

**STUDY ON EMERGENCE OF SAARC MEMBER
NATIONS AS AN ECONOMIC SUPERPOWER**



EXECUTIVE SUMMARY

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Over the last few decades, the concepts of regional co-operation have developed profusely in the world at the intra and inter country level in order to sustain and foster development in all necessary fields. The European union, ASEAN, Asia Pacific cooperation are some of the great example of regional cooperation for trade, commerce, industry, cultural heritage etc. and has traveled a long distance since its inception resulting in regional prosperity, peace and harmony. The **South Asian Association of Regional Cooperation** or the **SAARC** is the outcome of such felt need by the South Asian countries namely; **Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka**. The SAARC came into being through a charter formally adopted on December 8 1985 by the heads of the state or the government of these member countries. The association was formed among others to promote amity and cooperation in the field of culture, education and trade and commerce among these member countries. The seven SAARC nations constitute a natural triangle that contains multi-level resources for developing a highly diversified economic structure for fostering an inter-dependent accelerating growth process.

The nuclear test by India and Pakistan in 1998 has led the region to tensions that are of highest degree in the world ushering arms race in the South Asian region along with the differences among India and Pakistan on the Kashmir issue for more than two decades which almost resulted in full scale war during Kargil intrusion by fundamentalists. This infact is a major cause of concern and a prime factor that has disrupted the proceedings for which SAARC has been formed. Also, the anti-terrorism stand by India and the subsequent defiance by Bangladesh to its plea has led to profuse differences between the two nations. With only Maldives and Bhutan as exception, the internal conflicts of Sri Lanka has crossed some 16 years and the upsurge of Maoist movement is at its zenith in Nepal. These are some among many factors hindering the SAARC nations for a more meaningful activity. However, it is quite praiseworthy that time and again the member nations has come together with each SAARC summits and has tried to transform this natural triangle to a functional one.

The **South Asian Free Trade Agreement** or the **SAFTA** will come into force from January 1 2006 and is expected to act as a catalyst in transforming the economic status of the SAARC region. The regional economic cooperation as the European Union is an eye opener and the SAFTA has raised hope for the SAARC nations to emerge as a Super Economic Zone. For instance, the population of region is nearly 22 percent of the world population and by its size itself

offers a huge market. Also, it is hoped that the January 2005 summit in Bangladesh will be a more meaningful one; fostering a new era of regional cooperation and development overshadowing both the inter and intra conflicts of the SAARC nations.

Anticipating the opportunities the SAARC has to offer, NEDFi envisaged that it is high time to gear up for the impetus of trade and commerce arising out of the association. A prerequisite to tap these opportunities will be the need for an all time reference material that will help the potential investors, intellectuals, industries and various countries to guide and understand the economy, resource base and infrastructures, industry, trade and commerce, marketing channels and organizational requirement, etc. of the region. NEDFi, capitalizing on this need assigned the Moksha Group to prepare an all time reference book titled “**Emergence of SAARC member nations as Economic Superpower**” **A Statistical Profile**, which we have presented in this volume.

This report is an attempt to present the status and prospects in SAARC regions with particular emphasis on North East India. The report comprises of five chapters besides introduction and profile of SAARC member nations. The Report is presented with the charter of SAARC, Twelfth SAARC declaration and SAFTA in the **introduction segment**, an in-depth profile of demography and economy is presented in **chapter – I** providing a clear picture about the SAARC member nations in terms of population, land, literacy, social sector, labour and employment, GNP, GDP, per capita income etc.

Chapter – II titled “Resource Base and Infrastructure” covers extensive details on the major sectors such as land based activities such as agriculture, mineral based industry. **The chapter – II** also covers an insight into the core infrastructures of SAARC member nations such as Road, Ports and waterways, Power, Civil Aviation, Railway and Telecom. In addition a detail comparative analysis of the growth trend in infrastructure is shown for India in particular. The economy part of the SAARC member nations is thoroughly presented in **chapter – III** which is further divided into three sections. **Section I** providing details about the monetary and banking development. The internal robustness of member nations is presented in **section II** pertaining details about the economic indicators such as GDP, and per capita income. **The section III** gives an insight in the external sectors of economy such as forex reserve, exchange rate movement and external debt.

Chapter IV gives an insight into the trade, commerce and industry in the intra and inter SAARC member nations, this chapter discusses the volume of trade flow in intra and inter level among the SAARC member nations depicting trends in trade flows and the share of trade in SAARC context and also globally, indicating the importance of interdependence among the SAARC member nations. The objective of this report is to present north east India as destination of

investment which is thoroughly presented in **chapter V**. This chapter gives an in-depth analysis of the North Eastern region providing before statistics about the demography, resources, social sector, labour and employment, economy, investment potential, investment policy, infrastructure, incentives and investment opportunities in north east.