

INDIA'S GROWING TRADE RELATIONS WITH SAARC COUNTRIES WITH SPECIAL REFERENCE TO BANGLADESH AND NEPAL AN ANALYSIS

Vibha Mathur¹ & Saloni Arora²

¹Associate Professor, Department of Commerce, Jesus and Mary College, New Delhi, India

²Assistant Professor, Department of Commerce, Jesus and Mary College, New Delhi, India

Received: 12 Nov 2018

Accepted: 04 Feb 2019

Published: 18 Feb 2019

ABSTRACT

A historic step was taken with the signing of the SAARC charter in Dhaka on December 8, 1985. This witnessed the birth of SAARC (The South Asian Association for Regional Cooperation). SAARC has eight Member nations namely Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka. SAARC was established to fulfill the following objectives-to promote and strengthen collective self-reliance among the countries of South Asia, to enhance economic growth, to assist each other in various fields such as economic, social, cultural etc. and to offer cooperation and assistance with international and regional organization with similar aims and objectives. The purpose of this article is to analyze the growth rate of India's exports to and imports from SAARC region and also to analyze India's bilateral trade relations with its two major trading partners of SAARC namely Bangladesh and Nepal during the five year period from 2013-14 to 2017-18. Statistical tools such as percentage method and regressions in log natural form have been used to arrive at conclusive results. The study concludes that India's trade with SAARC region has witnessed a rise during the five year period with exports rising at 15% and imports increasing at 16%. There has been a significant growth in the major commodities exported to Bangladesh and Nepal. Also, imports from both Bangladesh and Nepal have witnessed a rise. However, an interesting feature emerging from the study is that some major commodities imported from Bangladesh and Nepal both have experienced a steep decline.

KEYWORDS: SAARC, Growth Rate, Regional Organization, Economic Growth, Bilateral Trade

INTRODUCTION

The first step towards the creation of a trading bloc among the countries of South Asia was taken in September, 1978 by the Marga Institute of Colombo. In 1980, the then President of Bangladesh Zia-Ur-Rehman, further strengthened it by proposing to hold a summit. He circulated a paper in this regard to other member governments. The paper focused on removing regional disparities among the member countries.

On December 8, 1985 SAARC was officially established with the signing of the SAARC charter. Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka (as in 2018) are member nations of SAARC.

SAARC comprises 3% of the world's area, 21% of the world's population (as in 2018).

It is also one of the poorest regions ranking just second to the sub Saharan region in Africa. Even with the presence of five of the world's 20 megacities, it is the least developed region in the world with an urban population of just about 35.5% (as in 2018).

SAARC was established with the following objectives:

- To enhance economic growth, social progress and cultural development in the region
- To promote the welfare of its citizens with an assured improvement in their quality of life
- To encourage mutual trust and understanding
- To understand and help in solving each other's problems
- To provide assistance in various fields such as economic, social, cultural, technical and scientific.

History of SAARC

Table 1

Year	History
1947	Asian Relations conference, New Delhi
1950	Baguio Conference, Phillipines
1954	Colombo Powers Conference
1980	Idea of regional cooperation in South Asia
1980-83	Meetings for identifying areas of regional cooperation in Colombo, Kathmandu, Islamabad & Dhaka.
1985	Establishment of SAARC(7-8 Dec)

Trade Relations of India with its Major Trading Partners Namely Bangladesh and Nepal Bangladesh-India Relations

India's relations with Bangladesh can be traced back to December, 1971, when Bangladesh became an independent nation. The two countries share a very healthy and happy relationship due to commonalities between them regarding culture, language and similar views on democracy.

Trade And Investment- India ranks ninth in the total goods imported by Bangladesh. In 2014-15, Indian exports were valued at \$6.4 billion and in 2015-16, they witnessed a decline by 6.4% (\$6.03 billion). There was however, good news for Indian exports in the fiscal year ending in March, 2017.

Indian exports experienced a sharp increase by 15% and were valued at \$68 billion in the same year. Total bilateral trade between the two nations stood at \$7.5 billion registering a boost of 11%.

India -Nepal Relations

Nepal and India enjoy excellent bilateral ties. The relationship has been strengthened on the basis of similarities in culture, religion, tradition and history. Nepal is India's neighboring country. India exports practically all commodities to Nepal which include cereals, iron, steel & vehicles. Also, India has a trade surplus with Nepal worth US\$ 6.2 million but vice versa is not true as Nepal has been having a trade deficit with India. India, in nutshell, is Nepal's largest trading partner.

India's trade with Nepal: India and Nepal are neighbors and natural trade partners. Nepal is a land locked nation and India is first choice for Import. India exports almost every commodity to Nepal including Mineral fuels; iron, Steel, Vehicles and cereals too name a few. India has trade surplus with Nepal worth 6.1 billion US dollars.

The partnership with India in the areas of trade and transit is a matter of utmost importance to Nepal. India is Nepal's largest trading partner. India has provided transit facility to Nepal for the third country trade. Both public and private sectors of India have invested in Nepal. The statistics of trade reveal a huge increase in the volume of bilateral trade over the years between both the countries. However, Nepal has escalating trade deficit with India. Nepal and India have concluded bilateral Treaty of Transit, Treaty of Trade and the Agreement of Cooperation to Control Unauthorized Trade.

REVIEW OF LITERATURE

According to Tilakratna(1995),SAARC is a significant forum that has brought regional cooperation, despite many obstacles among member countries. SS Mishra (1986) studied that the major emphasis should be on various areas of trade and cooperation such as promotion of trade links, training facilities and technical assistance etc.Sawhney and Kumar (2008) assess the political and economic aspect of the integration of South Asia and the benefits that it will provide from the Indian perspective. The study discusses the recent global developments and how these will prove to be an opportunity for the SAARC nations and how India can put into more efforts and renew regional cooperation in South Asia.

India according to Bhargava (1994) has played a pivotal role in helping the SAARC members to achieve greater goals. The advantage of location and size for India was emphasized by Emajuddin (1998) vis-à-vis any other country. India's large size, in the SAARC region has proved to be a deterrent in bringing about Regional cooperation, in the words of Mukherjee (1999). It was pointed out by Bahadur (1993) that due to strained relations between India and Pakistan, regional cooperation had proven to be a distant dream. India and Bhutan, according to Ray (1996) enjoy extremely good relations and India is closest to Bhutan among the SAARC nations. The possibility of import substitution between SAARC-ASEAN, according to Ahuja (1998) seemed very strong regarding a number of products. People's attitude in all countries of South Asia according to Bernal (1999) including that of our own country must change in order to promote political cooperation in the region.

Kelegama (1999)opines that the free trade agreement has not been able to remove non-tariff barriers. Though SriLankan market is flooded with Indian products, but it is not vice-versa.The study conducted by Shaheen (2013) has examined the role and duties of SAARC and how it has not been able to match up the level of other trade unions like European Union. Various other aspects have been mentioned in the study such as the origin, evolution and achievements of SAARC. The study has been concluded with various suggestions given by the author on how to put more efforts in the integration of South Asia and improve the living conditions of people living in these regions. The study done by Ali and Talukder (2009) examines the effects of trade, favoured on the basis of the region among the SAARC nations. The study analyzes the challenges of trade relief policies and the regional unifications in South Asia. It talks about the SAARC economies on the basis of the density of their population, their GDP, Exports etc. The study reveals that the SAARC nations are not very open to international trade and are aligned to their own economies by becoming self reliant and gaining economic independence for eg. Pakistan, India and Bangladesh are outward oriented which reduces the contribution made by them in the trade amounts. South Asia and its eastern neighbours should focus on the development of

the infrastructural sectors, so that they mutually and significantly benefit from each other. (Punchmukhi, 1999). The study taken up by Kumar (2009) throws light upon both the challenges as well as the opportunities faced by the SAARC nations which has helped them in moving towards a path which leads to higher growth. The study talks in support of the regional economic integration of South Asia. SAARC, according to Wadhwa (1999) has been successful to some extent in its achievements, but still has a long way to go before it establishes itself as a strong regional group.

Based on the studies conducted in India and abroad the following **objectives** have been framed:

- To analyze the growth rate of India's trade with the world.
- To study the rate of growth of India's exports with SAARC countries.
- To study the trend of India's imports with SAARC countries.
- To analyze India's bilateral trade relations with its major trading partners namely Bangladesh and Nepal from 2013-14 to 2017-18. (Period of 5 years)

HYPOTHESIS OF THE STUDY

- India's trade with the world during 2013-14 to 2017-18 has witnessed a rising trend.
- India's exports to SAARC countries during the period 2013-14 to 2017-18 have witnessed a significant growth.
- India's imports from SAARC countries during the period 2013-14 to 2017-18 have not gone up significantly.
- There has been a rising trend in India's bilateral trade with Bangladesh and Nepal.

RESEARCH METHODOLOGY

Secondary data was collected to achieve various objectives of the study. The published trade data by Ministry of commerce, Government of India, UNCTAD were put to use. The trend and regression in log natural form have been carried out on the collected and compiled data. Percentage method has also been used to compute the share of India's total exports, imports vis-à-vis exports to and imports from the world. Along with that, percentage share of individual commodities exported to and imported from Bangladesh and Nepal have been calculated. The top 10 commodities of both exports and imports have been selected as their total percentage together in the year 2017-18 was above 55%.

Data Analysis and Interpretation

Table 1 shows that India's exports to SAARC vis-à-vis world have witnessed a rising trend. From 5.57% in 2013-14, the share of exports has risen to 7.61% in 2017-18. India's imports from SAARC experienced a marginal rise; from a share of 0.55% in 2013-14 it rose to 0.65%, 0.78% and 0.73% in 2014-15, 2015-16 and 2016-17 respectively to falling down again to 0.68% in 2017-18. It is evident from Tables 1 & 2 that India's exports to SAARC vis-à-vis world have raised more steeply in comparison to India's imports from SAARC vis-à-vis world which is a favorable situation for India.

Table 2: India's Exports to SAARC Vis-À-Vis World

Year	India's Exports to SAARC	To World	% share of India's exports to SAARC vis-à-vis World
2013-14	17,503.84	314,405.30	5.57
2014-15	20,480.02	310,338.48	6.59
2015-16	18,594.18	262,291.09	7.09
2016-17	19,222.14	275,852.43	6.97
2017-18	23,100.90	303,526.16	7.61

* Values in US\$ Million

Table 3: India's Imports from SAARC Vis-À-Vis World

Year	India's Imports to SAARC	To World	% share of India's imports to SAARC vis-à-vis World
2013-14	2,472.98	450,199.79	0.55
2014-15	2,930.85	448,033.41	0.65
2015-16	2,975.01	381,007.76	0.78
2016-17	2,813.40	384,357.03	0.73
2017-18	3,202.66	465,580.99	0.68

* Values in US\$ Million

Table 3 clearly indicates that India's major trading partners in 2017-18 have been Bangladesh(2.83% of total exports to world) followed by Nepal(2.18% of total exports to world). Sri Lanka has been the third important export destination with a percentage share of 1.47% vis-à-vis world in 2017-18. Other SAARXC members namely Afghanistan, Bhutan, Maldives & Pakistan have been negligible partners together showing a share of 1.19% vis-à-vis total exports to world in 2017-18.

Table 4: Breakup of India's Exports to SAARC with % Share

Country	2013-14	%	2014-15	%	2015-16	%	2016-17	%	2017-18	%
Afghanistan Tis	474.34	0.15	422.56	0.14	526.6	0.20	506.34	0.18	709.75	0.23
Bangladesh Pr	6,166.93	1.96	6,451.47	2.08	6,034.94	2.30	6,820.11	2.47	8,614.35	2.84
Bhutan	355.6	0.11	333.94	0.11	468.95	0.18	509.28	0.18	546.12	0.18
Nepal	3,592.30	1.14	4,558.77	1.47	3,902.70	1.49	5,453.59	1.98	6,612.96	2.18
Maldives	106.07	0.03	152.38	0.05	179.07	0.07	197.79	0.07	217	0.07
Pakistan Ir	2,274.26	0.72	1,857.18	0.60	2,171.17	0.83	1,821.87	0.66	1,924.28	0.63
Sri Lanka Dsr	4,534.35	1.44	6,703.72	2.16	5,310.75	2.02	3,913.15	1.42	4,476.46	1.47
Total	17,503.84		20,480.02		18,594.18		19,222.14		23,100.90	
India's Total	3,14,405.30		3,10,338.48		2,62,291.09		2,75,852.43		3,03,526.16	
%	5.57		6.59		7.09		6.97		7.61	

* Values in US\$ Million

Table 5: Breakup of India's Import from SAARC with % Share

Country	2013-14	%	2014-15	%	2015-16	%	2016-17	%	2017-18	%
Afghanistan Tis	208.77	0.045	261.91	0.06	307.9	0.08	292.9	0.08	433.78	0.09
Bangladesh Pr	484.34	0.11	621.37	0.14	727.15	0.19	701.68	0.18	685.65	0.15
Bhutan	152.17	0.03	149.87	0.03	281.27	0.074	307.82	0.08	377.99	0.08
Nepal	529.93	0.12	639.91	0.14	470.59	0.12	445.13	0.12	438.38	0.09
Maldives	3.97	0.0009	4.32	0.001	4.29	0.001	9.17	0.002	5.68	0.001
Pakistan Ir	426.88	0.09	497.31	0.11	441.03	0.12	454.49	0.12	0.78	0.0002
Sri Lanka Dsr	666.93	0.15	756.17	0.17	742.79	0.19	602.2	0.16	772.63	0.17
Total	2,472.98		2,930.85		2,975.01		2,813.40		3,202.66	
India's Total	4,50,199.78		4,48,033.40		3,81,007.74		3,84,357.02		4,65,580.98	
%	0.55		0.65		0.78		0.73		0.68	

* Values in US\$ Million

Table 4 is indicative of the fact that India's imports from Sri Lanka were the maximum with the share of 0.17% vis-à-vis imports from world in 2017-18 followed by Bangladesh with a percentage share of 0.15% vis-à-vis world in the same year. India's imports from Nepal showed a share of 0.09% vis-à-vis world in 2017-18. Imports from other SAARC

members namely Afghanistan, Bhutan, Maldives and Pakistan together showed a percentage share of 0.18% in 2017-18.

India's Trade with Major Trading Partners: Bangladesh & Nepal

Regressions have been run in log natural form to obtain the rates of growth of two major trading partners Bangladesh & Nepal. From the regression results, coefficients have been taken as rates of growth for comparison purposes. (though the actual rate of growth would be slightly more).

India's Trade With Bangladesh

Table 6: India's Trade with Bangladesh

Year	Exports	Imports	Trade Balance
2013-14	6,166.93	484.34	5,682.59
2014-15	6,451.47	621.37	5,830.10
2015-16	6,034.94	727.15	5,307.79
2016-17	6,820.11	701.68	6,118.42
2017-18	8,614.35	685.65	7,928.70

* Values in US\$ Million

India's exports to Bangladesh:

The following results were obtained:

$$8.6 + 0.07(T), n=5$$

$$R^2 = 0.64$$

India's imports from Bangladesh:

$$6.21 + 0.08(T), n=5$$

$$R^2 = 0.62$$

India's exports over a period of 5 years (2013-14 to 2017-18) have grown at 7% whereas imports from Bangladesh have grown at 8%

Trend Growth Rates of India's Exports to Bangladesh

Table 7: Breakup of Major Commodities Exported to Bangladesh

Commodity	2013-14	%	2014-15	%	2015-16	%	2016-17	%	2017-18	%
Cotton.	1,576.84	25.57	1,524.13	23.62453828	1,615.07	26.762	1,595.12	23.3885	1,822.99	21.1622
Vehicles other than railway or tramway rolling stock, and parts and accessories thereof.	479.13	7.77	571.34	8.86	573.38	9.50	737.99	10.82	1,009.30	11.72
Cereals.	924.26	14.99	851.98	13.21	279.75	4.63	62.03	0.91	871.5	10.12
Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes.	200.76	3.25	373.05	5.78	404.46	6.70	548.71	8.04	791.02	9.18
Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof.	266.04	4.31	351.78	5.45	399.09	6.61	447.8	6.56	553.16	6.42
Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts.	140.16	2.27	149.53	2.32	212.65	3.52	206.8	3.03	290.69	3.37
Iron and steel	245.14	3.98	243.68	3.78	223.85	3.71	372.64	5.46	269.77	3.13
Residues and waste from the food industries; prepared animal fodder.	252.49	4.09	212.83	3.29	124.12	2.06	206.8	3.03	267.03	3.09
Man-made staple fibers.	177.51	2.88	234.22	3.63	243.33	4.03	256.84	3.77	224.58	2.61
Plastic and articles thereof.	133.33	2.16	154.04	2.39	158.39	2.62	209.84	3.08	222.19	2.58
Total	6,166.93		6,451.47		6,034.94		6,820.11		8,614.35	

* Values in US\$ Million

The percentage of major commodities exported by India to Bangladesh together in year 2017-18 is 73.38%.

The regression analysis in log natural form of each major commodity exported to Bangladesh is as follows:

$$\text{Cotton} = 7.29 + 0.03(T), n=5$$

$$R^2 = 0.60$$

$$\text{Vehicles other than railway or tramway rolling stock, and parts and accessories thereof} = 5.95 + 0.17(T),$$

$$R^2 = 0.91$$

$$\text{Cereals} = 6.84 + 0.27(T),$$

$$R^2 = 0.14$$

$$\text{Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral} = 5.10 + 0.31(T), n=5$$

$$R^2 = 0.95$$

$$\text{Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof} = 5.46 + 0.17(T),$$

$$R^2 = 0.97$$

Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts. = 4.73 + 0.18(T), n=5

$$R^2 = 0.91$$

$$\text{Iron and steel} = 5.40 + 0.06(T), n=5$$

$$R^2 = 0.24$$

$$\text{Residues and waste from the food industries; prepared animal fodder} = 5.30 + 0.01(t), n=5$$

$$R^2 = 0.001$$

$$\text{Man-made staple fibers} = 5.25 + 0.06(T), n=5$$

$$R^2 = 0.39$$

Plastic and articles t

$$\text{hereof} = 4.75 + 0.13(T), n=5$$

$$R^2 = 0.94$$

Table 8: Ranking of Major Commodities Exported to Bangladesh According to their Rates of Growth from 2013-14 to 2017-18

Commodity*	Rate of growth	Rank
Minerals	31%	1
Electricals	18%	2
Vehicles	17%	3
Nuclear	17%	4
Plastics	13%	5
Man-made fiber	6%	6
Iron & steel	6%	7
Cotton	3%	8
Residues	1%	9
Cereals	-27%	10

*full forms of commodities have been mentioned in the regression equation

The trend growth rates as calculated earlier indicate that cereals have shown a steep decline (-27%) over a period of 5 years.

Trend Growth Rates of Commodities Imported From Bangladesh

Table 9: Breakup of Major Commodities Imported To Bangladesh

Commodity	2013-14	%	2014-15	%	2015-16	%	2016-17	%	2017-18	%
Articles of apparel and clothing accessories, not knitted or crocheted.	78.97	16.30	92.21	14.84	107.73	14.82	107.18	15.27	152.12	22.19
Other vegetable textile fibres; paper yarn and woven fabrics of paper yarn.	83.3	17.19	90.67	14.59	153.99	21.18	195.79	27.90	134.36	19.59
Articles of apparel and clothing accessories, knitted or crocheted.	17.1	3.53	30.61	4.93	35.92	4.94	32.74	4.66	48.87	7.13
Lead and articles thereof.	3.9	0.81	19.43	3.13	16.07	2.21	31.02	4.42	30.92	4.51
Salt; sulphur; earths and stone; plastering materials, lime and cement.	20.73	4.28	32.81	5.28	32.26	4.44	20.74	2.96	29.05	4.24
Other made up textile articles; sets; worn clothing and worn textile articles; rags	48.18	9.95	56.36	9.07	69.48	9.56	47.91	6.83	23.8	3.47
Iron and steel	9.57	1.98	11.19	1.80	10.1	1.39	13.92	1.98	23.77	3.47
Fish and crustaceans, molluscs and other aquatic invertebrates.	14.24	2.94	23.51	3.78	21.44	2.95	9.52	1.36	21.25	3.09
Copper and articles thereof.	17.15	3.54	8.31	1.34	6.92	0.95	5.24	0.75	20.25	2.95
Cotton.	19.74	4.08	15.14	2.44	16.12	2.22	12.43	1.7714628	18.62	2.72
Total	484.34		621.37		727.15		701.68		685.65	

* Values in US\$ Million

The percentage of major commodities imported from Bangladesh together in year 2017-18 is 73.36%.

The regression analysis in log natural form of each major commodity imported is as follows:

Articles of apparel and clothing accessories not knitted or crocheted = $4.22 + 0.15(T)$, $n = 5$

$R^2 = 0.90$

Other vegetable textile fibers; paper yarn and woven fabrics of paper yarn = $4.31 + 0.17(T)$, n=5

$R^2 = 0.58$

Articles of apparel and clothing accessories, knitted or crocheted = $2.79 + 0.22(T)$, n=5

$R^2 = 0.80$

Lead and articles thereof = $1.41 + 0.46(T)$, n=5

$R^2 = 0.73$

Salt; sulphur; earths and stone; plastering materials, lime and cement = $3.21 + 0.02(T)$, n=5

$R^2 = 0.02$

Other made up textile articles; sets; worn clothing and worn textile articles; rags = $4.31 + 0.16(T)$, n=5

$R^2 = 0.38$

Iron and steel = $1.95 + 0.20(T)$, n=5

$R^2 = 0.76$

Fish and crustaceans, mollusks and other aquatic invertebrates = $2.87 + -0.01(T)$, n=5

$R^2 = 0.001$

Copper and articles thereof = $2.35 + -0.01(T)$, n=5

$R^2 = 0.001$

Cotton = $2.88 + -0.03(T)$, n=5

$R^2 = 0.07$

Table 10: Ranking of Major Commodities Imported From Bangladesh According to Their Rates of Growth from 2013-14 to 2017-18

Commodity	Rate of growth	Rank
Lead	46%	1
Apparels knitted	22%	2
Iron	20%	3
Vegetable	17%	4
Apparel not knitted	15%	5
Salt	2%	6
Copper	-1%	7
Fish	-1%	8
Cotton	-3%	9
Textiles	-16%	10

The trend growth rates of major commodities imported from Bangladesh indicate that Copper, Fish, Cotton and Textiles have shown a decline with textiles showing a steep decline(16%) during the five year period.

India's Trade With Nepal

Analyzing India's Exports To Nepal

Table 11: India's Trade with Nepal

Year	Exports	Imports	Trade Balance
2013-14	3,592.30	529.93	3,062.37
2014-15	4,558.77	639.91	3,918.86
2015-16	3,902.70	470.59	3,432.12
2016-17	5,453.59	445.13	5,008.46
2017-18	6,612.96	438.38	6,174.57

* Values in US\$ Million

India's exports to Nepal:

The following results were obtained:

$$8.04 + 0.14(T), n=5$$

$$R^2 = 0.79$$

India's imports from Nepal:

$$6.44 + -0.07(T), n=5$$

$$R^2 = 0.56$$

India's exports over a period of 5 years (2013-14 to 2017-18) have grown at 14% whereas imports from Nepal have declined at 7%.

Trend Growth Rates of India's Exports of Major Commodities To Nepal From 2013-14 to 2017-18

Table 12: Breakup of Major Commodities Exported to Nepal

Commodity	2013-14	%	2014-15	%	2015-16	%	2016-17	%	2017-18	%
Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes.	1,175.79	32.73	1,302.99	28.58	767.43	19.66	1,115.72	20.46	1,536.87	23.24
Iron and steel	394.68	10.99	519.05	11.38	472.42	12.10	627.2	11.50	880.5	13.31
Vehicles other than railway or tramway rolling stock, and parts and accessories thereof.	307.21	8.55	416.95	9.15	447.47	11.46	766.55	14.06	686.65	10.38
Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof.	171.01	4.76046	242.22	5.31	246.21	6.31	439.61	8.06	619.56	9.37
Cereals.	189.8	5.28	297.93	6.53	297.13	7.61	346.75	6.36	389.3	5.89
Salt; sulphur; earths and stone; plastering materials, lime and cement.	66.7	1.86	88.64	1.94	75.39	1.93	134.43	2.46	225.46	3.41
Pharmaceutical products	122.09	3.39	145.1	3.18	152.83	3.92	179.71	3.29	201.29	3.04
Plastic and articles thereof.	133.01	3.70	162.33	3.56	142.61	3.65	163.02	2.99	179.61	2.72
Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts.	80.39	2.24	122.17	2.68	120.44	3.09	158.85	2.91	143.56	2.17
Residues and waste from the food industries; prepared animal fodder.	57.17	1.59	72.08	1.58	62.24	1.59	97.25	1.78	112.28	1.70
Total	3,592.30		4,558.77		3,902.70		5,453.59		6,612.96	

* Values in US\$ Million

The percentage of major commodities exported by India to Nepal together in year 2017-18 is 75.23%.

The regression analysis in log natural form of each major commodity exported to Nepal is as follows:

Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes = $6.93 + 0.04(T)$, $n=5$

$$R^2 = 0.005$$

$$\text{Iron and steel} = 5.78 + 0.18(T), n=5$$

$$R^2 = 0.86$$

$$\text{Vehicles other than railway or tramway rolling stock, and parts and accessories thereof} = 5.54 + 0.22(T), n=5$$

$$R^2 = 0.87$$

$$\text{Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof} = 4.78 + 0.32(T), n=5$$

$$R^2 = 0.94$$

$$\text{Cereals} = 5.21 + 0.16(T), n=5$$

$$R^2 = 0.85$$

$$\text{Salt; sulphur; earths and stone; plastering materials, lime and cement} = 3.81 + 0.29(T), n=5$$

$$R^2 = 0.82$$

$$\text{Pharmaceutical products} = 4.70 + 0.12(T), n=5$$

$$R^2 = 0.98$$

$$\text{Plastics and articles thereof} = 4.86 + 0.06(T), n=5$$

$$R^2 = 0.65$$

$$\text{Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts} = 4.38 + 0.14(T), n=5$$

$$R^2 = 0.75$$

$$\text{Residues and waste from the food industries; prepared animal foder} = 3.85 + 0.16(T), n=5$$

$$R^2 = 0.81$$

Table 13: Ranking of Major Commodities Exported To Nepal According To Their Rates of Growth from 2013-14 To 2017-18

Commodity	Rate of growth	Rank
Nuclear	32%	1
Salt	29%	2
Vehicles	22%	3
Iron	18%	4
Cereals	16%	5
Residues	16%	6
Electrical	14%	7
Pharmaceutical products	12%	8
Plastic	6%	9
Mineral	4%	10

Trend Growth Rates of Major Commodities Imported From Nepal during a Period from 2013-14 To 2017-18

Table 14: Breakup of Major Commodities Imported From Nepal

Commodity	2013-14	%	2014-15	%	2015-16	%	2016-17	%	2017-18	%
Coffee, tea, mate and spices.	66.01	12.46	55.66	8.69	73.19	15.55	67.16	15.09	82.67	18.86
Beverages, spirits and vinegar.	67.53	12.74	104.83	16.38	84.03	17.86	110.1	24.73	59.28	13.52
Plastic and articles thereof	59.55	11.24	75.2	11.75	50.49	10.73	44.92	10.09	43.24	9.86
Iron and steel	63.46	11.98	76.66	11.98	33.51	7.12	37.28	8.38	41.07	9.37
Man-made staple fibers.	41.54	7.84	53.37	8.34	37.79	8.03	26.45	5.94	30.01	6.85
Residues and waste from the food industries; prepared animal fodder.	10.35	1.95	13.36	2.09	13.93	2.96	20.98	4.71	22.55	5.14
Other vegetable textile fibers; paper yarn and woven fabrics of paper yarn.	8.61	1.62	16.11	2.52	14.93	3.17	4.78	1.07	21.8	4.97
Miscellaneous chemical products.	15.37	2.90	20.97	3.28	16.72	3.55	20.7	4.65	19.4	4.43
Other made up textile articles; sets; worn clothing and worn textile articles; rags	19.05	3.59	23.18	3.62	19.16	4.07	5.24	1.18	17.04	3.89
Footwear, gaiters and the like; parts of such articles.	22.26	4.20	33.47	5.23	22.97	4.88	23.7	5.32	12.51	2.85
Total	529.93		639.91		470.59		445.13		438.38	

* Values in US\$ Million

The percentage of major commodities imported from Nepal together in year 2017-18 is 79.74%.

The regression analysis in log natural form of each major commodity imported from Nepal is as follows:

Coffee, tea, mate and spices= $4.03 + 0.06(T)$, $n=5$

$R^2 = 0.48$

Beverages, spirits and vinegar= $4.48 + 0.02(T)$, $n=5$

$R^2 = 0.02$

Plastic and articles thereof= $4.33 + -0.11(T)$, $n=5$

$R^2 = 0.65$

Iron and steel= $4.34 + -0.16(T)$, $n=5$

$R^2 = 0.49$

Man-made staple fibres = $4 + -0.14(T)$, $n=5$

$R^2 = 0.60$

Residues and waste from the food industries; prepared animal fodder = $2.14 + 0.20(T)$, $n=5$

$R^2 = 0.94$

Other vegetable textile fibres; paper yarn and woven fabrics of paper yarn = $2.26 + 0.06(T)$, n=5

$R^2 = 0.03$

Miscellaneous chemical products = $2.78 + 0.05(T)$, n=5

$R^2 = 0.27$

Other made up textile articles; sets; worn clothing and worn textile articles; rags= $3.22 + -0.17(T)$, n=5

$R^2 = 0.20$

Footwear, gaiters and the like; parts of such articles = $3.54 + -0.15(T)$, n=5

$R^2 = 0.45$

Table 15: Ranking of Major Commodities Imported From Nepal According To Their Rates of Growth from 2013-14 to 2017-18

Commodity	Rate of growth	Rank
Residues	20%	1
Coffee	6%	2
Vegetable textile fibres	6%	3
Chemicals	5%	4
Beverages	-2%	5
Plastics	-11%	6
Man-made staple fibres	-14%	7
Footwear	-15%	8
Iron and steel	-16%	9
Textiles	-17%	10

It may be noted that some commodities like Beverages, Plastics, man-made, footwear, iron and textiles have shown a decline with footwear, iron and textile declining by 15%, 16% and 17% respectively.

CONCLUSIONS

The study concludes that India over a period of 5years has had a trade surplus with SAARC region. India's exports to SAARC have risen by 15% whereas imports have risen marginally higher at 16% during this period. India's trade with Bangladesh has shown a rising trend. India has had a trade surplus continuously from 2013-14 to 2017-18. India's total exports to Bangladesh rose by 7% while imports from Bangladesh have risen by 8%.

An analysis of major commodities exported to Bangladesh has brought a significant issue of cereals declining by 27%. Focus should be to increase the exports of cereals to Bangladesh so that overall percentage of exports increases. Analysis of major imports from Bangladesh have shown a declining trend of the following commodities- copper, fish, cotton and textiles with textiles registering a steep decline of 16% which is a favourable situation for India. Analysis of India's trade with Nepal shows that India has had a trade surplus with Nepal continuously from 2013-14 to 2017-18.

India's total exports to Nepal during the aforesaid period rose by 14 % whereas India's imports from Nepal registered a decline by 7% resulting in a steep rise in the trade surplus. All the major commodities exported to Nepal showed a rising trend during the 5year period, however, some of the major goods imported from Nepal experienced a declining trend.(plastic, iron, man-made, textile & footwear with textiles falling by 17% and iron by 16%)

The present study is futuristic and can help trade experts, policy makers, academicians and the government in devising ways and means to boost exports with a special focus o major exports showing declining to some of the major

trading partners. The study can help the policy makers in focusing on those major commodities exported to Bangladesh which have shown a declining trend. The effort of the government should be to boost exports of all commodities and restrict imports so that not only from the major countries but India continues to enjoy a trade surplus with SAARC as a whole in future. The study however suffered from some limitations. It has focused only on the two major trading partners and a time period of only 5 years was taken.

REFERENCES

1. Ali et al., "Preferential Trade among the SAARC Countries: Prospects and Challenges of Regional Integration in South Asia", *JOAAG*, Vol. 4. No. 1, pp.47-59, 2009.
2. Kamal, Bahadur; "Pakistan and SAARC", *World focus*, July 1993.
3. K.K. Bhargava, "South Asia: Towards Dynamism and Cooperation", *Indian Council for Research on International Economics Relations*, New Delhi, 1994.
4. Maya Choudhary, "SAARC and South Asian Child, Mainstream", Feb 27, 1993.
5. Ahmad Emajuddin, "SAARC-ASEAN Regional Cooperation", *Shalimar Pub. House*, New Delhi, 1988.
6. Jain et al., "Trade Pattern in SAARC Countries: Emerging Trends and Issues", *Reserve Bank of India Occasional Papers Vol. 30, No.3*, pp.73-117, 2009.
7. S. K Lenka et al., "Does financial inclusion affect monetary policy in SAARC countries?", *Cogent Economics & Finance*, 4 (1), 1-8, 2016.
8. Maheswararao, "Growth of India's trade with individual SAARC Countries", *International Journal of Academic Research*, Vol.2, Issue-2(1), pp.102-110, 2015.
9. S.S. Mishra, "Regional cooperation for Development: A study of emerging framework of South Asian Regional Cooperation", *New Delhi*, 1986.
10. V.R. Panchmukhi et al. *Survey of Intra SAARC Trade, Joint Venture and Technology Transfers, Economic Cooperation in the SAARC Region, Constraints and Policies*, Interest Publication, New Delhi, 1990.
11. S. Rehman, "Regional Cooperation in South Asia: A quest for identity, *South Asia Survey*", Sage Publication, New Delhi, Jan-June 1998.
12. A. Sawhney et al., "Rejuvenating SAARC: The Strategic Payoffs for India", *Global Economy Journal*, Volume 8, Issue 2, pp.1-17, 2008..
13. I. Shaheen, "South Asian Association for Regional Cooperation (SAARC): Its Role, Hurdles and Prospects", *IOSR Journal of Humanities and Social Science (IOSR-JHSS)*, Volume 15, Issue 6, PP 01-09, 2013.
14. Rummana Zaheer, "The Economic performance of SAARC member countries", *Research on Humanities and Social Sciences*, vol.3, No.5, pp.201-214, 2013.
15. <http://commerce-app.gov.in/eidb/default.asp>