

# REVIEW OF LITERATURE ON INDIA'S TRADE AGREEMENTS WITH SAARC

**Usha Salunke**

Associate Professor and HOD of Economics, WKBS's Arts and Commerce College for Women, Dhule

Email: prof.ushasalunke@rediffmail.com

## INTRODUCTION

A researcher needs to acquire up-to-date information of what has been thought and said in a particular area so that the readers can derive benefit from the work of their predecessors. Scot, E. et al (1995)<sup>1</sup> rightly said that "Review of related literature may serve to avoid unnecessary duplication and may help to make progress towards the solution of new problems emphasizing the importance of survey of related literature".

A collective body of work done by earlier scientists is technically called the review of literature. The review of literature in research provides one with the means of getting to the frontiers in a particular field (Borge, Singh A. K. 2006)<sup>2</sup>

Review of literature is a formal survey of professional literature that is pertinent to the research area selected. The researcher can find out exactly with others have studied so far in the area and what remains to be studied in research topic. This helps the researcher to frame objectives of study, and also to develop statements of hypotheses, focal points in research problem. When this is done, the researcher goes for extensive reading in that area. The researcher needs to look for information related to research projects by whatever sources that comes across. The focal point of study in the present work is 'Liberalization and India's Trade relation with Rest of the World with special reference to SAARC countries'.

Keeping above points in view, the researcher has rigorously reviewed extensive literature, distributed over themes relating to the topic under study, namely;

1. India's trade relation with the Rest of the World.
2. India's trade relation with SAARC Region.
3. India's trade relations with individual SAARC member countries
4. India's Trade agreements and Economic Cooperation within SAARC

Countries and

Thus, this paper covers only a part of review covering point 1.4 on India's Trade Agreements within SAARC countries based on the different features of the research topic. The researcher has reviewed various research projects, research papers, and writings on the topic published in the past. A comparative study of India's Global trade, India's trade with SAARC region and India's trade with individual SAARC member countries is one of the important areas for

research. The need for this study is further justified from the review of related literature on the topic. The literature published earlier on related topic is reviewed by the following process.

1. **Evaluating other studies-** In the process the findings and conclusions of different research are viewed in order to evaluate its worth relation to own research work.
2. **Selection of the studies to include in the review-** The researcher has selected some research work to review literature according to the various features of the research topic of the research under study and reviewed it.
3. **Organizations of writing review -** Selected studies are organized by different aspects of topic under study in order to review the same.
4. **The end of the review-** The purpose of the review of the literature is to set the core areas of research. Therefore, at the end of review researcher should be able to link hypothesis, or focused research question with this review. Accordingly, the review included in this paper has discussed the trade agreements.

#### **Trade Agreements: Economic Cooperation within SAARC Countries.**

**Dr. Kumar Subhas**, 1998<sup>3</sup> examined the ongoing economic reforms. The SAP in the developing countries including Asia is likely to widen the already existing inequality gap between them. Evidences in Asia have shown that growth is of much significant in East and South East Asia, especially in China, Four NICS and High growth economics of ASEAN. While South Asia has grown much less rapidly, West Asia and Central Asia has experienced stagnation and deceleration in per capita incomes respectively. Therefore there is a need to examine various reform measures so far implemented in the countries of South Asia in order to focus on the prospects of areas of economic co-operation among them.

The author examined the rationale of economic integration among developing member countries of SAARC, the various reform measures and macro economic performance in the SAARC and recommendation on the future agenda fostering regional economic co-operation in SAARC.

The author has given the seven points of justification of economic integration in SAARC are commonalities and geographically closer nature, confronted with similar problems, will have to faster than ever before and even faster than other Asian competitors, can increase their international competitiveness by exploiting the full potential of natural resources, increase strength by collective actions, ensure peace and stability. Finally, in the regime of economic liberalization, marketization, globalization and co-operation among the SAC's assume a greater significance in the field of resource movement for HRD, Science and Technology, infrastructure and environmental needs.

Till 1998 the most important issues accorded top priorities are eradication of poverty, illiteracy, suppression of terrorism establishment of Common Fund, disarmament, child care, prevention of drug trafficking, preferential trading arrangement (SAPTA). Implementation of SAPTA is believed to be the first step towards creation of trade blocks in South Asian Region which had emphasized in ninth summit of SAARC at Male in 1997, in order to project itself International Flora and Foster Co-operation with other international organization, has signed several agreements with international agencies like UNCTAD,

ESCAPE, UNICEF APT, UNDP, UNDCP etc.

In this paper, the author has taken the review of whenever and how the SAP in SAARC countries implemented. The writer classified the SAP in five categories like- Trade Policy Reforms, Market Reforms, Fiscal Reforms, Monetary Policy Reforms and Exchange Policy Reforms. A brief review of economic performance of other sub-regions of world is taken before proceeding to make comparative analysis of economic performance among four major countries of SAARC. Finally, the author concluded, "It is worth mentioning that the level of human development in South Asian Countries other than Sri-Lanka is quite low, economic reforms have failed to make any dent on poverty eradication and boosting the level of employment in these countries. Moreover, the political instability has been a major deterrent factor in the process of economic growth".

In the third part of the paper, the writer pointed out that, in absence of co-operation in core economic areas of SAARC can't acquire bargaining strength in the economic negotiations with other international organizations and a fair share in the management of international interdependence. SAARC as an association of south co-operation is constrained with so many problems. More over emerging issues arising out of the changing scenario of the world order and negotiations among various international organizations provide sufficient ground for setting future agenda for SAARC which must be implemented with true spirit and greater speed of the member countries are to find themselves in the globe of developed economies.

Finally the author has suggested some new important areas for co-operation as future agenda of SAARC. Such as -

1. To satisfy the need of foreign investment of members within the region.
2. To pursue SAFTA and actively initiate its attempt to join with other trade blocks.
3. Agricultural Development for food security of the region by developing Common Food Reserve.
4. To develop common arrangement for R and D in agriculture sector.
5. To develop SAARC Bankers Association, Bankers Council, Chamber of Commerce, Export Credit Insurance, Stock Market, Export Processing Councils and Zones etc.
6. Establishment of South Asian Economic Community (SAEC) and Common Monetary Unit to overcome the international liquidity problem.
7. Bringing business communities of member countries enter into frequent trade negotiations to initiate growth in intra regional trade among SAARC nations.
8. Specific commodities should be identified on the basis of comparative advantage for reaping the benefits from the intra SAARC trade by individual countries.
9. For better economic co-operations and integration promote intra regional investment and joint ventures to meet intra regional demand and export requirements of the region.
10. Indo-Pak relations have to be improved.

To conclude, SAARC is much imperative since in future the trading world be dominated by

the trade blocks such as NAFTA, ASEAN, EU and others. There is always apprehension that India may emerge as a nation with dominating power in the region because of its size, military strength, and natural resources, technical and scientific progress. On the positive side, it can provide larger market, better technical know-how at a cheaper cost to other member countries of SAARC. Thus, it suffices to say that for South Asia to 'Take Off' and move towards a better regional co-operation and integration it needs the leadership of India as a catalytic economic agent in the region.

Ahsan Abdul, 1987<sup>4</sup> in his paper pointed out the variety of scopes to develop the working of SAARC. And finally come to the statement that "No doubt SAARC was established in the back ground and full knowledge of the existing differences among some member states, one will have to wait and see if it can charter new and more substantive course in economic and social co-operation within without an improvement in mutual confidence and understanding.

### SUMMARY

In this paper, the review of various studies related to the subject is done to enhance the knowledge and understand the research trend in the better manner.

Most of the writing of earlier author concerns either data relating to economic transactions or contract executed among SAARC nations or international political relations, which are indirectly reflected into trade relations. Only a few of them are related to direct trade between SAARC nations. Researcher thus feels that the area in which she is hunting is probably the original one. No such earlier works were found in her search. This is likely to be the original contribution to the existing fund of knowledge on India's trade relations with SAARC countries. To summarize the reviewed literature in four parts:

#### Trade Agreements: Economic Cooperation within SAARC Countries.

1. **Dr. Subhas Kumar (1998)** suggested to examine the ongoing economic reforms of Structural Adjustment Programs (SAP) in the developing countries including Asia are likely to widen the already existing inequality gap between them.
2. **Ahsan Abdul (1987)** in his paper pointed out the variety of scopes to develop the working of SAARC. And finally come to the statement that "No doubt SAARC was established in the back ground and full knowledge of the existing differences among some member states, one will have to Wait and see if it can charter new and more substantive course in economic and social co-operation within without an improvement in mutual confidence and understanding .

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