining average cost;

• There must be a balance between regionalism and multilateralism;

• Regionalism undoubtedly have both positive and negative impact;

• Regional trade agreements improved welfare by exceeding trade creation effects over trade diversion effects;

• Regionalism provide wider scope for negotiations in the form of tariff reduction, cross border issues as compared to multilateralism;
Developing countries have used regionalism as stepping stone towards multilateral integration where as rich countries used it as building block for multilateralism.

7.4.2 Direction and Volume of Export and Import of Goods among the SAARC countries

- The analysis of data reveals that the destination of Afghanistan Exports remain confined to India and Pakistan during the period under study. Other countries have marginal share in Afghanistan’s Exports.

- The Analysis of import of goods of Afghanistan reveals that Pakistan and India have been major source of its imports. The analysis further reveals that imports from Pakistan have continuously increased while percentage share of imports from India have declined during the same period.

- The analysis further shows that share of Afghanistan’s imports from SAARC countries as a percentage of total imports of Afghanistan from the world market have continuously increased for the entire period under study.

- The analysis of Bangladesh’s Exports reveals that major share has been exported by India, and Pakistan. However, the share of India has increased during the period under the study while share of Pakistan has declined during the same period. The study further reveals that share of Bangladesh exports to SAARC members as percentage of total exports of Bangladesh to world market has increased from fourth block to fifth block.

- The analysis of Bangladesh’s imports shows a similar trend. The origins of Bangladesh’s imports remain confined to India and Pakistan only. However, share of Indian imports from Bangladesh has continuously increased while share of Pakistan has declined during the same period. Furthermore, the share of Bangladesh’s imports from SAARC members as percentage of total world imports have increased during the period under study.
The analysis of data reveals that the major shares of Indian exports remain confined to Afghanistan, Pakistan and Bangladesh though Afghanistan got entry to SAARC in 2007. However, share of Afghanistan declined during the later period, while share of Pakistan has shown an increasing trend during last two block periods. Furthermore, the share of Sri-Lanka in India’s Exports has also increased substantially during the last block period. The study further found that share of India’s Exports to SAARC members as percentage of total exports of India to the world market has increased during the entire period of study.

The analysis of Indian Imports from the SAARC region reveals that the share of Afghanistan in Indian imports has increased, while share of Pakistan has declined after the entry of Afghanistan to SAARC. At the same time, share of Nepal and Sri-Lanka remained consistent during the post SAARC period. The analysis further reveals that the share of India’s imports from SAARC as percentage of total world imports has increased for the first 20 years which declined during the last five years.

However this share remained less than 1 per cent of the total imports from the world which explain the causes of weak economic integration among the SAARC countries.

The share of Maldives in Exports to SAARC countries has been confined to Sri-Lanka only which has continuously maintained a share of 96 to 99 per-cent up to 2005 which declined to about 65 per-cent during the period 2006-2010. The study further reveals that the Maldives exports to SAARC countries as percentage of World Exports has increased during the period under study, however it is interesting to note that the Maldives Exports to SAARC countries as Percentage of world exports remained higher during the pre -WTO period as compared to post- WTO period.

On the other hand the major share of Maldives’s imports has been confined to Sri-Lanka and India during the period of study. However, imports of Maldives from India has continuously increased while the same has declined in case of Sri-Lanka
The Analysis reveals that share of Maldives imports from SAARC countries as a percentage of total imports of Maldives from the World Market increased from first block to fourth block while declined in the last block.

- The analysis of Nepal’s exports to SAARC member countries revealed that its major share of trade has been confined to India followed by Sri-Lanka. The analysis further reveals that share of Nepal exports to SAARC members as a percentage of world Exports declined from first to second block period and then increased from second to fifth block. This again reflects the impact of globalisation during the post-WTO period as well as increasing integration among the SAARC members.

- The major share of imports of Nepal had come from India with 85.25 per cent share during the first block which increased to 99.38 per cent during the last block. Bangladesh had a share of 11.63 per cent for the first block period which declined to only 0.42 per cent during the fifth block. So one important issue which emerged from this analysis is that trade among the countries even within a regional block have the influence of social, cultural and political relations among the two countries.

- The analysis of Pakistan exports to SAARC members reveals that the major destination of Pakistan exports remained Bangladesh, Sri-Lanka and India. However, there is no consistency in regard to exports of Pakistan to different SAARC members over the period of study. The Study further reveals that the share of Pakistan exports to SAARC countries as percentage of world exports has increased from 2000 onwards which might have the result of both regional integration as well as impact of WTO polices. Percentage share of Pakistan’s trade with SAARC region has shown increasing trend for the whole period under study except in the block period of 1986-1990.

- The analysis of imports of Pakistan from the SAARC countries reveals that India has emerged as the major source for imports of Pakistan. Though Bangladesh and Sri-Lanka had a substantial share in Pakistan’s imports during the first block
period, it declined to a very small share during the fifth block period. On the basis of this finding one may conclude that the increasing share of Pakistan’s imports from India is an encouraging sign for the regional economic integration among the SAARC countries as they are the major players of this block.

- The analysis of Sri-Lanka’s exports to SAARC members reveals that Pakistan, India and Bangladesh had been major destination for Sri-Lanka’s Exports. However, a major share of Sri-Lanka’s exports has gone to India which reached to about 83 per cent of the total exports of Sri-Lanka to India. The share of Sri-Lanka’s exports to SAARC countries as a percentage of World exports has remained on the lower side except the last block of 2006-2010.

- The analysis of data for 25 years reveals that share of India in Sri-Lanka’s imports has continuously increased from 56.46 per cent during the first block to 93.78 percent during the fifth block period. Though Pakistan had a share of 34.04 per cent in Sri-Lanka’s imports during the first block period, it declined to 6.04 per cent during the fifth block period. So a similar trend has been found as it has been in case of Sri-Lanka’s Exports.

- The time series data based analysis from 1980 to 2005 reveals that the percentage share of SAARC’s intra-regional trade has increased from 2.9 per cent in 1980 to 4.7 per cent in 2005 which is still a very marginal share of the total trade in goods of the SAARC members with the rest of world. The analysis further reveals that SAARC countries had only 1 per cent share in total exports and imports of the world which just increased to 1.50 per cent by 2005. So this trend has serious implications for the member countries of the SAARC.

7.4.3 Potential for intra SAARC countries trade in Goods

- The Trade Intensity Indices of Afghanistan’s with the member countries of SAARC reveals that Afghanistan has low value of this index for all the SAARC members except Pakistan. It implies that there is a huge potential for regional trading among the SAARC countries for Afghanistan.
The Trade Intensity Indices of Bangladesh’s with the member countries of SAARC reveals that Bangladesh has low value of this index for all the SAARC members during the period under study. It implies that there is a big potential for regional trading among the SAARC countries for Bangladesh in future.

The analysis of Trade Intensity Index of SAARC member countries in case of India reveals that the highest value of this index has been found in case of Nepal followed by Bangladesh and Sri-Lanka which is still on the lower side. Other countries have very low value of this index which implies that India can increase its exports with the SAARC member countries to increase its share within the SAARC.

The analysis of Maldives Trade Intensity Index of SAARC member countries shows a high trade intensity index with Sri-Lanka followed by India. It implies that Maldives had more trade with these countries, whereas other countries have a very marginal share in the total trade of Maldives. It further implies that Maldives could increase its share at the regional level.

The analysis of Nepal’s Trade Intensity Index with the SAARC members clearly reflects the higher level of Nepal’s Trade with India and Bangladesh. However, all other countries have a low value of this index which implies that Nepal could increase its trade share with the SAARC countries.

The Analysis of Pakistan’s Trade Intensity Index with the rest of the SAARC members reveals that Pakistan has a low index with all the member countries except Afghanistan in which the value of index is high. So it implies that Pakistan has great potential for trade with all the members scoring low value of this index.

The Analysis of Sri-Lanka Trade index also reveals that except Maldives all other member countries have low value of this index which clearly implies that Maldives has a very low level of trade with SAARC member since the inception of SAARC. Therefore, Maldives could improve its trade share with the member countries.
7.5 TESTING OF HYPOTHESES

An attempt has been made to test the hypotheses on the basis of the empirical as well as theoretical analysis of intra-SAARC countries trade in goods:

- On the basis of the empirical results the first hypothesis that “intra-SAARC trade has increased among the SAARC member during the period under study” is accepted as the trade among the SAARC countries during the period of study has increased.

- The Second hypothesis for the study was that increase in world trade has led to increase in the intra-SAARC trade during the period under study is also accepted as the analysis of growth of trade within the SAARC countries has shown a increasing trend with the increase in the growth of world trade particularly during the post-WTO period.

- The third hypothesis that size of a country has no influence on the intra-SAARC share of trade among the SAARC countries is rejected due to the reason that the countries having large size like India and Pakistan have succeeded to get more share among the SAARC countries as compared to smaller countries.

- The fourth hypothesis that regional economic integration contribute positively to the growth of multilateral trading is also accepted. The analysis of data during the Post-WTO period shows that there is a no contradiction between regional trading and the multilateral trading as the share of intra-SAARC countries trade has increased simultaneously with the increase in their share with the rest of the world.

- The fifth hypothesis that regional economic integration is influenced by the political relations among the partners is accepted on the basis of the facts that the trade between India and Pakistan within SAARC has been frequently affected whenever there was a tension between the countries.
The sixth hypothesis that there is no visible difference in terms of volume and direction of trade during pre and post WTO period is rejected due to the fact that the analysis of data relating to intra-SAARC trade has clearly shown that the share of trade among the SAARC countries during the post WTO period has increased.

The seventh hypothesis that there is a great potential for trade among the SAARC member countries is accepted on the ground that the value of trade intensity index of majority of the SAARC member countries found low which implies that there is a huge potential for trade among the SAARC members.

7.6 **RECOMMENDATIONS**

On the basis of the foregoing analysis the following recommendations are made:

- There is a need to implement the provisions of SAFTA in true spirit for the promotion of trade among the SAARC nations. In addition to trade in goods there is a big scope for trade in service sector at the regional level. Though the sixteenth summit of the SAARC has brought trade in services under the purview of SAFTA, it will go a long way so far the implementation of this clause is concerned.

- There is a need to revise the list of products listed for exports and imports by the SAARC countries on which tariff have been reduced. Many researches has pointed that most of the products on which the tariffs have been reduced are not much tradable among the SAARC members. All the SAARC members should come forward to include those products which are being traded with the rest of the world.

- There is a need for the review of the various policy decisions taken under the agreement of SAFTA in the light of the WTO agreement to promote trade among the SAARC members. For instance WTO has already implemented the most
favored nation status to all the member countries of the WTO but same has not been implemented at the SAARC level particularly by Pakistan.

- Though large number of bodies / committees/ forums has been set up under the various agreements of SAARC but all these institutions are not functional, therefore, there is need to activate these bodies for the promotion of trade among the SAARC countries.

- As India and Pakistan are the large economies within the SAARC therefore, they must take lead by diffusing the border tensions to promote trade among themselves as well as with the rest of the SAARC members.

- There is a need to implement measures for trade facilitation like regional banking. Facilities should exist to expedite business transactions for increased business activity. Mutual certification and standards must be accepted throughout the region.

- There is need to strengthened the infrastructure facilities and communication among the SAARC countries. All the member countries must take initiatives to set up the more trade points on their borders to promote trade through road transport. This could be further extended to those countries that do not have the direct road links with the other members of SAARC. For instance, Afghanistan could be linked through road transport with the rest of SAARC members if Pakistan agreed to this proposal.

- All the countries should start sharing their scientific and technological development by hosting conferences at the universities and research institute level. The recent talk at the ministerial and secraties level of the SAARC has forcefully advocated the participation and collaboration of private sector of South Asian region for the promotion of the regional trading.

- The movement of people should be smooth in the SAARC region. It has already been realized by all the member countries that the SAARC nations must make
efforts to promote trade among the SAARC nations which will be a win-win game for the participating countries irrespective of their size and level of development.

- It is also important to understand that trade cannot develop in vacuum until and unless social and cultural ties are further strengthened. Moreover, efforts must be made to reduce the other disputes through a consistent political dialogue.

- The last but not least the people to people confidence building measures among the SAARC members must be encouraged by all the participants.

7.7 **SCOPE FOR FURTHER RESEARCH**

- There is a scope for further analysis of the impact of Regional Economic integration on Foreign Direct Investment among the SAARC region.

- The present study is based on the overall exports and imports among the SAARC countries, therefore further study can be carried out to take the specific sectors like manufacturing, agricultural products etc.

- The primary data based study could be conducted to know the perceptions of the traders in all the SAARC members.

- There is a scope for individual country specific study with the rest of SAARC members.

- A study may also be conducted to analyze the functioning of various institutions /bodies / forums etc. set up for the promotion of trade among the SAARC countries.

- Another area of study could be the evaluation of the various agreement signed by the member countries for the promotion of trade under the rules and regulations of SAFTA.
7.8 LIMITATIONS OF THE STUDY

Limitations have always been a part and parcel of any empirical research work. This study is not free from the ambit of the same. Some of the limitations are listed below:

- The study is based on secondary data; therefore the study suffers from all limitations suffered by a research based on secondary data.

- Due to non-availability of trade data, bilateral trade relations of Bhutan with other member countries of SAARC remains untouched. Therefore, the findings of the study may not be generalised in concern to SAARC total trade figure to World total trade.

- Due to limitation of time and resources, the study excluded the economic cooperation in service sector and investment which constitute a significant share in the growth and development of any country. Therefore, research in this area can be pursued in future.

- Due to non-availability/non-publication of data, the study period had to be adjusted accordingly for part of analysis. There were huge gaps in data in regard to some of the variables, so the necessary adjustments were required to be done in the data to make it compatible.

- The topic of the research is too vast to cover all the integration indicators in the study. So, the study remained confined to the share of export and import in the intra-regional trade among SAARC member countries.