



Journal Homepage: - www.journalijar.com

INTERNATIONAL JOURNAL OF ADVANCED RESEARCH (IJAR)

Article DOI: 10.21474/IJAR01

DOI URL: <http://dx.doi.org/10.21474/IJAR01>



RESEARCH ARTICLE

ECONOMIC CONSIDERATIONS OF INDIA-ASEAN AND SAARC

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Manuscript Info

Manuscript History

Received: 15 March 2017

Final Accepted: 23 April 2017

Published: May 2017

Key words:-

SAARC, ASEAN, India, Economy,
Growth rate

Abstract

Force of financial development in India, SAARC countries and ASEAN economies is dissected in light of adapted actualities of these economies alongside patterns of their fiscal, money related, exchange, instruction and salary appropriation strategies. Macroeconomic, general balance, exchange and diversion theoretic models have been recognized that could be connected to investigate miniaturized scale, full scale and sectoral issues of monetary development. Accomplishing higher rates of financial development requires more precise and scientific investigation of possibilities, existing qualities and near focal points of these economies with the goal that they can walk ahead in the development of India, SAARC and ASEAN. The economic considerations of india, SAARC and ASEAN must be prosperous and highly competitive in which there is a free flow of goods, services, investment and a freer flow of capital, equitable economic development and reduced poverty and socio-economic disparities. Size of the SAARC region has increased to around 7 percent of global GDP in PPP which more has more than doubled since 1980. However this growth in global share pales when compared to China which raised its global share to 16.5 in 2014 percent compared to 6 percent of India. The Regional Economic Outlook for Asia and the Pacific estimates growth for the region to increase this year to 5.5 percent from 5.3 percent in 2016. Growth will remain strong at 5.4 percent in 2018, as the region continues to be the leader of global growth.

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Introduction:-

Starting 2015, ASEAN will no longer be prickly with dominion issues; it will give up foreign policy in favor of a ordinary trade policy. ASEAN started with founding members Indonesia, Malaysia, the Philippines, Singapore and Thailand; then added Brunei Darussalam, Cambodia, Laos, Myanmar and Vietnam in later years [1]. The SAARC was set up as the members Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka were embroiled in serious disputes [2]. Afghanistan joined in 2007. ASEAN was more anxious because of its accumulation of islands and unclear laws dealing with maritime frontiers. Yet, ASEAN was competent to avoid internal and external conflict, but SAARC was not able to do so [3].

ASEAN was a grouping against an outside danger, communism, while in the case of SAARC the enemy was within India. Yet, ASEAN members had grave interstate conflicts which they determined to overlook. On the other side, SAARC members were adamant that conflicts be determined first, before economic cooperation could start. ASEAN

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nations were bent upon to be trading nations; SAARC nations were tending to be warlike. ASEAN moved to conflict-avoidance mechanisms and SAARC refused to argue bilateral disputes [4].

Not discussing conflicts did not mean that SAARC gave priority to trade. ASEAN took no time in approving (1997) on two types of free trade areas (AFTA) while SAARC made serious weather of its South Asian Preferential Trade Area (SAPTA), signed in 1993. It signed the South Asian Free Trade Area (SAFTA) in 2004 but incorporated to the agreement Article 14, stating that '*nothing in this Agreement shall be construed to prevent any Contracting State from taking action and adopting measures which it considers necessary for the protection of its national security*' while leaving some room in the understanding of what might comprise an issue of national security [5]. SAARC had to undergo an Indo-Pakistan war at Kargil started by Pakistan in 1999, which prohibited three SAARC summits to take place. India has given Pakistan the most preferential nation position but Pakistan has not shared its ideas. In 2008, war loomed again after Mumbai was attacked by terrorist outfit from Pakistan and was never accepted by Pakistan. Pakistan criticizes that India is destabilizing it; but Pakistan is internationally inaccessible as it tackles intra-state disputes, its growth rate not matching that of other SAARC members [6].

Conquered by the army and increasingly susceptible to passions of national honor inculcated by radical groups, Pakistan needs to ponder on a trade-and-investment administration on a regional basis and also contemplate on improving on the bilateral free trade agreement with India to stop the security-related limitations applied by the two on the 2,000-item trade they have allowed so far. India also needs to get better its trade behavior in respect of the non-tariff barriers it applies to what it imports and the obscured funding it allows its own products [7].

India and Southeast Asia contribute to a long cultural history, which has helped to silhouette economic and commercial relations between them. In the early 1990s, this association garnered momentum after the commencement of India's 'Look East Policy', rechristened 'Act East' in 2015. These concise analyses of the trade and investment relations between India and the member states of ASEAN in the relationship in the areas of physical, institutional and people-to-people connectivity that restricted the amalgated India in the regional value chain [8].

The various initiatives undertaken during that period are the Conference on Indonesia organized in New Delhi in 1949 and the Bandung Conference in 1955. Conversely, these efforts were unsuccessful to strengthen the economic, political or strategic partnership between India and ASEAN, due to the supremacy of China-born communities in many Southeast Asian countries, which were optimistic to connect more actively with China and, as a consequence, kept away, Indian interests in the region [9-10].

Even though, India and ASEAN share a vibrant liaison that is not restricted to economics only, the easy movement of goods, services, and capital across borders remains the foremost apprehension for both. It is thus essential to evaluate the value-chain combination between them, which facilitated wider economic cooperation with sufficient connectivity links. However, few barriers in terms of physical, institutional and people-to-people connectivity could make vulnerable the economic growth of these two regions.

Present engagements

India-ASEAN associations have evolved over time, with India graduating from the Southeast Asian grouping's Sectoral Dialogue Partner in 1992 to a Summit-level Partner in 2002. There was a continuous fostering of economic, security, political, and cultural cooperation from all corners related with this. The leaders of all the countries involved decided to elevate their engagement to one of a strategic partnership in 2012, during the first ever Commemorative Summit of India and ASEAN. The year 2017 marked 25 years of dialogue of joint venture between India and ASEAN, and five years of the strategic partnership [11].

Our country engaged with ASEAN at both regional and sub-regional levels by signing economic cooperation accord with its different members. On October 2003, India and ASEAN signed a framework agreement on comprehensive economic cooperation in Bali, which was supposed to abolish tariff barriers among all the members and ultimately will set up a free trade area in goods, services and investment. This was followed by a final accord on trade in goods signed in Bangkok in 2009 and another on services and investments in New Delhi in 2015, but not all hurdles have been eliminated. Bilateral agreements with different other members such as Thailand, Singapore, and Malaysia have also been signed, all of them aimed at strengthened economic integration with the region [12].

Economic relations: Trade and investment linkages

Trade between India and ASEAN grew at a compound average growth rate (CAGR) of about 11.9 % between 1995 and 2016. Indian imports from ASEAN countries accounted for a dominant share of 59 % out of total trade of nearly US \$ 64.3 billion in 2016, with exports to ASEAN economies accounting for the remaining share. Indian imports

from ASEAN witnessed a robust growth of 12.3 % during this period while Indian exports to ASEAN recorded a CAGR of 11.4 percent. This designate that the equilibrium of trade has been in favor of ASEAN member countries all through the reference period [13].

Few Southeast Asian countries like Singapore, Malaysia and Thailand have emerged as main export destinations for India. Mineral fuels, oils and bituminous substances, ships, boats and floating structures are the main export items to Singapore. Organic chemicals, nuclear reactors, boilers, machinery and mechanical appliances, electrical machinery and equipment and parts, are imported from Singapore agricultural products are imported from Malaysia. Since there are trade complementarities between India and Southeast Asian countries in areas such as agriculture, machinery and minerals, among others, trade relations have sustained to develop, barring a few periods of East Asian crisis such as 1997-98 and the global financial crisis of 2008-09 [14].

Meanwhile, in investments, India received nearly US\$ 13.8 billion as foreign direct investment (FDI) from ASEAN economies in 2015-16. The major Southeast Asian economies investing in India are Singapore, Malaysia and Thailand. Over 99 % of total FDI inflows into India are from Singapore, with other Southeast Asian countries accounting for less than 1%. The India-Singapore Comprehensive Economic Cooperation Agreement has provided an momentum to growing partnership between the two countries [15].

The investment flows to ASEAN economies have dropped over the years. Indian outflows to ASEAN economies were recorded at US\$ 1.2 billion in 2015, up from US\$ 0.6 billion recorded in the previous year. However, external investments from India have followed a descending path after 2012. Even earlier, in 2011, Indian investment in these countries dropped by US\$ 1.9 billion.

In 2015, India accounted for only 1.3 % of total net inflows into ASEAN. India invested 60 percent in the financial and insurance industries across Southeast Asia, followed by nine percent in wholesale and retail trade, and real estate activities (eight percent). Many Indian banks, such as Bank of Baroda, Indian Overseas Bank, and Andhra Bank, have established branches in the ASEAN region. This is essential to integrating banking and financial services between the two regions [16].

Table 1: Investment flows between India and ASEAN in USD billion, 2012-2015

	2010	2011	2012	2013	2014	2015
FDI Inflows into ASEAN from India	3.80	-1.96	6.63	2.10	0.61	1.25
FDI Outflows from ASEAN into India	3.02	1.76	5.29	2.59	6.14	6.97

Source: ASEAN Investment Report, 2016; FDI Statistics for different years from DIPP Website

Note: Outflow FDI from ASEAN into India only include data points for a few Southeast Asian countries namely Indonesia, Singapore, Philippines, Malaysia, Thailand, Myanmar and Vietnam. For others, data not available.

India-Southeast Asia regional value chain

Regional value chains make stronger economic cooperation by increasing market access among countries. Integrating with local value chains leads to remuneration such as reduced cost of industrialized and trading for the participating nations. The reimbursement mount up from outsourcing and disintegration of fabrication in a variety of locations. There are a variety of policy events including trade facilitation, liberalization of merchandise, services and capital, opposition policy, and communications quality, which endorse value chain amalgamation. [vii] FDI flow is one of the main factors that facilitate addition of economies by connecting them to local and worldwide value chains. At a big business meeting in Jaipur in February 2017, Nirmala Sitharaman, the then Indian Commerce and Industry Minister, advocated the role of textiles manufacturers in India and its advantages by engaging with less developed countries like Cambodia, Laos, Myanmar and Vietnam. [viii] There is prospective to generate value chains in textiles between India and a few ASEAN economies, as the latter trade in cotton yarn (an input used in manufacturing of textiles) from India. Creating a value chain in fibers is an additional area of promising partnership between India and ASEAN. Myanmar, is open to FDI in sectors like garments, textiles and agriculture, which are favorable to create a value chain between India and Southeast Asia [17].

The complimentary buy and sell del in goods agreement signed sandwiched between India and ASEAN in 2009 has also encouraged the development of supply chains and production networks in many products like electronics and automobiles, including vehicle and component manufacturing. However, some challenges surfaced

in establishing a supply chain, like non-tariff barriers, poor connectivity, and quality of infrastructure, among others [18].

Connecting India with Southeast Asian economies

Key to the task of intensification economic relations between India and the Southeast Asian countries is promoting three kinds of connectivity: physical, institutional, and people-to-people.

Physical/infrastructure connectivity

Improved transport connectivity is critical to India-ASEAN relations. After all, the flawless movement of goods and services across boundaries is highly reliant on effective transportation links. The truth is that transport and infrastructure borders exist between India and Southeast Asia—including pitiable quality of roads, missing railway links, insufficient maritime and port facilities, and lack of customs cooperation that have implications for any potential incorporation connecting India and Southeast Asia. India's northeast is basic to efforts towards regional connectivity with ASEAN nations, given its deliberate location. Myanmar shares a land border with India's northeast, thereby providing a bridge between Indian and Southeast Asian markets. Correspondingly, improving maritime connectivity between India and Myanmar is primary to their mutual growth and expansion. The projects that have been undertaken by India with Myanmar include the Kaladan Multimodal Transit Transport Project and the India-Myanmar-Thailand Trilateral Highway [19].

The Kaladan Multimodal Transit Transport Project is the initial major project undertaken by India in Southeast Asia. This project connects Kolkata with Sittwe port in Myanmar, facilitating the movement of cargo across the India-Myanmar border through the sea route. This mission also provide an substitute transit route between India's northeastern region and Myanmar by establishing new road, and inland water connectivity links between them. The multimodal transit project includes various segments, starting with linking Kolkata to Sittwe across the Bay of Bengal, to connect Sittwe to Paletwa town in Myanmar along the Kaladan River. There are also plans to connect Paletwa to the India-Myanmar border by road, which will further be extended to Lawngtlai town in Mizoram. Work on this project is expected to be completed by 2020. It is expected to revolutionize the transit system for goods and tradable services between India and Myanmar, later extending to other Southeast Asian nations such as Laos, Cambodia, and Vietnam [19].

Institutional connectivity

To strengthen connectivity between India and ASEAN nations, it is necessary to construct effective institutional connectivity by harmonizing trade, investments, and financial policies. Physical connectivity that includes transportation and soft infrastructure requirements like telecommunications has to be built in tandem with appropriate institutional arrangements to accomplish better cross-regional connectivity. There are plenty opportunities for energy trading between India and Myanmar according to a 2015 report by the Asian Development Bank. Given the vast usual resources and hydropower treasury of Myanmar, it becomes a possible source of energy for India. Conversely, due to lack of sufficient physical and institutional infrastructure between India and Southeast Asia, energy trading remains underutilized. Furthermore, the attendance of non-tariff barriers [xiv] and preventive institutional arrangements [xv] obstruct the movement of goods and services. Trade facilitation actions to decrease the volume of certification required – and thereby, the time of shipment – are essential to get better economic exchanges between India and Southeast Asian countries [20].

People-to-people connectivity

India has extended record of people-to-people connectivity with Southeast Asian countries, chiefly with Singapore, Malaysia and Indonesia, which are home to large populations of the Indian diaspora. Indians encompass 9% of Singapore's population and 7% of Malaysia's. India and the member countries of ASEAN in cooperation organize regular exchange programmes for students, farming communities, diplomats, and business and media personnel, among others. On the other hand, there are certain limitations on the movement of professionals and labor between

The business in services remained largely confined in ASEAN member countries. Domestic regulations in ASEAN economies need to be liberalised to promote cross-regional cooperation as India has a comparative advantage in the services sector, especially information technology services. The challenges of insufficient physical connectivity along with infrastructural tailback need to be addressed to reinforce India-ASEAN partnership [21].

The South Asian Association for Regional Cooperation (SAARC) and Its Future

India, Bangladesh, Bhutan, Sri Lanka, Maldives, Nepal, Afghanistan and Pakistan are the SAARC eight countries with subsistence for almost more than three decades after Afghanistan joined in 2007. However, these countries are not completely successful to bring about closer association between the member countries. The objectives of SAARC in its charter signed in Dhaka in 1985 was to hasten economic growth in the region and construct mutual confidence among member states, but still lacks serious problems of consistency that made the region one of the least incorporated [22].

On November 2013, the 18th summit of SAARC was held in Kathmandu Nepal without any better results. This summit was full of trumpet blast, oratory, plenty of handshakes and promises. Three connectivity agreements i.e., road, rail and energy was the priority of summit, but only energy was signed. The remaining two were kept to be discussed in coming three months' time as Pakistan has not completed its 'internal processes' to sanction them. The lack of political will to make SAARC a active grouping was obvious since its inception and was again witnessed in Kathmandu recently [23].

South Asia is one of the most backward regions of the globe and the call for progress and a higher rate of economic growth in all the member countries is crucial. It contains 23.4 % of the world's population and accounts for only 6.66 % of the world's GDP (at PPP) and nearly 40 % of the world's underprivileged surviving on less than \$ 1.25 a day. Poverty, illiteracy, disparity, joblessness, low productivity and hunger, epidemic plague the population of the region. Yet the SAARC member states have not been able to build up their economic ties to a momentous extent to work together for the development of the region and their efforts at collaboration on developing their industrial and social sectors, better connectivity and encouraging greater ventures, have remained lackluster. The freedom to travel by citizens of the SAARC countries within the region would allow them to comprehend their widespread cultural and civilizational roots and build up a common South Asian individuality, so vital for any regional amalgamation. An opening out to tourism will give confidence for trade and investment and strengthen cross-cultural ties [24]. The Most favored Nation clause has not been established by Pakistan to India though Pakistan's cabinet finally decided to it on November 2011, 15 years after India had granted it to Pakistan. It means that Pakistan's import tax will continue to be charged at discrepancy rates for Indian products, as compared to Pakistan's other trade partners [25].

As such the countries in the province do not have many complementarities. They have comparable endowments in expertise and produce the same type of products. All the nations have a well built agricultural base and similar crop patterns. Food security is a common predicament in all the nations and more than 50 % of the inhabitants in each of the member countries is reliant on agriculture [26].

Collaboration in agricultural practices would be helpful to all the nations of SAARC. India has forefront agricultural investigate and can contribute to its research outcomes with the SAARC members. Low agricultural efficiency has led to the high intensity of scarcity in the region. Along, with agricultural efficiency there is requirement for food security. The Kathmandu statement has noted the imperative need to institute a food and a seed bank for the region [27].

In trade, the first bold step towards freer trade was taken with the enterprise of South Asian Preferential Trading Arrangement (SAPTA) which was signed in 1993 and came into force in 1995. It was well thought-out to be the main step towards elevated level of intra regional trade liberalization and financial cooperation. It was discussed on product by product basis but the rigorous 'rules of origin' clause was complicated to execute and was accountable for its failure [28].

The order of the day and changing the world economic landscape with bilateral trade agreements between members have been undertaken even though today regional trading agreements. More than one third of global trade takes place between countries that have some form of mutual regional trade agreements. Even after nearly 10 years of SAFTA and steep decrease in tariffs at least by India, trade among SAARC countries has not reached 5 % of their total trade so far.

Table 2: The details of total trade of India with the neighbouring countries, including Nepal, during the last three years and the current year (up to August, 2016) are given below:

Value in US\$ Million

S.No	Country	2013-2014		2014-2015		2015-2016		2016-17(Apr-Aug)	
		Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports
1	AFGHANISTAN	474.34	208.77	422.56	261.91	526.6	307.9	208.95	73.01
2	BANGLADESH	6,166.97	484.34	6,451.48	621.37	6,034.95	727.15	2,294.32	308.74
3	BHUTAN	355.6	152.17	333.94	149.87	468.95	281.27	216.7	62.18
4	MALDIVES	106.07	3.97	152.38	4.32	179.04	4.29	72.85	4.7
5	NEPAL	3,592.30	529.93	4,558.77	639.91	3,930.09	470.59	1,983.70	173.25
6	PAKISTAN	2,274.30	426.88	1,857.29	497.31	2,171.16	441.03	633.34	187.56
7	SRI LANKA	4,534.35	666.93	6,703.72	756.17	5,309.53	742.79	1,536.13	234.39
	Total	17,503.92	2,472.98	20,480.14	2,930.85	18,620.32	2,975.01	6945.99	1043.83

Source: Press Information Bureau, Government of India, Ministry of Commerce & Industry
21-November-2016

Every SAARC members have small and medium cottage industries that could be restructuring and made more spirited. These types of enterprises are very significant segment of manufacturing sector in the particular area, collaboration in expertise, up-gradation and promotion of products would augment competitiveness and decrease costs. South Asian countries need to move up the value chain by increasingly diversifying its export arrangement in good deed to rapidly grow high value added goods and services. Thus, the subject of building competitive production capacities in small scale sector becomes a key issue. Building regionally integrated value chains will facilitate South Asian countries to improve competence of sourcing by minimizing costs and lead times. Collaboration between the members of SAARC in small, medium ventures would lead to advanced efficiency and incomes [29].

The cooperation in non conventional sources of energy and hunting for substitutes to fossil fuels will be a good option. Potential to cooperate in energy sector are likely to go forward in the future. Already, energy deals between India and Bangladesh have been signed in energy and also with India and Nepal and India signed a contract to build 960 megawatts Arun III dam in Eastern Nepal. The bulk of electricity generated will be exported to India and India has decided to supply 600 MW of electric power from the grid at Palatana (Tripura) to Bangladesh. The region is one of the most energy scarce regions in the world. In Bangladesh, only 47 % have right to use to electricity. Alternate renewable sources of energy would give power to the region such as wind, water, and nuclear and further industrialization [30].

Connectivity is tremendously significant for the region's affluence and getting linked with ASEAN, Central Asia and Europe. The revitalization of the Silk route is key development which India and its neighbours cannot miss. Pakistan's unwillingness to come on board on the connectivity agreement seems to be in reply to India breaking away from its promised bilateral talks over Kashmir after Pakistan refused to stop talking to Kashmiri separatists. It has also shown confrontation in India's demand for transit to goods and passenger by road through Pakistani territory to Afghanistan. Clearly, this move is not going to augment connectivity in the region [31].

This is particularly true for India and Bangladesh investment ventures. Even between Sri Lanka and India, there are huge possibilities but again there are problems which need to be addressed. As Prime Minister Modi said at the Kathmandu Summit “ Indian companies are investing billions abroad but less than 1 % flows into our region.” There is an urgent need to collaborate on climate change because the region is likely to experience the impact of climate change most harshly and many parts of the region could get inundated in water leading to mass migration within the region [32].

The SAARC leaders called for the operationalization of SATIS (SAARC Agreement on Trade in Services) signed in Thimpu in 2010 at Kathmandu. Liberalization of the trade in services would be an inducement for attracting FDI in services in the region. The contribution of the private sector is very essential in the integration of the region. So far there has been a vigilant approach followed by the members in the liberalization of trade in services [33].

The leaders also agreed to brace the social window of the SAARC Development Fund. There are many deep seated social sector concerns in the region that need to be dealt urgently and the progress made so far has been slow. A lot has to be done and quickly on the social sector front For SAARC to be successful. The main concern is achieving gender equality (delivered in SAARC’s social charter) and there has to be more effort made to empower South Asian women. The South Asian region is rife with gender inequality and exploitation of women especially in low paid professions like in small scale regions. Women’s empowerment in all the countries is needed to bring about gender equality and a balanced sex ratio [34].

Eliminating NTBs would be significant particularly para tariff barriers among the countries of the sub region in trade and investment. The North East region could knowledge higher rate of growth if transshipment is decided by Bangladesh for transport of Indian goods across its country. This could lead to the formation of a ‘growth corridor’ between northeast of India to Bangladesh ports which would improve economic activity leading to the creation of employment opportunities [35].

Since India occupies a specially important position in SAARC in terms of geography, population (occupying 70 % of the area and population) and Gross Domestic Product, the future of SAARC lies with India’s proposal that Prime Minister Modi takes in cementing closer ties with all its members and bringing them together as a consistent regional entity with a strong South Asian individuality. Pakistan’s cooperation is very important for the future of SAARC to materialize as a strong regional entity [36].

Several planned points for growth emerging from analysis of facts and model based analysis in this study are merit considering in this context which are as follows:

1. Given that 20 % of the global population is residing in the South Asia, this region should thrust for growth and enlarge its share of global GDP up to 20 % from roughly 6.5 % in 2014.
2. Such growth requires increasing the ratio of saving and investment about 10 % above the current averages around 35 %.
3. Process of structural transformation should carry on so that output and employment enhances substantially in industrial and services sectors and till both output and employment in the agriculture sector are less than 5 % from around 17 and 50 % in recent years.
4. Such alteration will occur as this region moves towards urbanization so that about 90 % of the population in this region starts living in urban area with facilities. Building mega smart cities like this will create not only employment but also income. It also will steadily free up rural lands for more scientific cultivations and other meaningful economic uses.
5. On manpower concerns it is significant to reduce the student teacher ratio from 40 to close to 16 to raise the quality of education and cognitive skill among children. This is necessary for human capital required for science and technology and for improving the PISA scores.
6. Revenue and spending of government should balance at least in the medium term and debt to GDP ratio should not increase over 50 % of GDP; the size of the public sector should not be over 30 % of GDP.
7. Trade ratio should increase to around 100 % from the 50 % at this time. Free trade regimes can enhance both the supply and demand side of the economy.
8. Liquidity of the financial system need at least to treble to have a smooth flow of credits required for new and existing enterprises.
9. Free conversion of exchange is essential to protect this region from international shocks.
10. A high 8 percent growth strategy is consistent with all above and requires from commitment, well-organized and strong public administration. Impetus to economic growth in the South Asian economies is analyzed based on stylized facts of these economies along with trends of their monetary, trade, education and income distribution policies. Macroeconomic, general equilibrium, trade and game theoretic models have been

recognized that could be applied to analyze micro, macro and sectoral issues of economic growth. Achieving greater rates of economic growth requires more methodical and technical analysis of potentials, existing strengths and relative advantages of these economies so that they can march ahead in the growth competition in the global economy. Government Policies should be reliable, dependable and comprehensive to link various sectors, regions and nations in the path for long run growth [37].

A strong pro-growth government in India with a good apparatus for the regional incorporation and expansion can turn this region into economic wonder in the global economy in future. Several strategic points for growth come out from the analysis of facts of this chapter:

- 1) Given its size of population this region should push for growth and increase its share of global gross domestic product up to 20 % from roughly 6.5 % in 2014;
- 2) This type of growth requires augment the ratio of saving and investment about 10 % above the current averages around 35 %.
- 3) The process of structural transformation must prolong till both the output and employ in the agriculture sector are less than 5 % from around 17 and 50 %.
- 4) This kind of transformation will occur as this region moves towards urbanization so that about 90 % of the population lives in urban areas with facilities leaving rural areas for meaningful economic uses.
- 5) It is significant to reduce the student teacher ratios from 40 to around 16 to raise the cognitive skill of children to create human capital in science and technology.
- 6) The trade ratio should enhance to around 100 % from the 50 % at this time; free trade enhances both the supply and demand sides of these economies.
- 7) The liquidity of the monetary system needs smooth flow of credits required for new and existing enterprises;
- 8) Free conversion of exchange is necessary to defend this region from international shocks.
- 9) 8 % growth strategy is consistent with all above and requires for promise, efficient and strong public administration but the fruits of growth should be disseminated more equally. The 20th SAARC summit is the 20th meeting of the heads of state or heads of government of the eight SAARC countries after their previous meeting in Pakistan was boycotted by all SAARC MEMBERS. The Summit will take place in 2018.

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