The present study analyses the An Analysis of Bilateral Trade of India with SAARC Countries. In this chapter an attempt has been made to summarize the findings of the study presented in the forgoing part of this chapter and to highlight the conclusion and suggestion as well.

The study is based on secondary data collected from the published (printed and electronic) sources and an Empirical Research will be conducted on it.

Findings are based on the export and import of India with the SAARC countries. This study has tried to put forth some important findings and suggestions for enhancing India’s foreign trade policy as well as some important observations for maintaining good relations with the different the SAARC countries.

5.1 CONCLUSIONS:

The study shows that India’s Trade relationship with the SAARC countries indicates that there is significant growth in the export and import trade of the India. Overall the export trade of India shows significant contribution in export trade of SAARC nations. It indicates that there is more export as compare to import with SAARC countries. Since 2004-05 to 2013-14 India’s export trade with the SAARC countries has been increased. Overall import trade of India shows significant contribution in import trade from the SAARC nations. Since 2004-05 to 2013-14, India’s import from the SAARC countries has been increased.

It is noticed that during the year 2004-05 to 2013-14 India’s export trade is strongly correlated with the India’s export trade with World. Hence, we have rejected the null hypothesis and accepted alternative hypothesis except in case of Maldives. It is also found that there is significant relationship between the India’s export trade with the
world and India’s export trade with the SAARC Countries. It is noticed that during the year 2004-05 to 2013-14 India’s export trade is strongly correlated with World.

5.2 FINDINGS:

(Chapter:-1) This Chapter provides detailed information about the emergence of SAARC & its structure, summits and development of SAARC as an regional organization. Also, an comprehensive enlightenment on the Profile of SAARC Countries has been covered along with privileges available to them.

The South Asian Association for Regional Cooperation (SAARC) comprising Bangladesh, Bhutan, India, the Maldives, Nepal, Pakistan and Sri Lanka is a dynamic institutionalized regional cooperation in South Asia, basically perceived as an economic grouping to work together for accelerating the pace of socio-economic and cultural development. The objectives of the association as defined in the SAARC Charter are:

a) To promote the welfare of the peoples of SOUTH ASIA and to improve their quality of life;

b) To accelerate economic growth, social progress and cultural development in the region and to provide all individuals the opportunity to live in dignity and to realize their full potentials;

c) To promote and strengthen collective self-reliance among the countries of SOUTH ASIA;

d) To contribute to mutual trust, understanding and appreciation of one another's problems;

e) To promote active collaboration and mutual assistance in the economic, social, cultural, technical and scientific fields;
f) To strengthen cooperation among themselves in international forums on matters of common interests, with other developing countries and international organization with similar aims and purposes.

The ultimate aim of SAFTA will be to put in place a full-fledged South Asia Economic Union on the lines of the EU. SAFTA is scheduled for launch in January 2006 and will lead to reduction of tariffs for intra-regional trade among SAARC countries.

SAFTA, inter alia, prescribes a phased Tariff Liberalization Programme (TLP) according to which all the member states would reduce their tariffs, at the MFN applied rate existing as on 1st January 2006, to zero to five percent within ten years of the agreement coming into force. This TLP would cover all tariff lines except those items kept in the Sensitive List by each country. With the SAFTA Agreement coming into force, there would be no more negotiations under SAPTA.

(Chapter: 2) Research is a logical and systematic search for new and useful information on a particular topic. The use of the words how and what essentially summarizes what research is. It is an investigation of finding solutions to scientific and social problems through objective and systematic analysis. It is a search for knowledge, that is, a discovery of hidden truths. Here knowledge means information about matters. The information might be collected from different sources like experience, human beings, books, journals, nature, etc. A research can lead to new contributions to the existing knowledge. Only through research is it possible to make progress in a field. Research is indeed civilization and determines the economic, social and political development of a nation. The results of scientific research very often force a change in the philosophical view of problems which extend far beyond the restricted domain of science itself.

Foreign trade assumes significance because they form the core component of the process of country’s economic growth, economic development, and employment generation. Therefore it becomes a matter of paramount importance to study the India’s trade relationship with all the SAARC member countries in particular and the
time period ranges from 2004-05 to 2013-14. The conclusions derived from this study are useful to policy maker formulating trade policy of India with SAARC countries. Hence, the researcher has selected this topic for the in-depth study which is intended to detailed policy analysis and statistical analysis of India’s foreign trade with countries involved in the SAARC. We have strong assurance about its utility and applications for development of trade relations with the SAARC nations and it will be benefitted to the policy makers also. Foreign trades assume significance because they form the core component of the process of country’s growth and employment generation. Therefore, it becomes a matter of permanent importance to study the various options for improving the foreign trade relationship with various countries and developing countries in particular.

This study is systematic investigation of the India’s foreign trade including statistical analysis of India’s import and export trade with various countries of the SAARC. The researcher that various research conducted on this issue carried are based on only statistical analysis of foreign trade however, in this study we have tried policy analysis with statistical analysis hence, this study is definitely contributes its applicability in concern area.

The Present Study incorporates the collection of secondary data for a thorough investigation. It is primarily based on secondary data sources published by various organizations and agencies. Here we have used some important information and statistical data published by the Directorate of Trade Statistics and Intelligence under Ministry of Commerce of Government of India and other international institutions related to foreign trade. We have also used the data published by the Hand Book of Trade and Development (IMF), Report on Currency and Finance (RBI) Publication; Other than statistical data and information published by these organizations. We have referred some national and international journals and theses published on web pages of the different research institutions for getting insides and direction of the study.

The survey of the literature section holds a lot of significance in a thesis. This chapter acts as a base for formulating the methodology section that is the third phase of the
research process. Further, on the basis of this information, a researcher can determine the actual gap existing in the market and helps in formulating strategies regarding accumulating data and information. Thus, in short, it can be said that literature survey acts as a multipurpose guide to a particular topic.

Basic data are available in different units for different time span. All the data was analyzed using Microsoft excel. Basic data is analyzed with the help of parametric statistical test. For the testing hypotheses we have used different methods i.e. mean, standard deviation, ‘t’ test and ‘ANOVA’ test according to the nature of data and need of the testing hypotheses. Quantifiable data from the questionnaires was coded into the Statistical Package for Social Sciences (SPSS 15.0) for analysis. SPSS 15.0 was selected because it was considered to be user-friendly.

(Chapter: 3) This Chapter provides a Comprehensive descriptive analysis of SAARC Member country’s socio-economic & political background of the SAARC group and India’s trade relations with them. The Role of India in the development of SAARC as well as the current initiative taken by India for SAARC has been mentioned.

Bilateral trade agreement is an agreement between two nations for the purpose of exchange of goods and services with each other for mutual benefit of both of the countries. Under Bilateral trade agreements; the exchange of agreements takes place in commercial relationship, trade facilitation, finance investment etc. So the trade between both the countries makes simple by simple procedures of imports and exports, cutting down or minimizing the taxes or duties on overseas trade. The definitive aim of any bilateral trade agreement between countries is to perk up the economic status of both the countries. Compared to multilateral agreements, bilateral agreements are easy to negotiate with terms and conditions of agreements.

Bilateral trades are between two nations at a time, giving them favored trading status with each other. The goal is to give them expanded access to each other's markets, and boost each country's economic growth. How do they do this? There are five general areas where they standardize business operations, in an attempt to level the playing
field. That keeps one country from stealing the other’s innovative products, dumping products at a cheap cost, or using unfair subsidies.

India was the first country to recognize Bangladesh as a separate and independent state and established diplomatic relations with the country immediately after its independence in December 1971. India’s links with Bangladesh are civilization, cultural, social and economic. There is much that unites the two countries - a shared history and common heritage, linguistic and cultural ties, passion for music, literature and the arts. This commonality is reflected in our multi-dimensional and expanding relations. In the last more than four decades, the two countries have continued to consolidate their relations and have built a comprehensive institutional framework to promote bilateral cooperation in all areas.

The relationship between India and Sri Lanka is more than 2,500 years old and both sides have built upon a legacy of intellectual, cultural, religious and linguistic interaction. In recent years, the relationship has been marked by close contacts at the highest political level, growing trade and investment, cooperation in the fields of development, education, culture and defence, as well as a broad understanding on major issues of international interest. Among the SAARC member nations, India has an Free Trade Agreement with Srilanka which has boosted the overall trade between both the countries. Specifically, both the nations have shown their intent to enlarge it on various bilateral platforms also. Where India have invested in Srilanka not only for trade purposes but also on humanitarian grounds by buildings homes for thousands of Srilankan citizens who have suffered from internal war crisis.

Indian firms are the biggest investors in Nepal, accounting for about 40% of the total approved foreign direct investments. There are about 150 Indian ventures operating in Nepal. They are engaged in manufacturing, services (banking, insurance, dry port, education and telecom), power sector and tourism industries. Some large Indian investors include ITC, Dabur India, Hindustan Unilever, VSNL, TCIL, MTNL, State Bank of India, Punjab National Bank, Life Insurance Corporation of India, Asian Paints, CONCOR, GMR India, IL&FS, Manipal Group, MIT Group Holdings, Nupur
International, Transworld Group, Patel Engineering, Bhilwara Energy, Bhushan Group, Feedback Ventures, RJ Corp, KSK Energy, Berger Paints, Essel Infra Project Ltd. and Tata Power, India etc. India has monopoly on lot of items which are exported in Nepal (No other country exports that item to Nepal). A lot of investment has been made by India on Hydro projects in Nepal, which would yield benefits in coming years. Besides, a growing Chinese presence in Nepal is an alarming sign for India to maintain and build strong alliance with its Himalayan ally.

India and Pakistan have no formal trade agreement. India has granted MFN status to Pakistan but Pakistan is yet to reciprocate. Pakistan maintains a list of importable items from India, called Positive List, as notified from time to time. The present Positive List consists of 1938 items. Both countries have set up a Joint Study Group (JSG) at Commerce Secretary Level for adopting a strategy to boost trade and economic cooperation between the two countries. Apart from JSG, Commerce Secretary-level discussions on trade and economic cooperation are held within the framework of Composite Dialogue between the two countries. India is a leading development partner of Maldives and has established many of the leading institutions of Maldives including the Indira Gandhi Memorial Hospital (IGMH), Faculty of Engineering Technology (FET) and Faculty of Hospitality & Tourism Studies (IMFFHTS). India has offered assistance to Maldives wherever required. After the tsunami that struck Maldives on December 26, 2004, India was the first country to rush relief and aid to Maldives. India provided a budget support aid of Rs.10 crores in view of the serious financial difficulties being faced by Maldives on account of the tsunami and related factors. Assistance of US Dollars equivalent of Rs.100 million in July 2007 towards assistance was given following tidal surges in May 2007. Currently, India has provided US $ 100 million Stand-by Credit facility (SCF) to Maldives, including long-term loans and revolving credit for trade. Under new Line of Credit worth US$40 million offered by the Government of India to Maldives, the Overseas Infrastructure Alliance (OIA) of India has been given a contract to construct 485 housing units in Maldives.
India and Afghanistan have a strong relationship based on historical and cultural links. The relationship is not limited to the governments in New Delhi and Kabul, and has its foundations in the historical contacts and exchanges between the people. In recent past, Indo-Afghan relations have been further strengthened by the Strategic Partnership Agreement signed between the two countries in 2011. As Afghanistan was undergoing three simultaneous political, security and economic transitions in 2016, India had allayed its fears about its future by making a long-term commitment to the security and development of Afghanistan. Recently, India and Iran has signs to lease Chabahar port of Iran for 10 years, which would ultimately help India and Afghanistan to increase their trade between them via Iran (As Pakistan doesn’t allow to use its land for trade between India and Afghanistan).

Diplomatic relations between India and Bhutan were established in 1968 with the appointment of a resident representative of India in Thimphu. Before this our relations with Bhutan were looked after by our Political Officer in Sikkim. The basic framework of India- Bhutan bilateral relations was the Treaty of Friendship and Cooperation signed in 1949 between the two countries, which was revised in February 2007. The India-Bhutan Friendship Treaty not only reflects the contemporary nature of our relationship but also lays the foundation for their future development in the 21st century. There are a number of institutional mechanisms between India and Bhutan in areas such as security, border management, trade, transit, economic, hydro-power, development cooperation, water resources. There have been regular exchanges at the Ministerial and officials level, exchanges of parliamentarian delegations to strengthen partnership in diverse areas of cooperation.

(Chapter: 4) SAARC has achieved very little in comparison to the other regional organizations. India, the largest economy and the most populous country in the region, is an idealist as well as a realist in its ongoing efforts to revitalize the SAARC as the preeminent forum of regional cooperation and economic integration. Opening university, food bank and disaster management probe might be initially appreciable steps but in the long run it doesn’t create any big step in accelerating the economy of the region. This chapter deals with India’s trade relationship i.e. exports from India,
Imports to specific country and balance of trade using the data derived from DGCI&S, Kolkata for the time period 2004-05 to 2013-14.

It is found that, there are some fluctuations in the growth of export trade with Afghanistan. A high value of export $510.90 million was realized in 2011-12. Percentage wise data indicates that there is growth in the India’s export trade. In 2000-01 it was 0.0580 % and reached a high share in 0.2609 in 2009-10 and declined to 0.1515 % in 2013-14. (Table: 4.1)

India’s exports to Bangladesh were increased from $ 935.04 million in 2000-01 to $ 6136.97 million in 2013-14. It is registered continuous growth in the export from the India to Bangladesh. That is, in a decade, time India has seen a 7 times increase in exports to Bangladesh.

However, in 2004 to 2008 it is noticed that there are some fluctuations are found in the India’s export to the Bangladesh. When we compare the India’s export to the Bangladesh with India’s total export to the World, however, in 2013-14 it has been declined to 0.1515 %. India is not so depend on imports from Bangladesh, but there is dependence up to the some extent. However, during the period of 2007-08 to 2009-10 import from Bangladesh has been decreased, but since 2010 it has been increased drastically. When we compare the total import from the world and import from the Bangladesh we find that it was 0.1593 % in 2000-01 and now it is declined to 0.1021 %.( Table: 4.4)

India’s export to Bhutan is gradually increasing day by day. Due to the continuous efforts of the government and good trade relationship with the Bhutan, India’s export growing. India’s export to the Bhutan was $ 1.08 million in 2000-01 which has seen increased up to $ 335.66 million in 2013-14. Apart from the growth the trend of export shows some fluctuations and up-downs in the export from India to Bhutan. Percentile data about the global export trade of the India indicates that it is 0.0024 % in 20000-01 and reached a high share of 0.1402 in 2003-04 and declined to 0.1073 % in 2013-14.(Table: 4.7).
India’s exports as a percentage of world exports to Maldives recorded as 0.0552 in 2000-01 and decreased to 0.0343 in 2013-14. The highest share was recorded in 2008-09. India is not only exporting to Maldives but also importing some commodities and services from Maldives. India’s imports from Maldives were $0.19 million in 2000-01 it was increased by 21 times in 2013-14 to $3.97 million. It was observed that a high value of imports has been recorded in 2010-11 and 2011-12. It is noticed that the India’s Imports from Maldives to India as a percentage of world imports were 0.0004% it was quite insignificant. (Table: 4.10)

Overall export trade of India shows significant contribution in export trade of SAARC nations. It indicates export trade from other SAARC countries. Since 2004-05 to 2013-14 India’s export trade with SAARC countries has been increased to $4,606.14 million to $17,495.46 million (See table 4.22). This table also indicates that the overall mean of the export from India to SAARC countries was higher with Sri Lanka ($2957.05 Million) and Bangladesh ($2846.45) followed by the Nepal ($1869.96 Million), Pakistan ($1546.43 Million), Maldives ($837.20 Million), Afghanistan ($374.74 Million) and Bhutan ($153.29 Million). It indicates that India has exported more to Sri Lanka and Bangladesh as compared to other SAARC countries. (Table: 4.21)

5.3 SUGGESTIONS:

Based on the major findings of this study, researcher has suggested some important suggestions and recommendations for enhancing the trade relations with the SAARC countries. India and Pakistan are the important role player in the SAARC. Hence, they have to come together and discuss the problematic issues about international trade. India and other member countries should have to take some steps for reducing quantitative restrictions and non-tariff barriers because it adversely affecting on the trade relationship of the member countries. The awareness about the India’s trade relationship and importance of trade relationship should be inculcated in the Indian
industries and trade sectors. The Government should appoint one country as special task force to detect problems in trade relationship and should make specific suggestions for improving trade relations with specific countries. There is an extreme need of building the strong cultural and social connections within the citizens of the SAARC countries. Because it helps to develop trade relations within the member countries. In order to facilitate development of export orientated business and access to necessary skills, knowledge and relationships, the visa regime in South Asia needs to be more open. In particular an ‘open sky’ policy should be adopted in South Asia to fly unhindered within the SAARC Members. Implementation of the SAARC currency is essential for enhancing the trade relationship among the member countries. Hence, the SAARC members should think over it. There is need of some collaborative measures to improve trade facilitation by improving customs management and movement of goods through ports and airports. Pakistan contributes in the exports like fruits, spices, pulses, nuts etc to India. Hence, this import is important for India. Hence, India should develop extent level of trade relationship with Pakistan. In order to promote regional cooperation, India should bind with the neighboring countries in ties of different networks through the different social and cultural projects of the SAARC. Lack of trust between India and Pakistan leads to low exports and imports. India supposes Pakistan as a terrorist country. So, both the countries should stop the conflict and work together for development of trade relations as well as economic development of the both countries. Energy sector is one of the most important sectors to export Pakistan and Bangladesh hence; it cannot be ignored to promote Indo-Pak Indo-Bangladesh Cooperation. As there are a lot of obstacles in trade within the SAARC nations, that create hindrance on the ways to imports and exports across the regional boundaries. Hence, these countries should facilitate each other by the governmental regulations or by the management of the SAARC. India and Bangladesh should solve the disputes between them and build strong relations which can support to increase international trade. There is a need of combined efforts to improve trade by eliminating visa related problems, tariff and nontariff obstacles for developing relations among the trade partners. As there are a lot of obstacles in trade within the SAARC nations, that create hindrance on the ways to imports and exports across the
regional boundaries. Hence, these countries should facilitate each other by the governmental regulations or by the management of the SAARC.

5.4 Policy Reforms for SAARC

(a) No SAARC nation should internationalize any bilateral issue beyond the SAARC forum.

(b) SAARC will do all it can to facilitate the creation of the South Asian Free Trade Area (SAFTA) immediately, if possible by the end of 2014. Thereafter, SAARC resolves to make Sri Lanka’s coast the gateway to the Association of Southeast Asian Nations (ASEAN) by developing the hard infrastructure and freight movement facilitation.

(c) SAARC should strive to enhance investment activity between its member states, and not merely trade. South Asian joint venture promotion schemes should also be promoted on a priority.

(d) The energy sector should be linked together through a unified South Asian electric power grid system and countries could pool their technical and financial resources in collaborative projects.

(e) In only the fields of science and technology, universities in SAARC countries should pool their faculties and teach across borders or engage in online education using the Internet.

(f) Broader popular support at the grass-root level must be vastly improved by encouraging freer legal movement of people for economic and cultural tourism reasons by minimizing immigration procedures.

(g) Effective steps must be undertaken to jointly deter cross-border, illegal migration, terror attacks and block the narcotics trade and drug trafficking. It should be remembered that the EU was made possible only due to the conclusion drawn by the people of Europe, after the experience of two terrible world wars, that a third world war would destroy Europe totally.
5.5 SCOPE FOR FUTURE RESEARCH

During the research many questions came across several that could be interesting for further research. These research fields are useful for further research which would give a border structure on the India’s trade and concluded some meaningful research results regarding the trade of the SAARC Countries. However, there is a need to find the results in different countries, Trade barriers, Trade Union and Trade Organization. India’s trade relations some of those are being identified as the future areas of study as follows:

1. India’s trade with BIMSTEC Regional Organization (Bay of Bengal Initiative for Multi-Sectoral Trade and Economic Cooperation).

2. India’s trade with ASEAN (Association of Southeast Asian Nations) countries.

3. Comparative study of the India’s trade with European Union (EU) countries.