

# A COMPARATIVE ANALYSIS OF INDIA'S TRADE RELATIONS WITH SAARC AND ASEAN

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**Abstract:** Regional Integration arrangements are the most popular phenomenon of the current global economic order and this feature is now an acknowledged future of the internal scene. In South Asia, SAARC (1985) and ASEAN (1967) are oldest and dynamic regional groups. ASEAN (Association of South East Asian Nations) and South Asian Association for Regional Cooperation (SAARC) today a dynamic, rapidly growing regional blocs that strives to effectively manage both its diversity and growth. India's trade relations with both blocs and both bloc is important for India's point of view. From its inception South Asian Association for Regional Co-operation is struggling to acquire its goal in South Asia. Bilateral conflicts have overshadowed regional development as the members of SAARC cannot take up conflictual bilateral issues. All the South Asian states have to be more or less Indo-centric in both their nuances and practices. The mistrust of India and Pakistan keeps alive their rivalry at all levels bilateral, regional and international. Because of conflicts dominating Indo-Pakistan relations, the evolution of SAARC into a regional community is still far off. To analyze the trend of India's export and import to SAARC and ASEAN for the period of 2005-06 to 2016-17 and to find out the trade share pattern of India's trade with SAARC and ASEAN is the purpose of this paper.

**Keywords:** ASEAN, Comparability, Regional, SAARC

## Introduction

Regional Integration arrangements are the most popular phenomenon of the current global economic order and this feature is now an acknowledged future of the internal scene. Regionalism has existed for so many years in various parts of the world. But it has never grown as rapidly as in the last two decades. Cooperation is nothing but the willingness of individuals, societies or States to help each other. Cooperation is voluntary in nature. It begins initially at community level and extends to national, regional and international level. Regional economic cooperation means collaborating among a group of countries on economic matters for mutual benefits and wellbeing. India In present study, two prominent trade blocs for India have been taken for study. These are SAARC and ASEAN. A short profile of both trade blocs is given here below-

## SAARC (South Asian Association for Regional Cooperation)-

The South Asian Association for Regional Cooperation (SAARC) is economic and political cooperation among eight (8) members of South Asia. Its member states include Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka. India is founder member of the SAARC. The SAARC was founded in Dhaka on 8<sup>th</sup> December, 1985 to promote development of economic and regional integration in South Asia. Its secretariat is based in Kathmandu, Nepal. SAARC comprises 3% of the world's area, 21% of the world's population and 3.8% (approx USD 3 trillion) of the global economy, as of 2017. The SAARC policy aims to promote welfare, collective self-reliance among the countries of South Asia and to accelerate socio-economic-cultural development in the region.

**Table-1**  
**Profile of SAARC member countries**

Country	Population	Area	Nominal GDP (2017)	GDP per capita (2017)
	2017	Km <sup>2</sup>	USD billion	USD
Afghanistan	34169169	652,864	20.57	559
Bangladesh	164827718	147570	248.85	1520
Bhutan	79877	38394	2.31	2870
India	1342512706	3287263	2450.42	1850
Maldives	375867	298	3.58	9950
Nepal	29187037	147181	24.64	866
Pakistan	207774520	881913	304.4	1659
Sri Lanka	20905335	65610	84.02	3930
<b>Total SAARC (including India)</b>	<b>1800545229</b>	<b>5221093</b>	-	-

### Association of South East Asian Nations (ASEAN)

The Association of South East Asian Nations (ASEAN) was established on 8<sup>th</sup> August, 1967 under the Bangkok Declaration in Thailand. Its secretariat is based in Jakarta, Indonesia. ASEAN is a group of ten countries. In which Indonesia, Malaysia, Singapore, Philippines and Thailand is founder member while Brunei, Cambodia, Laos, Myanmar and Vietnam joined group later on when ASEAN expanded membership. Here the point is noted that India is not a member country of ASEAN, India is a sectoral dialogue partner of ASEAN. The main aim of ASEAN is to accelerating economic growth, social progress and the protection of regional stability with sociocultural evolution of member countries. ASEAN covers 3% of total land area of Earth. The member countries have a combined population of approx. 644 million while the combined nominal GDP of ASEAN is more than USD2.8 trillion as of 2017. If ASEAN were a single entity, it would rank as the sixth largest economy in the world.

**Table-2**  
**Profile of ASEAN member Countries**

Country	Population (2017)	Area	Nominal GDP(2017)	GDP per capita(2017)
	Million	Km <sup>2</sup>	USD million	USD
Brunei	0.429	5765	11963	27893
Cambodia	16.013	181035	22252	1389
Indonesia	261.989	1913579	1010937	3858
Laos	6.680	23680	17152	2567
Malaysia	32.077	331388	309858	9659
Myanmar	52.645	676576	66966	1272
Philippines	106.268	300000	321189	3022
Singapore	5.675	719.2	305757	53880
Thailand	69.095	513120	437807	6336
Vietnam	93.643	331231	215963	2306
<b>Total ASEAN</b>	<b>644.514</b>	<b>4490212</b>	-	-

Source- ASEAN secretariat

### Review of Literature

Zeba Sheereen in her article "Regionalism and Economic Opportunities for India: SAARC or ASEAN" (2005) gives a brief overview of the emergence of major regional trade blocs and their development and forms of various regional and sub-regional groupings in Asia. An Analysis of economic opportunities and possible benefits to India from grouping with SAARC/ASEAN has been discussed in detail.

Madhavi Bhasin in her paper "India's Role in South Asia: Perceived Hegemony or Reluctant Leadership?" (2008) focuses on the regional interactions through and beyond the form of SAARC. She tries to ascertain the degree of leadership or hegemony manifest in the policies of India and perceptions of its neighbours.

Amitendu Palit's paper "India's Economic Engagement with Southeast Asia: Progress and Challenges" (2009) examines the key aspects of India's economic engagement with Southeast Asia since the end of the Cold War and the introduction of the 'Look East' policy. It looks closely at bilateral trade, investment, sub-regional cooperation initiatives and the salient aspects of the India-ASEAN FTA, and the issues involved in the latter are implementation. The paper critically examines the challenges that both India and ASEAN need to overcome in order to enhance deeper economic engagement and the enabling vision for such engagement.

### Objective of the study

- To analyze the trend of India's export and import to SAARC and ASEAN for the period of 2010-11 to 2016-17.
- To find out the trade share pattern of India's trade with SAARC and ASEAN.

### Research Methodology and Data Collection

This research study is descriptive in nature and based on secondary sources of data. The data has been collected from various sources like reports, websites and research papers. To analyze the collected data computer has been used for tabulation and graphical representation. The data for the period of 2005-06 to 2016-17 is taken for the analysis purposes.

### India's Trade Relation with SAARC

India is a founder member country of SAARC. Its trade relations with SAARC are very strong. The details of India's export to SAARC, India's imports from SAARC, Trade balance and trade growth is following-

**Table-3**  
**India's Trade with SAARC**

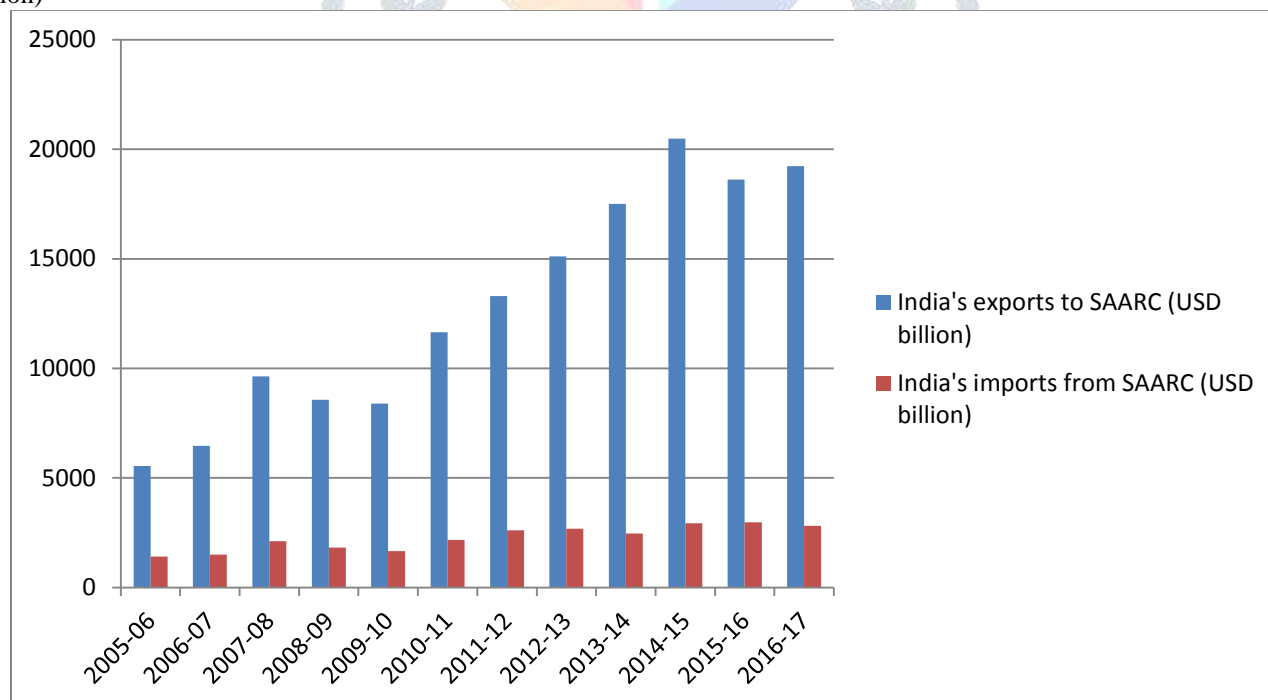
Year	India's exports to SAARC (USD billion)	India's imports from SAARC (USD billion)	Trade Balance (USD billion)	Total Trade (USD billion)	Trade Growth (%)
(1)	(2)	(3)	[(2)-(3)]	[(2)+(3)]	(4)
2005-06	5547.65	1413.31	4134.34	6960.96	-
2006-07	6473.81	1507.45	4966.36	7981.26	12.78
2007-08	9637.76	2117.35	7520.41	11755.11	32.10
2008-09	8567.12	1817.89	6449.77	10385.01	-13.19
2009-10	8390.69	1657.34	6733.35	10048.03	-3.35
2010-11	11654.14	2173.37	9480.77	13827.51	27.33
2011-12	13296.47	2607.42	10689.05	15903.89	13.05
2012-13	15110.70	2679.95	12430.75	17790.65	10.60
2013-14	17503.84	2472.98	15030.86	19976.82	10.94
2014-15	20480.02	2930.85	17549.17	23410.87	14.66
2015-16	18620.28	2975.01	15645.27	21595.29	-8.4
2016-17	19222.14	2813.40	16408.74	22035.54	1.99
			<b>CAGR</b>	<b>10.08%</b>	

Source- Compiled & Calculated from Export Import Data Bank, Ministry of Commerce, Govt. of India.

According to above Table-3 we can see that India's trade with SAARC is fluctuated with year by year. In the year 2005-06 India's total trade with SAARC was USD 4134.34 billion but it increases with 10.08% CAGR and now USD 22035.54 billion in 2016-17. The table-3 shows that our trade is increasing over the period. Here it is also a fact that India's trade balance is showing positive trade balance with SAARC in study period.

**Chart- 1 India's exports to SAARC and India's imports from SAARC**

(in USD billion)



Source- Compiled & Calculated from Export Import Data Bank, Ministry of Commerce, Govt. of India.

#### India's Trade Relations with ASEAN

India is not a member country of ASEAN. Its trade relations with ASEAN are very strong. The details of India's export to ASEAN, India's imports from ASEAN, Trade balance and trade growth is following-

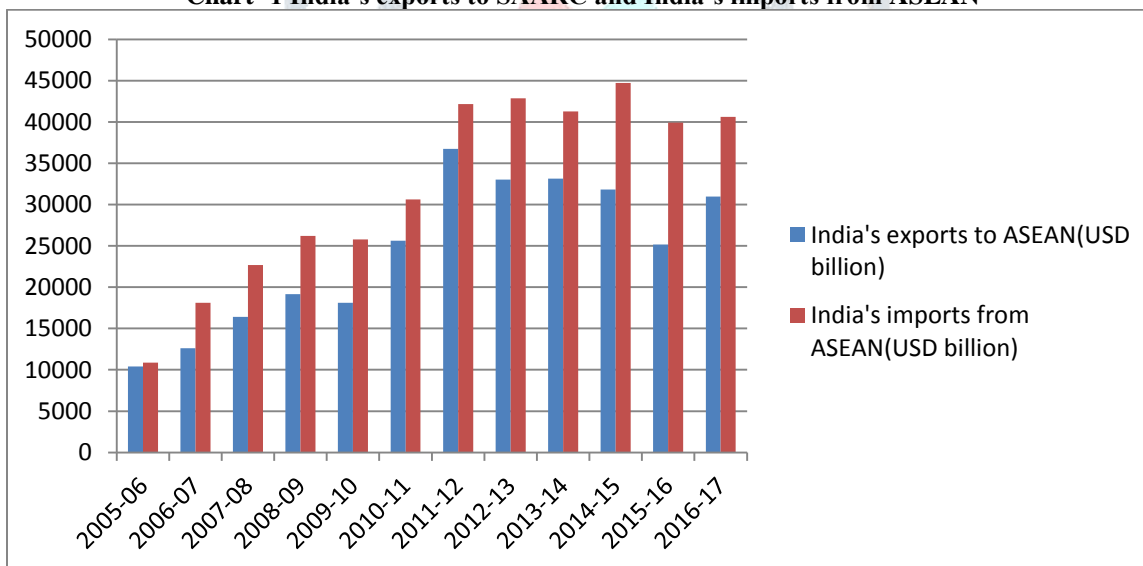
**Table-4**  
**India's Trade with ASEAN**

Year	India's exports to ASEAN (USD billion)	India's imports from ASEAN (USD billion)	Trade Balance (USD billion)	Total Trade (USD billion)	Trade Growth (%)
(1)	(2)	(3)	[(2)-(3)]	[(2)+(3)]	(4)
2005-06	10411.30	10883.67	-472.37	21294.97	-
2006-07	12607.43	18108.48	-5501.05	30715.91	30.67
2007-08	16413.52	22674.81	-6261.29	39088.33	21.41
2008-09	19140.63	26202.96	-7062.33	45343.59	13.79
2009-10	18113.71	25797.96	-7684.25	43911.67	-3.26
2010-11	25627.89	30607.96	-4980.07	56235.85	21.91
2011-12	36744.35	42158.84	-5414.49	78903.19	28.72
2012-13	33008.20	42866.36	-9858.16	75874.56	-3.99
2013-14	33133.55	41278.09	-8144.54	74411.64	-1.96
2014-15	31812.58	44714.77	-12902.19	76527.35	2.76
2015-16	25154.50	39909.60	-14755.60	65064.10	-17.61
2016-17	30961.62	40617.31	-9655.69	71578.93	9.10
			<b>CAGR</b>	<b>10.63%</b>	

Source- Compiled & Calculated from Export Import Data Bank, Ministry of Commerce, Govt. of India.

In the above Table-4 we can see that India's trade with ASEAN is increasing year by year. In year 2005-06 India's total trade with ASEAN was USD 21294.97 billion but it is increases with 10.63% CAGR and now USD 71578.93 billion in 2016-17. So from the table-4 it is clear that India's trade with ASEAN is increasing but according to above analysis India's trade balance always showing negative pattern in the study period, it is big challenge for India's point of view.

**Chart-1 India's exports to SAARC and India's imports from ASEAN**



Source- Compiled & Calculated from Export Import Data Bank, Ministry of Commerce, Govt. of India.

### Comparative Analysis of India's trade with SAARC and ASEAN

The comparative trade details of India's with SAARC and ASEAN is following-

**Table-5**  
**India's trade with SAARC and ASEAN**

Year	SAARC			ASEAN		
	India's Trade Balance (USD billion)	India's Total Trade (USD billion)	India's Annual Trade Growth (%)	India's Trade Balance (USD billion)	India's Total Trade (USD billion)	India's Annual Trade Growth (%)
<b>2005-06</b>	4134.34	6960.96	-	-472.37	21294.97	-
<b>2006-07</b>	4966.36	7981.26	12.78	-5501.05	30715.91	30.67
<b>2007-08</b>	7520.41	11755.11	32.10	-6261.29	39088.33	21.41
<b>2008-09</b>	6449.77	10385.01	-13.19	-7062.33	45343.59	13.79

2009-10	6733.35	10048.03	-3.35	-7684.25	43911.67	-3.26
2010-11	9480.77	13827.51	27.33	-4980.07	56235.85	21.91
2011-12	10689.05	15903.89	13.05	-5414.49	78903.19	28.72
2012-13	12430.75	17790.65	10.60	-9858.16	75874.56	-3.99
2013-14	15030.86	19976.82	10.94	-8144.54	74411.64	-1.96
2014-15	17549.17	23410.87	14.66	-12902.19	76527.35	2.76
2015-16	15645.27	21595.29	-8.4	-14755.60	65064.10	-17.61
2016-17	16408.74	22035.54	1.99	-9655.69	71578.93	9.10
	<b>CAGR= 10.08</b>			<b>CAGR= 10.63%</b>		

Source- Compiled & Calculated from Export Import Data Bank, Ministry of Commerce, Govt. of India.

In Table-5 it is clear that India's trade with ASEAN is greater than SAARC in terms of volume of trade. But here the results shows that most of the time India shows negative Balance of Payment with ASEAN, while most of the time it shows positive balance of payment with SAARC. India's trade growth in terms of CAGR with SAARC is 10.08% and 10.63% CAGR with ASEAN for the study period. India's annual trade growth rate with ASEAN is also very high in comparison to SAARC.

### Conclusion

The above discussion and analysis concluded that India's trade with SAARC and ASEAN had increasing trend as exports and imports have increased in terms of volume during the period of twelve financial years. India's trade with ASEAN is greater than SAARC in terms of volume of trade. But here the results shows that most of the time India shows negative Balance of Payment with ASEAN, while it shows positive balance of payment with SAARC most of the time. India's trade growth in terms of CAGR with SAARC is 10.08% and 10.63% CAGR with ASEAN for the study period. It revealed that India's trade with ASEAN has grown faster than SAARC. India's trade share with ASEAN is greater than SAARC. Here it can be concluded that SAARC needs to open some more ways of economic development door. Regional disputes also affected the trade pattern of India with ASEAN and SAARC. SAARC country is more nearer with India's geographical boundary, but volume of Trade and Share of trade of India is increasing faster with ASEAN in comparison of SAARC. But India should maintain Balance of payment with ASEAN because most of the time it is against to India.

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