



INDIA'S TRADE RELATIONS WITH OTHER SAARC NATIONS: AN ANALYSIS BASED ON TRENDS FROM 2014 TO 2021

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ABSTRACT

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In terms of South Asian institutions, SAARC is crucial. The South Asian Association for Regional Cooperation (SAARC) is a political and economic group in the region. It's founding members—Bangladesh, Bhutan, Maldives, Nepal, Pakistan, Sri Lanka, and Afghanistan—made it the largest regional organization on December 8, 1985. It has played a significant part in fostering closer ties between its member countries by organizing summits and conferences at a variety of levels. India plays a significant role as a SAARC member. Geographically and economically, India controls 70 percent of the SAARC region, while the other six member nations share borders only with India. In this study researcher highlights India's trade relations with other SAARC economies. Researcher also examines India's commercial ties to the other SAARC nations during the COVID-19 pandemic. Data used in this article was collected from yearly reports made public by SAARC secretaries, which included numerical data acquired from those reports. The results indicate that during the Covid-19 outbreak, trade between India with the other SAARC members fall. The research indicates that the future has opportunities that are favorable for the progress of nations.

KEYWORDS: SAARC Countries, South Asia, Covid-19, SAARC secretaries.

INTRODUCTION

A global economic crisis caused by the COVID-19 epidemic would be the worst since the Great Depression of the 1930s. As economic development slows, trade slows, global imbalances deepen, and financial markets weaken, the monetary system freezes, most countries around the world don't have much room for complacency. If the financial and trade crises of 2008 were a major setback for the world economy as a whole, then the present pandemic issue could cause disruptions in both demand and supply.

When a country as India has a labour surplus, increased consumption and investment from international commerce not only leads to a higher wage rate, but also has positive effects on income inequality and poverty levels. Domestic and international trade both contribute to a country's GDP. One of the most noticeable results of regional economic cooperation is a rise in intra-regional trade.

Eight countries in South Asia have formed an economic and political group called the South Asian

Association for Regional Cooperation (SAARC). On April 8, 2007, Bangladesh, Bhutan, Maldives, Nepal, Pakistan, India, and Sri Lanka created it. Tariff reductions within the SAARC area were accepted in Dhaka. The countries listed here are all very near neighbors to one another, and they have a lot in common with one another religiously and culturally. Indian trade policies have become more open as a result. Conversely, increasing trade within an area is the most visible and powerful example of regional cooperation.

Each nation should priorities manufacturing commodities with the lowest comparative production costs that are most suited to it in light of its environmental assets, climate, supply of labor, technological expertise, and level of development. When a nation chooses to produce only those goods that it can make more cheaply than other nations, we see international specialization & division of labor at work. Since this reduces production costs worldwide, it helps many countries improve their standard of living.

To sum up, the eight countries that make up the South Asian Association for Regional Collaboration (SAARC) came together to form a regional organisation with the goals of fostering better cooperation among themselves and speeding up the economic and social development of their respective nations. Most studies conclude that there is a lot of room for regional trade to grow due to disparities in production and consumption patterns within countries. Since most South Asian countries began reforms in the early 1990s, the region has made significant strides in liberalizing trade regimes and reducing tariffs. In addition, the governments have implemented extensive structural reforms, including deregulation of key industries. Both public and commercial organizations acknowledge that healthy exports are necessary for economic development and poverty alleviation. In addition, export-driven growth has become a primary focus in every member nation. The dramatic drop in merchandise trade is proof that each member country is increasingly integrated into the global economy. This study analyses India's trading relations with the South Asian Association for Regional Cooperation (SAARC) countries of Bangladesh, Pakistan, and Sri Lanka.

REVIEW OF LITERATURE

We provide some of the findings of research on trade within SAFTA and on trade between India and the SAFTA region.

Nag and Nandi (2006) stated that Regional Trading Arrangements are increasingly present in today's multilateral trade. As a result of its attempts to participate in this trend, India is now a vital part of the SAARC. If SAARC's collaboration went beyond only

the formal trade that takes place between the countries, then the region would truly benefit from regionalism. According to Dhungel (2004), the real results of SAARC agendas were deemed to be negligible.

Pitigala (2013) discovered that weak commercial ties among SAARC nations may inhibit the trade structures of the SAARC members impede rapid progress in intra-regional trade. And Baysan et al. backed up this theory (2006). They claim that SAFTA's economic benefits are overstated. They claim that, from an economic sense, there was nothing to be excited about because there was no qualitative argument or quantitative evaluation accessible. They go on to say that the region's GDP, per capita income, and proportion of global trade are all negligible when compared to the rest of the world. As a result, giving preferential treatment to regional trading partners is more likely to have the unintended consequence of diverting trade than of increasing it. According to Das (2007), hence the preferential trading initiative was founded on shaky ground. Preferential trade arrangements in South Asia such as SAFTA, as found by Pierola (2007), were ineffective.

Rahman (2008) analysed the macroeconomic structure and regional trade link models of the South Asian Free Trade Area (SAFTA) countries (Bangladesh, India, Nepal, Pakistan, and Sri Lanka) based on 28 years of time series data. Distinctions in investment patterns, tax policies, and regulatory environments, and so on are something he discovers between the SAARC countries. Therefore, there is a great deal of room for developing new economic relationships among the SAFTA nations. He also concludes that SAFTA's policy of inward orientation has meant that it has never been a significant player in the international market, in contrast to the European Union (EU), the North American Free Trade Agreement (NAFTA), the Mercosur trade bloc, the Association of Southeast Asian Nations (ASEAN), and the Asia-Pacific Economic Cooperation (AP) When compared to other regional trading blocs, SAFTA member nations' (SMCs') share in global commerce has been relatively stable at roughly 1%. SAARC's share of global output is far larger than its part of global commerce.

Kaur and Nanda, (2010) analyzed the potential for exports from India to the other SAARC countries (Bangladesh, Bhutan, Maldives, Nepal, Pakistan, and Sri Lanka) from 1981 to 2005 Using the panel data technique and a gravity model of export. Export opportunities exist for India in the SAARC countries of Bhutan, Pakistan, the Maldives, and Nepal, according to the study. India is unique among SAARC members in

that it shares land and maritime boundaries with four other countries. The fact that no other SAARC member has a land border with another SAARC member is true. India is not only a possible source of investment and cutting-edge technology. Therefore, India would benefit from backing SAARC.

Shrestha (2003) evaluated the challenges associated with the Indo-Nepal trade relationship and the prospects for bolstering this relationship in the future. He said trade with India as well as Nepal is essential to the development of both countries' economy. In particular because of her geographical peculiarities, Nepal relies heavily on her trade relations with India. According to data, both exports and imports have been on the rise recently. However, it should be noted that Nepal currently has a negative trade balance. The importance of commerce between Nepal and India is expected to grow in the next years on both the commercial and industrial fronts. This fact is reflected in the ongoing revisions to the bilateral trade - related contracts between the two nations.

Perera (2009) explained that the South Asian Customs Union (SACU), an existing part of SAFTA, will be the next step in the SAFTA's development.

Hossain (2009) looked at how SAFTA has affected exports from Bangladesh to other member countries. He has analyzed export potential in Bangladesh based on cross-sectional data and a typical gravity model. The findings show that both the SAFTA market in general and the Indian market in particular hold tremendous potential for Bangladeshi exports. Exports from Bangladesh to this region would rise by a significantly larger amount than was originally anticipated if the SAFTA Charter were properly implemented. The amount of goods imported by Bangladesh, he concludes, is higher than it might be. As a result, Bangladesh may not be able to expand its imports from SAFTA countries by as much as it increases its exports.

Maqbool and Mushtaq (2012) discussed many features of open repositories, and made an effort to paint a clear picture of their evolution as a whole in the SAARC area. We also looked at the research output and potential of the area to become one of the front runners of the open access movement, and discussed the many actions that need to be taken to increase the number and quality of repositories in the region.

Saeed, Ahmad and Zaman (2012) estimated the financial impact of VAT on the SAARC region and to determine whether or not VAT has shown to be an efficient tax system. According to their research, the

SAARC countries who have implemented tax innovations like VAT and improved their government's efficiency have seen a rise in their tax percentage. The research findings demonstrate a positive set of factors of VAT adoption, with the tax system proving to be an effective tool for tax collection and revenue enhancement. The majority of SAARC nations who have implemented VAT have improved their GDP to revenue ratio as a result.

Zaheer (2013) analyzed the way in which free trade affected the economies between 1985 and 2006. The purpose of this study is to better comprehend the driving forces behind, and the development of, increasing economic integration in south Asia.

Shaheen (2013) in an essay titled "South Asian Association for Regional Cooperation (SAARC): Its Role, Hurdles, and Prospects" evaluated SAARC's beginnings, development, and accomplishments in depth is crucial. SAARC's function is dissected in this study. The reasons why SAARC has not advanced to the level of other sophisticated organizations like the European Union have also been critically analyzed (EU).

Rather and Gupta (2014) examined the trade relationship, agreements, facilitation measures, challenges, and possibilities between Bangladesh and India from 2007 to 2011. They came to the conclusion that increased trade and economic cooperation required investment and cooperation across economies. They recommend accelerating the improvement of transportation infrastructure, including tariff and non-tariff rates and amenities such roads, railways, inland waterways, sea ports, airports, etc.

Wijayatunga, Chattopadhyay and Fernando (2015) outlined the financial and dependable advantages of energy trade across South Asian nations (Afghanistan, Bangladesh, Bhutan, India, Nepal, Pakistan, and Sri Lanka). Trading electricity in this way would allow utilities to make better use of their assets, meeting demand across the entire sub region. Due to its isolation from the rest of South Asia, the Maldives have not been studied by the researcher because of the challenges inherent in establishing an energy transmission line between the islands. The idea of power commerce between the region of Central Asia bordering Afghanistan and South Asia is another something the researcher has thought about.

Suhail, Khan and Neehirka (2022) has analysed Since the outbreak, India's GDP has fallen by 7.3%. Before the arrival of COVID-19, India had one of the world's

fastest-growing economies This is even more catastrophic since India's GDP expands at a rate of 7% annually on average. Some 75 million Indians have been pushed into poverty as a direct result of the pandemic's economic impact. More than 18% of India's total export basket comes from the textile, garment, and transportation sectors, making them the most susceptible to the impacts of COVID-19.

OBJECTIVES OF THE STUDY

- (1) To analyse India's trade relations with other SAARC Nations from 2014-15 to 2020-21.
- (2) To analyse the impact of Covid-19 pandemic on India's Trade relations with other SAARC Nations.

RESEARCH METHODOOGY

As a means of investigating "India's Trade Relations with other SAARC Nations: An Analysis based on Trends from 2014 to 2021 from 2014-15. The databases of the SAARC Secretariat, the International Monetary Fund, the Asian Development Bank, the Reserve Bank of India, the Ministry of Commerce of the Government of India, and the commerce ministries of the other SAARC countries are just some of the secondary sources used in this study. This report analyses India's commercial ties to the countries that make up the South Asian Free Trade Agreement (SAFTA) and investigates the origins of SAFTA as a trading bloc. Indian trade patterns with these countries are also analysed statistically. The information includes business transactions between India and seven SAARC countries. Between 2014–15 and 2021–22 is the time frame we're looking at. Export and import figures for India have been gathered from the GGCI&S section of the Department of Commerce, Government of India. The trade gap between India and the SAARC nations has also been studied.

SAARC: GENERAL OVERVIEW

After being ratified by all three nations, the SAFTA agreement officially went into effect on January 1, 2006. The member countries have established these goals to encourage and enhance economic and trade cooperation among Contracting States. The goals are to remove obstacles to business and commerce, To reduce barriers to trade across international borders between both the countries of the Contracting Parties, to provide a level playing field in the free-trade area, so that all member states can reap the benefits, to establish an efficient mechanism for such execution to create the foundation for future agreements.

THE SAARC PRINCIPLES

The guiding principles of SAARC are as follows

- a. Concepts of Good Government and any other rules and regulations, understandings, decisions, and procedures agreed upon by the Contracting States within its framework shall govern SAFTA;
- b. As to the Principles of Obligation, the Contracting States recognize and accept their respective rights and obligations under the The World Trade Organization Establishment Agreement signed in Marrakesh and all other;
- c. The concepts of overall advantages form the basis of SAFTA and guide its operation, ensuring that all Contracting States, regardless of their level of economic or industrial development, can share in the agreement's benefits,
- d. According to the principles of removing trade obstacles, SAFTA allows for free trade among member nations by doing away with tariffs, non-tariff barriers, and similar measures
- e. As a core tenet of SAFTA, the principle of facilitation and harmonization requires the Contracting States to take steps toward easing the flow of goods across borders and gradually harmonizing their laws in these areas.

SUPPORTING MATERIALS FOR PROTOCOL MANAGEMENT

The SAARC-related tools are as follows

- Program for Liberalizing Trade
- Origination Principles
- The institutional framework
- Methods of Communication and Conflict Resolution
- Safety Precautions
- Along with any other method both parties may agree upon

SIGNIFICANCE OF BUSINESS RELATIONS IN SAARC ECONOMIES

Increased supplier rivalry, increased protectionist tendencies in the world market, and escalating political unrest in Europe and the Middle East have all contributed to this trend, particularly in the developing world, highlight the importance of adopting effective strategies. It has been suggested that more regional economic cooperation in South Asia might help reduce the region's countries' reliance on the economy of wealthier nations. South Asian countries' hopes for growth and prosperity based on regional self-reliance may find support in intra-regional commerce if global trade prospects prove poor. This type of regional economic cooperation is considered as feasible because

of the greater number of shared historical, cultural, geographical and developmental characteristics than shared contrasts in regional economic and political institutions and outlooks. Material and human resources abound in the South Asian economy, and it may offer access to massive, untapped markets.

SAARC TRADE AND INDIA'S TRADE RELATIONSHIP

Exports to SAARC countries have not been particularly impressive for India, in absolute terms or as a share of

total exports. When it comes to international commerce, India plays a pivotal role in determining whether or not trade policies taken in the region are successful. As can be seen in the charts below, India has a bilateral trade surplus with every single member of the South Asian Association for Regional Cooperation (SAARC). This is especially true with Bangladesh, Pakistan, Sri Lanka, and Nepal. Noting that informal trade between India and its neighbors significantly distorts official accounts of South Asia's foreign trade figures, The information only reflects the legal trade that occurs between the neighboring nations.

TABLE1: India's Trade with SAARC Nations
(Money's worth in millions of US dollars)

	2015-16		2016-17		2017-18	
	Value	(%) Growth	Value	(%) Growth	Value	(%) Growth
India's Export To SAARC	18,594.18	-9.21	19,222.14	3.38	23,100.90	20.18
India's Total Export	262,291.09	-15.48	275,852.43	5.17	303,526.16	10.03
%Share	7.0891		6.9683		7.6108	
India's Import From SAARC	2,975.01	1.51	2,813.40	-5.43	3,202.66	13.84
India's Total Imports	381,007.74	-14.96	384,357.02	0.88	465,580.98	21.13
%Share	0.7808		0.7320		0.6879	
	2018-19		2019-20		2020-21	
	Value	(%) Growth	Value	(%) Growth	Value	(%) Growth
India's Export To Saarc	25,348.82	9.73	21,941.38	-13.44	22,077.79	0.62
India's Total Export	330,078.09	8.75	313,361.04	-5.06	291,808.48	-6.88
% Share	7.6796		7.0019		7.5658	
India's Import From SAARC	4,363.02	36.23	3,835.58	-12.09	3,377.12	-11.95
India's Total Imports	514,078.41	10.42	474,709.27	-7.66	394,435.87	-16.91
%Share	0.8487		0.8080		0.8562	

Source: India's Department of Commercial Affairs.

TRADE RELATIONS BETWEEN INDIA AND SRI LANKA

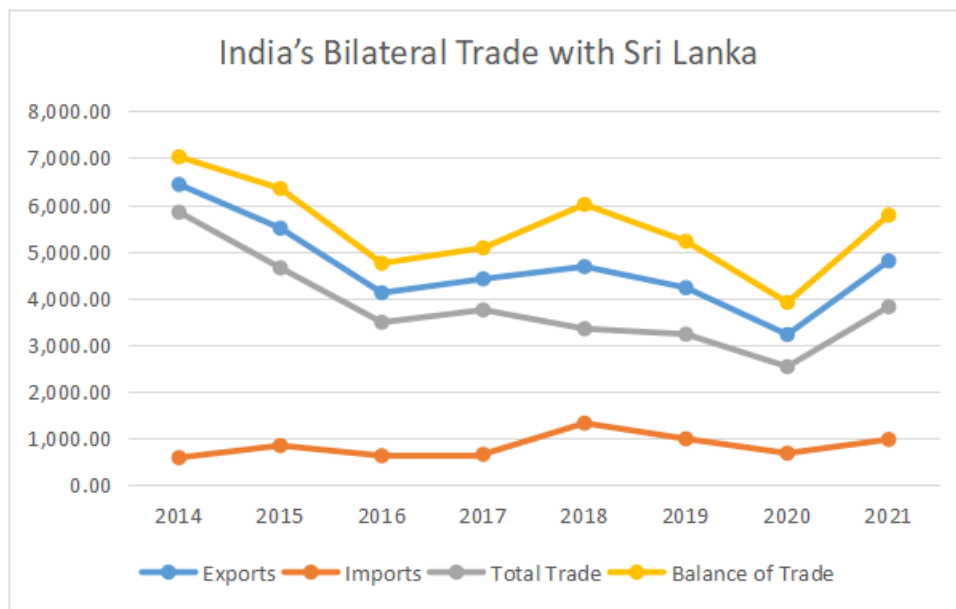
India has long relied on Sri Lanka as a major market for their exports. On December 28, 1998, India and Sri Lanka signed a free trade agreement (ISFTA). The effective date of this agreement is March 1, 2000. Under the terms of this Agreement, trade tariffs between the

Parties will be eliminated over a certain time period, with the exception of the products on the Parties' respective Negative Lists. From US\$ 7459.89 million in 2014-15 to US\$ 4141.17 million in 2020-21, commerce between India and Sri Lanka has decreased significantly. See below for a look at how commerce between India and Sri Lanka has been evolving:

TABLE2: Bilateral trade relations between India & Sri Lanka.
(Millions of US Dollars worth of value)

Years	Export value	Import value	TotalTrade	BalanceofTrade
2014-15	6703.72	756.17	7459.89	+5947.55
2015-16	5310.75	742.79	6053.54	+4567.96
2016-17	3913.15	602.20	4515.35	+3310.95
2017-18	4476.46	772.63	524909	+3703.83
2018-19	4710.21	1488.40	6198.61	+3221.81
2019-20	3800.91	903.69	4704.60	+2897.22
2020-21	3498.23	642.94	4141.17	+2855.29

Source: India's Department of Commercial Affairs.



TRADE RELATIONS BETWEEN INDIA AND PAKISTAN

India designated Pakistan as a Most Favored Nation (MFN), although Islamabad has yet to return the favour. While this was only decided upon recently, on 2nd November 2011, a press release from the Pakistani government stated that "the Pakistan Cabinet gave Ministry of Commerce the mandate to take the process of normalization of trade forward, which would culminate in the observance of Most Favored Nation treatment".

The two countries have reached an agreement to increase trade through the Attari-Wagha land route and strengthen its underlying infrastructure. They decided to form a Working Group to tackle industry-specific trade impediments. Trade in power and petroleum products was discussed, and both India and

Pakistan committed to new steps to facilitate such exchanges. They agreed that the private sector would be the most effective means of fostering cooperation in the IT field. The two parties have reached an agreement to make it easier to obtain Business Visas, which will help to expand trade between the two countries.

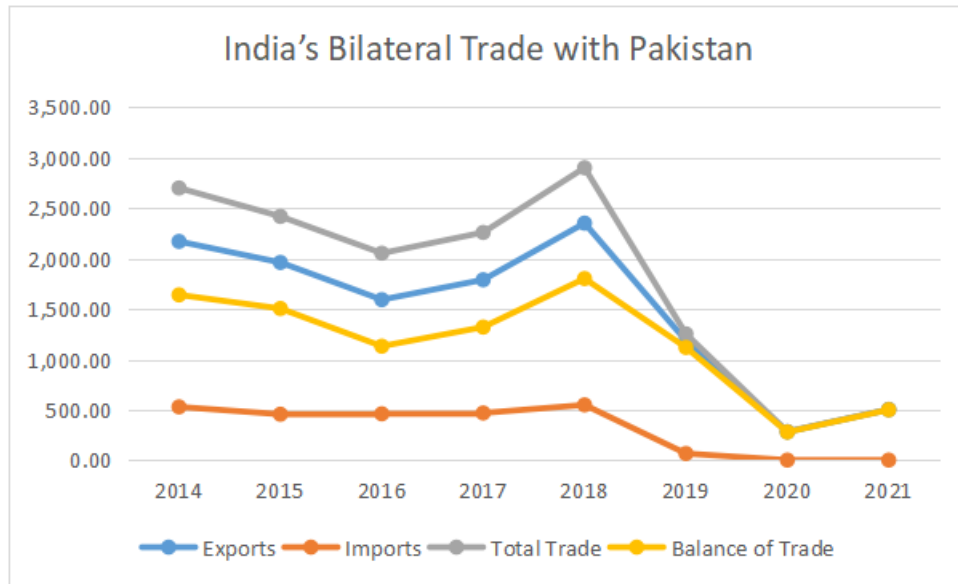
At a September 2011 meeting between India and Pakistan's commerce ministers in New Delhi, the two countries committed to working together toward a shared goal of expanding their countries' preferential economic connections within the context together under SAFTA to liberalize trade in products and services. All parties present at the meeting committed to fulfilling their SAFTA duties in good faith. From US\$ 2354.49 mm in 2014 -15 to US\$ 329.26 mm in 2020 -21, commerce between India and Pakistan has dropped significantly. See below for a look at how commerce between India and Sri Lanka has been evolving:

TABLE3: Bilateral Trade Relations between India and Pakistan

(Millions of US Dollars worth of value)

Years	Export value	Import value	Total Trade	Balance of Trade
2014-15	1857.18	497.31	2354.49	+1359.87
2015-16	2171.17	441.03	2612.20	+1730.14
2016-17	1821.87	454.49	2276.36	+1367.38
2017-18	1924.28	488.56	2412.84	+2412.84
2018-19	2066.56	494.87	2561.43	+1571.69
2019-20	816.62	13.92	830.54	+802.67
2020-21	326.87	2.39	329.26	+324.48

Source: The Ministry of Commerce of the Government of India.



TRADE RELATIONS BETWEEN INDIA AND AFGHANISTAN

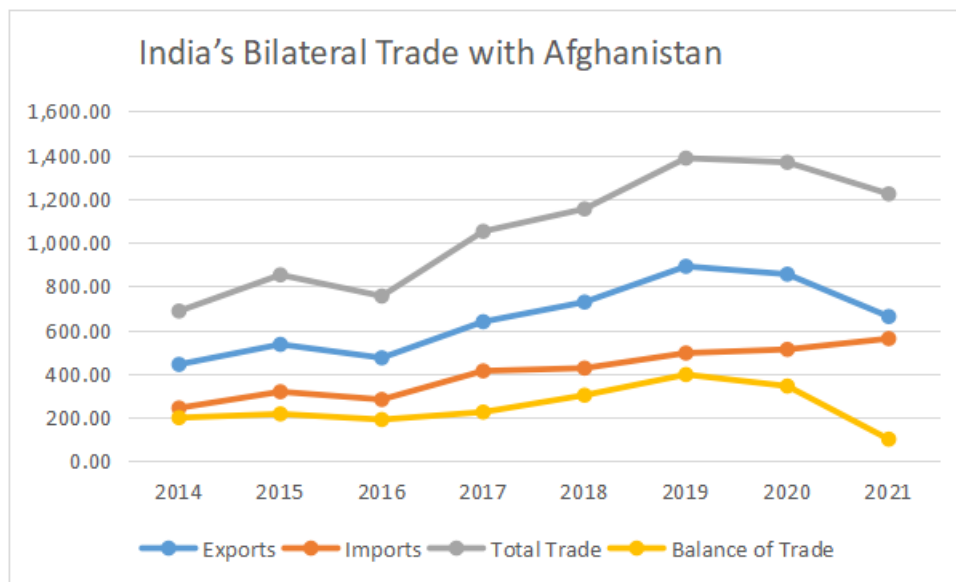
On March 6, 2003, in New Delhi, India, India and Afghanistan inked a preferential trade agreement. This Agreement shall remain in effect until terminated by either party by giving notice to the other party of its intent to do so. According to the terms of the Agreement,

India has reduced its tariff on 38 Afghan products. On April 3–4, 2007, during the 14th SAARC Summit in New Delhi, Afghanistan was officially admitted as the organization's eighth member. From August 7, 2011, Afghanistan is subject to TLP's provisions. On January 12, 2012, in Hyderabad, an agreement was signed between the governments of Afghanistan and India to cooperate in the cement industry.

TABLE4: Bilateral Trade Relations Between India & Afghanistan (Millions of US Dollars worth of value)

Years	Export value	Import value	Total Trade	Balance of Trade
2014-15	422.56	261.91	684.47	+160.65
2015-16	526.60	307.90	834.50	+218.7
2016-17	506.34	292.90	799.24	+216.44
2017-18	709.75	433.78	1143.53	+275.97
2018-19	715.44	529.44	1244.88	+186.00
2019-20	997.58	509.49	1507.07	+488.09
2020-21	825.78	473.43	1299.21	+352.35

Source: Commerce Ministry, Government of India.



TRADE RELATIONS BETWEEN INDIA AND BANGLADESH

The relationship with Bangladesh has blossomed in recent years. The talks have improved trade and commerce, connectivity, transit, development, and mutual security cooperation in the fight against insurgency and terrorism in both nations. The relationship between India and Bangladesh has been given a boost by the increased mutual trust and confidence between the two countries. Even after SAFTA went into effect, India maintained its commitment to lower tariffs for LDCs to 20% within two years. In accordance with the tariff liberalization

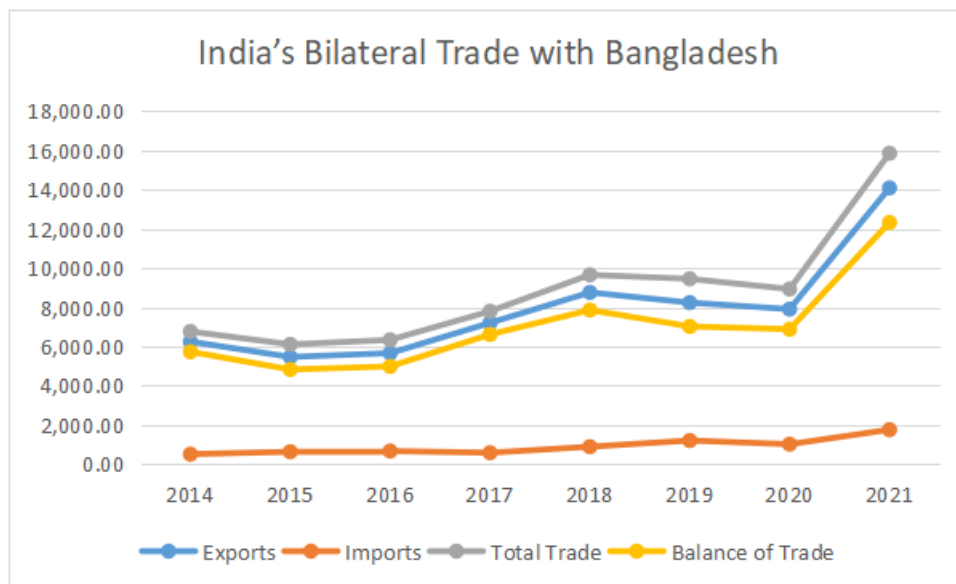
policy for NLDCs, India eliminated all levies for LDCs in December 2007. 61 goods on India's sensitive list for LDCs, all were granted duty-free access without quota limits. With 46 textile-related products out of a total of 61, Bangladesh reaped disproportionate benefits. So, India got rid of all 46 goods that Bangladesh was interested in. The two sides are engaged in a number of joint initiatives to enhance trade infrastructure and connectivity.

From US\$ 7072.84 million in 2014-15 to US\$ 10786.22 million in 2020-21, commerce between India and Bangladesh has more than doubled. Below is a table detailing the development of commerce between India and Bangladesh:

TABLE4: Bilateral Trade Relations between India and Bangladesh
Millions of US Dollars worth of value

Years	Export value	Import value	TotalTrade	BalanceofTrade
2014-15	6451.47	621.37	7072.84	+5830.10
2015-16	6034.94	727.15	6762.09	+5307.79
2016-17	6820.11	701.68	7521.79	+6118.43
2017-18	8614.35	685.65	9300.00	+7928.70
2018-19	9210.06	1044.80	10254.86	+8165.26
2019-20	8200.75	1264.74	9465.49	+6936.01
2020-21	9691.56	1091.66	10786.22	+8566.90s

Source: Commerce Ministry, Government of India.



TRADE RELATIONS BETWEEN INDIA AND NEPAL

The 1978 Agreement for Co-operation in Customs Administration, the 1996 Agreement for Cooperation in Customs Administration, and the 2009 Agreement for Cooperation in Customs Administration control Indo-Nepali commercial relations. The 1996 Indo-Nepal trade deal was a watershed moment in the development of bilateral trade between the two countries. Products made in Nepal did not need to meet any value-added criterion in order to receive tariff reductions upon entry into the Indian market per the terms of the agreement. Nepal's booming trade with India can be attributed to two factors: (1) Nepal's relatively low raw material import charge compared to India's current raw material import duty, and (2) India's offer of tariff-free imports of all Nepalese products under the Indo-Nepal Free Trade

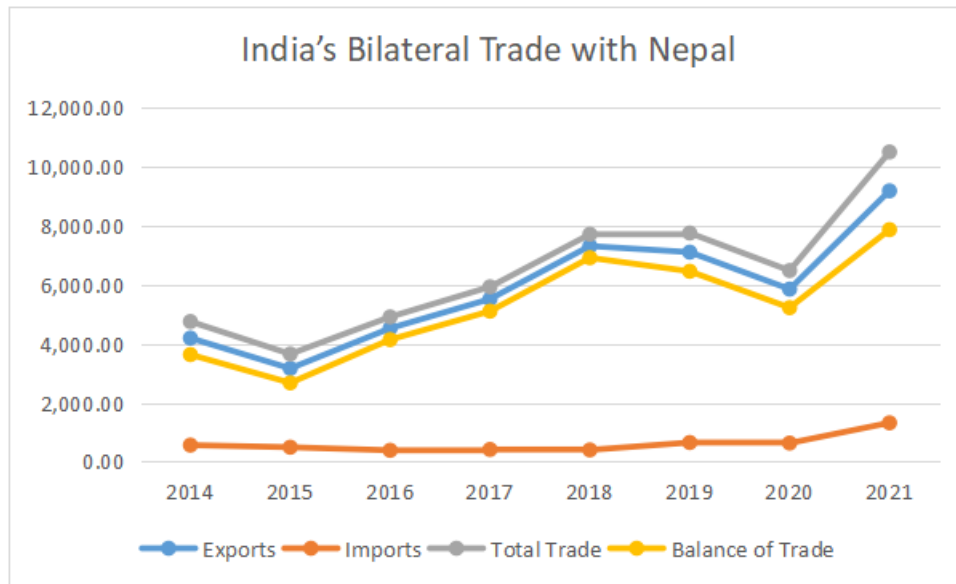
Agreement. The results were published in (Taneja et al, 2011)

The two countries also signed a trade treaty and a cooperation pact on October 27, 2009 in (Kathmandu), Nepal, making it official. By expanding the scope of bilaterally agreed-upon trade, the Treaty hopes to boost economic ties between the two nations. With the goal of limiting the flow of contraband goods, a meeting of the Inter-Governmental Committee (IGC) on Trade, Transit, and Cooperation was convened in December 2011. A wide range of bilateral problems were discussed at length by both parties. The request to exempt all exports from Nepal to India from the Additional Duty of Customs (ADC) was also taken into account. From US\$ 1233.42 million in 2006-07 to US\$ 3634.94 million in 2012-2013, India's trade with Nepal has more than doubled.

TABLE 6: Bilateral Trade Relations between India & Afghanistan
(Millions of US Dollars worth of value)

Years	Export value	Import value	Total Trade	Balance of Trade
2014-15	4558.77	639.91	5198.68	3918.86
2015-16	3902.70	470.59	4372.59	3432.11
2016-17	5453.59	445.13	5898.72	5008.46
2017-18	6612.96	438.38	7051.34	6174.58
2018-19	7766.20	508.14	8274.34	7258.06
2019-20	7160.35	711.61	7871.96	6448.74
2020-21	6838.46	673.16	7511.62	6465.30

Source: Commerce Ministry, Government of India.



TRADE RELATIONS BETWEEN INDIA AND MALDIVES

When the Maldives acquired independence in 1956, India immediately established diplomatic ties with the country, and by 1976, the two countries had negotiated their maritime border. It was in 1988 when India helped restore democracy in the Maldives by intervening to prevent a coup d'état, the two countries' previously restricted relations took a significant leap forward. Since then, India has provided the Maldives with substantial financial aid and training in a wide range of sectors, including healthcare, disaster relief, communications, community building, and physical infrastructure. On March 31st, 1981, India and the Maldives signed a Bilateral Trade Agreement. This agreement will continue in effect until one country formally terminates

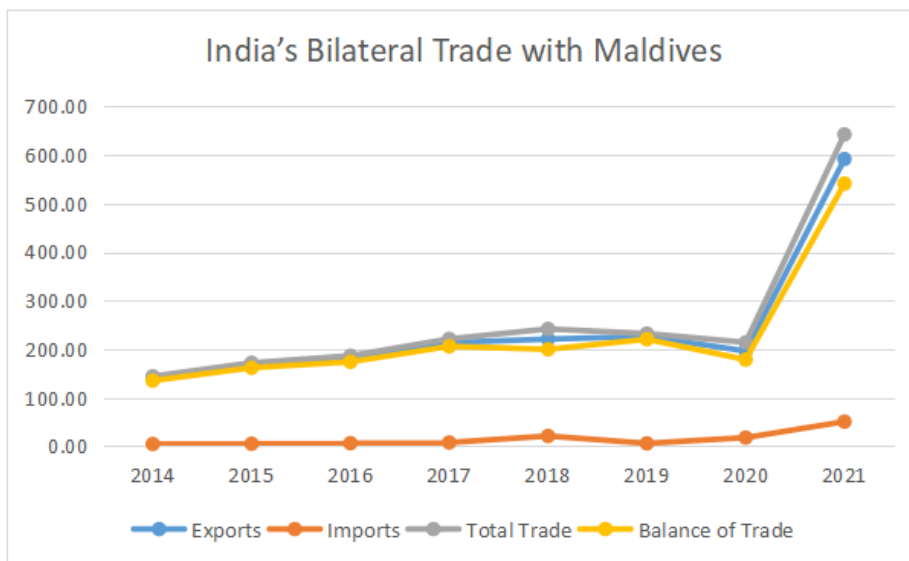
it or decides to change its terms. After 30 years of mutual agreement, bilateral trade has still not reached its full potential.

However, Indian exports to the Maldives have increased rapidly during 2013–14. Mutual trade was worth \$156.70 million in the Indian fiscal year 2014–15. A total of \$220.37 million was exchanged between the two nations in economic activity in 2020–21. While India's exports have grown, those from the Maldives have not, resulting in a trade deficit of over US\$116 million. After China and Japan, the Maldives' third-biggest trading relationship is India. The majority of Maldives exports are scrap metal to India, whereas India re-exports scrap metal to the island nation among food and fibre products, medicine, machinery, and more. Look at the table below to see how trade between India and Maldives has grown through time.

TABLE7: Bilateral Trade Relations between India & Maldives
(Millions of US Dollars worth of value)

Years	Export value	Import value	TotalTrade	BalanceofTrade
2014-15	152.38	4.32	156.70	148.06
2015-16	179.07	4.29	183.36	174.78
2016-17	197.79	9.17	206.96	188.62
2017-18	217.00	5.68	222.68	211.32
2018-19	223.02	20.14	243.16	202.88
2019-20	226.57	6.00	232.57	220.57
2020-21	195.88	24.49	220.37	171.39

Source: Commerce Ministry, Government of India.



TRADE RELATIONS BETWEEN INDIA AND BHUTAN

In 2007, India and Bhutan reached a friendship agreement, and it includes clauses designed to strengthen economic ties between the two countries. The answer to the question of who Bhutan's most important trading partner is lies with India. India and Bhutan have

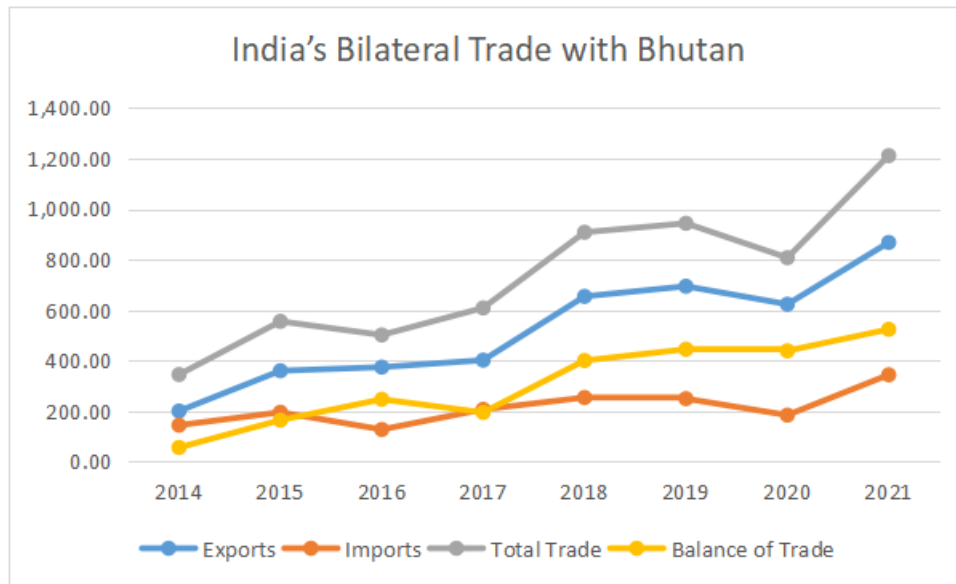
a free trade agreement in place. The Agreement on Commerce and Trade eliminates tariffs on exports from Bhutan, making it easier to do business with foreign countries. Commerce between India and Bhutan has skyrocketed from US\$ 583.81 million in 2014-15 to US\$ 1134.02 million in 2020-21.

The table below shows the development of commerce between India and Bhutan

TABLE8: BILTERAL TRADE RELATIONS BETWEEN INDIA AND BHUTAN
(Millions of US Dollars worth of value)

Years	Export value	Import value	Total Trade	Balance of Trade
2014-15	333.94	149.87	583.81	184.07
2015-16	468.95	281.27	750.22	187.68
2016-17	509.28	307.82	817.10	201.46
2017-18	546.12	377.99	914.11	168.13
2018-19	657.33	370.96	1028.29	286.37
2019-20	738.60	405.73	1143.33	332.87
2020-21	701.02	433.00	1134.02	268.02

Source: Commerce Ministry, Government of India.



CONCLUSION AND SUGGESTIONS

Even when business activity has perked up, the informal trade factor must be taken into account in all commercial transactions. It is believed that unofficial trade in the region poses an even greater challenge than does legitimate trade. Stronger connections between India and Pakistan are essential. The trouble in the world does not originate exclusively in India and Pakistan. The global economy has been stressed by the COVID-19 pandemic. Between FY 2014–15 and FY 2020–21, we analysed India's Total Trade and Balance of Trade with the other SAARC countries. Relationship between India and Sri Lanka in Terms of Trade Shown a dramatic drop from US \$ 7459.89 million in 2014-2015 to US \$ 4141.17 million in 2020-2021. The trade gap between India and Sri Lanka was \$5947.55 in 2018–15 and is expected to remain the same, at \$2855.29 million in 2020–21. The data demonstrates that the Covid-19 Pandemic has had a negative impact on the trade balance between India and Sri Lanka. In terms of value, trade between India and Pakistan has dropped significantly from \$2.3 billion in 2014–15 to \$3.2 billion in 2020–21. The trade gap between India and Pakistan was \$1359.87 million in 2014-15 and is expected to continue at \$324.48 million in 2020-21. Evidence suggests that the COVID-19 pandemic has had a negative impact on the trade balance between India and Pakistan. The value of India's exports to Afghanistan more than doubled between 2014 and 2015, from \$ 684.47 million to \$ 1299.21 million. India and Afghanistan had a minor improvement in their trade surplus. From US\$7072.84 million in 2014-15 to US\$10786.22 million in 2020-21, India's trade with Bangladesh has expanded by a modest

amount. The trade surplus or deficit between India and Nepal fell from US\$7258.06 million in 2018-19 to US\$6465.30 million in 2020-21. The value of India's trade with the Maldives fell from US\$222.68 in 2017-18 to US\$220.37 in 2020-21. The trade balance also went down. The aforementioned analysis leads us to the conclusion that the export and import of India have slowed due to the Covid-19 Pandemic. The aggregate results demonstrate that India's Total Trade and Balance of Trade with other SAARC states were negatively impacted by the COVID-19 pandemic.

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