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**DUTY FREE ACCESS TO INDIA
WITHIN SAPTA FRAMEWORK**



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FOREWORD

The acceleration of economic growth in South Asia became a necessity as the concept of regional cooperation has assumed a greater significance among the Developing Countries particularly after the adoption of New International Economic Order in the Sixth Session of the General Assembly of United Nations in June 1974. Consequently the Developing Countries started giving more emphasis to the attainment of collective self reliance. The formation of SAARC was a direct outcome of this factor. While the emergence of trading blocs like EEC, NAFTA, etc. is a response to the macro economic transformations experienced world-wide, the objectives of regional groupings like SAARC are two-fold, viz. (1) to participate in the process of globalization, and (2) to work towards collective self reliance within the region. The latter has become imperative in order to help developing countries to circumvent the increasing pressure applied by the mainstream industrialized nations through protectionism, restrictive trade practices and inadequate resource transfers. Regional cooperation becomes meaningless without economic cooperation. The signing of SAPTA in 1993 is likely to bring desired results if it is implemented properly in the right sense at the earliest.

The decision of the South Asian nations to establish South Asian Free Trade Area possibly by the year 2005 signals the desire on the part of the SAARC Members to deepening and widening of existing trading arrangements under SAPTA. Moving from SAPTA to SAFTA would, however, require several initiatives on the part of the Member States in many other areas allied to trade.

As compared to the other countries of the region, the Indian economy has established a considerable lead over others in industrial development. Diversification has been achieved in manufacturing a wide range of consumer, intermediate and capital goods. With annual growth of industry hovering around 8% per annum, India is one of the industrial powers of the world. It, thus

has a major role to play in achieving the objectives of moving towards a free trade area in the South Asian Region by dismantling the tariff and non-tariff barriers.

This paper aims to study the perspectives and consequences of total abolition of tariff by India on the goods coming from the member countries as a preferential treatment. It studies the aspects of revenue loss and the probable expansion of trade as a result of tariff abolition. We hope that the study will be extremely helpful to all persons interested in SAARC trade and economic cooperation.

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Duty Free Access to India within SAPTA Framework

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The Context

The major step to liberalize trade among the SAARC countries was the establishment of SAPTA in 1993. To operationalize SAPTA, the member countries prepared a consolidated national schedule of concessions under which each member country identified the products on which preferential tariff treatment could be accorded to intra-SAPTA trade in April 1995. The extent of product coverage given by each country can be seen from the following statement:

<i>Country</i>	<i>Number of commodities offered for concessional tariffs under SAPTA</i>
Bangladesh	12
Bhutan	11
India	106
Maldives	17
Nepal	14
Pakistan	35
Sri Lanka	31

The extent of tariff preferences given by each country for these product-groups differs from country to country and product to product.

Bangladesh has offered tariff preferences ranging from 10-15 per cent. India has offered the highest tariff preferences ranging

mostly from 50-100 per cent. Only in case of five products, the tariff preference is 10 per cent. In case of Sri Lanka, the tariff preference ranges from 10-30 per cent. The preferential margin in case of Pakistan varies from 10-15 per cent. The existing MFN tariff rates in Maldives, Nepal, Sri Lanka and Bangladesh are quite low. Hence, a large preferential reduction by India will bring down the preferential tariff closer to those prevailing in the aforementioned countries. Pakistan, which maintains peak tariff rates higher than India, has not offered similar concessions.

While this exchange of concessions is a definite forward movement, its impact on trade is expected to be marginal. The reasons for this are selection of wrong products and inadequate rate of tariff reduction. It was found that of the 106 products in which India offered tariff concessions, only 22 were actually imported during 1993-94 (Barua). Similarly, Pakistan imported only 13 of the 35 products in which it had to offer tariff concessions. Another study found out that total imports among SAARC countries were \$1,163 million in 1993 of which only 6.2 per cent were covered under the preferential imports (Mukherjee).

The intra-trade within SAPTA currently is less than 3 per cent of their global trade. This is in contrast to 63.4 per cent for the intra-European Union trade, 37.3 per cent for NAFTA and 38.4 per cent for East Asia. It is obvious that if intra-SAARC trade has to increase substantially, a much effective tariff and non-tariff barriers elimination programme will have to be worked out. The Delhi Meeting of the Commerce Ministers of SAARC member states in January 1996 set a target for the realization of South Asia Free Trade Area, preferably by the year 2000 but not later than 2005.

Given the size and economic power, India has to play a decisive role in making SAPTA a success, specially because Pakistan, the second most important economy in the grouping, has not shown active interest in promoting intra-regional trade. However, India's trade record with the member countries reveals that India has not yet provided the type of market access which may be expected because of the size of its economy. India's imports from other South Asian countries declined from \$141 million in 1980 to

\$97 million in 1993, which went up to \$130 million in 1994. It is, therefore, clear that the trade balance is currently very much in favour of India.

Countrywise data reveal certain variations with respect to India's growth record of imports. But despite these variations, it is clear that India can take policy initiatives to reduce both bilateral trade imbalances and, more importantly, to give push to promote intra-regional trade.

Data on India's imports from SAARC since 1991-92 are in Table 1. Share of SAARC countries as a whole has fluctuated between 0.58 per cent and 0.83 per cent with no clear trend. One point that emerges without any ambiguity is that Bangladesh is rapidly emerging as an important trading partner.

India's bilateral trade position with the SAARC countries can be seen in Table 2. An index value of 100 indicates a favourable bilateral trade balance while a lower than 100 index means an unfavourable balance. It is clear from Table 2 that except for Pakistan, India has traditionally enjoyed massive favourable trade balance. But, fairly drastic changes have taken place during the 1991-95 period. The huge trade surplus that India had with Bangladesh and Sri Lanka has come down dramatically. On the other hand, the trade balance with Pakistan, which was adverse during 1991-93, turned modestly favourable since then.

India has already started the liberalization process and special preferences are being given to the SAARC members. Imports from Bhutan are permitted duty free entry into the Indian market. For Nepal, items satisfying certain criteria are imported duty free. Bangladesh has also been given preferential treatment on some items like Jamdani saree, hilsa, etc.

As a result, imports from Bhutan into India as a percentage of India's total imports is on the rise. For Nepal though no clear trend is found yet, an increase from 0.11 per cent to 0.14 per cent has been recorded from 1994-95 to 1995-96. Moreover, the Indian market occupies a more important position for Nepal's exports compared to other SAARC members. For Bangladesh, the situation

is same as that of Bhutan, the share is increasing over the years continuously.

All this tends to confirm that further liberalization of trade will definitely lead to more intra-SAARC trade.

For the members of SAARC, preferential treatment in the form of decrease in tariff rate has already been given by India to some extent. But, there is still scope and need for decreasing it further. In any case, the SAFTA proposal envisages complete elimination of duty latest by 2003. This leads to the following questions: *First*, what is the revenue implication of the tariff elimination for India? *Secondly*, what will be the extent of additional imports due to the free trade by India from the SAARC countries? Tariff elimination by other SAARC countries will obviously boost India's intra-regional exports. But this paper has not studied this particular aspect.

Objectives of the Study

This paper seeks to analyze the initiatives that can be taken by India either unilaterally or collectively to progress towards greater trade liberalization within SAPTA. The specific objectives of the Study are:

- (i) to analyze the current pattern of India's imports from the SAPTA members;
- (ii) to estimate the loss in terms of customs duty realization, if India accords duty free treatment to all imports from the SAPTA member countries;
- (iii) to quantify the extent of trade diversion that can be expected as a result of the unilateral tariff reduction; and
- (iv) to identify the extent of price competitiveness of SAPTA exports to India and impact of the tariff reduction on the competitiveness.

Duty Free Treatment to All Imports from SAARC

Based on 1993-94 data, the latest year for which detailed commodity country break-downs are available, number of commodities at six-digit HS code level imported by India from

the SAARC countries stood at 324 (Table 3). Nepal exported the highest number of commodities (130) followed by Sri Lanka (119). Data for the rest of the countries are Pakistan (79), Bangladesh (38), and Bhutan (17). In terms of value, however, Pakistan happens to be the largest exporter to India followed by Nepal and Sri Lanka (Table 4).

Commodity composition of India's imports from the SAARC countries was analyzed on the basis of the one-digit HS code. It was observed that the Section-0 occupies the top position, accounting for 28 per cent of the total exports of the SAARC countries to India. Section-0 comprises primary commodities such as live animals, vegetable products, prepared foodstuffs, etc. (Table 5).

One way to give a massive push to the trade liberalization efforts within SAPTA will be to give unilateral duty free access to SAARC products to the Indian market. The immediate impact of this initiative will be in terms of loss in tariff revenues. Based on the data of imports for 1993-94 and corresponding customs duty rates, it was estimated that the total customs duty realization on account of imports from the SAARC countries would have been Rs 1,352.9 million. However, since India has already allowed duty free treatment to Bhutan and partial duty free treatment to Nepal, based on the rules of origin criteria, the above is an overestimate. Assuming that all the imports from Nepal and Bhutan are duty free, the estimated revenue loss would have been Rs 919.93 million. This accounted for 0.42 per cent of India's total customs revenues in 1993-94 (Tables 6, 7 and 8).

If the duty free treatment is initially restricted to the least developed countries, it would mean that in addition to Bhutan and Nepal, Bangladesh and Maldives would be the other beneficiaries. India imported 38 commodities at six-digit HS code level valued at Rs 371.7 million during 1993-94 from Bangladesh. The estimated revenue loss for Bangladesh would be Rs 51.9 million, accounting for 0.023 per cent of India's total customs revenue. India's imports from Maldives are insignificant. As a result, tariff revenues on account of imports from Maldives are

estimated to be only Rs 4.7 million, accounting for 0.002 per cent of India's total customs revenues during 1993-94 (Tables 3, 4 & 8).

Sri Lanka, though not a least developed country, has been seeking preferential access to the Indian market for quite some time. India imported 119 items at six-digit HS code level accounting for Rs 604.2 million in 1993-94. If duty free treatment is given, the corresponding revenue loss could have been Rs 244 million, accounting for 0.11 per cent of India's total customs revenue (Tables 3, 4 and 8).

Pakistan is a special case which has not yet accorded MFN facility to India. Therefore, there is not much reason to give duty free treatment to imports from Pakistan.

The estimates of revenue loss as given above are based on 1993-94 trade and customs data. To take care of the growth rates as well as the changes in the customs schedule, we have recalculated aggregate figures of revenue loss. The increase in imports was estimated by applying the annual growth rates in imports during 1990-91 and 1995-96 from each SAARC country. On the basis of these estimated import values, the total revenue loss is estimated at Rs 1,434.3 million which accounts for 0.41 per cent of India's total customs revenues. The revenue loss in case of Bangladesh will be Rs 242.46 million and for Maldives Rs 13.43 million. For Sri Lanka, the estimated loss is Rs 554.16 million (Table 9). It is clear that the extent of revenue loss is insignificant, especially considering the boost it will give for a fast track movement towards SAFTA.

Trade Expansion Due to Tariff Elimination

The unilateral tariff reduction for a group of countries is expected to result in trade diversion rather than in trade creation at least in the initial stage. An attempt has been made to quantify the extent of trade diversion from rest of the world to the SAARC countries due to tariff elimination. The analysis is based on the 324 items imported by India during 1993-94. The methodology for estimation is based on the following assumptions. It is assumed that of the 324 commodities those having less than 30 per cent

market share in India currently have difficulties with respect to supply. Commodities having a share of more than 70 per cent have already a market share which is very high and may not be possible to increase it further. It also may involve retaliatory measures from other trading countries. It is, therefore, concluded that commodities having a current market share between 30 and 70 per cent have the highest potential for trade diversion. To find out the items falling within this range of market share, a frequency distribution of 324 items has been prepared. It is found that 28 items fall into this category. Fifty-four items are being supplied currently only by the SAARC countries. It is obvious, there is no possibility of trade diversion in the case of these 54 commodities. The increase in SAARC trade is estimated by finding out the difference between the import value at 70 per cent of India's import of that product minus the current value of imports of that product from SAARC. Based on this formulation, the amount of trade diversion is estimated to be Rs 255.26 million in 1993-94. Applying the growth rate of imports from SAARC during 1990-91 to 1995-96, the estimated trade diversion is Rs 344.34 million in 1994-95 and Rs 464.52 million in 1995-96 (Tables 10, 11 and 12).

Tariff reduction will result in trade diversion only if the duty free import price from the SAARC countries is less than the tariff inclusive price of imports from the rest of the world. To identify the extent of competitiveness of the SAARC countries, the top 20 products being exported by each SAARC country to India were identified. Those products for which that country is the only exporter have been removed from the list. Miscellaneous products also have been removed because of problems with data interpretation. For the remaining items, the largest exporter of that product to India in terms of quantity or the country which is the second largest exporter, if a SAARC country is the largest, has been identified. The unit values of the items from the SAARC countries and the largest or the second largest exporting country have been estimated to find out to what extent imports from SAARC are price competitive.

A total of 42 items was selected on the basis of the above criteria. It is found that out of the sample size of 42, the items which

are already competitive without any preferential tariff treatment number 24. If tariff is totally eliminated, this number will go up to 33. The numbers will not change substantially whether the current applicable tariff rate is 50 per cent or 20 per cent (Table 13). For the remaining items, it was attempted to find out whether a decrease in the tariff rate can make the tariff price competitive. That is, in case the tariff inclusive price of the item from SAARC is more than the tariff inclusive price of the same item from the rest of the world. Will abolition of tariff for the former make the price competitive in global terms? The relative price can be depicted as

$$(P_i)^s (1+t) \geq (P_i)^r (1+t)$$

The SAARC price is already competitive for items where

$$(P_i)^s (1+t) < (P_i)^r (1+t)$$

For the remaining items, to make the SAARC price competitive after the abolition of tariff for the SAARC nations, the following condition needs to be fulfilled:

$$(P_i)^s < (P_i)^r (1+t)$$

$$\text{or, } (P_i)^s / (P_i)^r < (1+t)$$

This condition can be claimed to be the general condition. That is, for the items where the SAARC price is already lower than that of the rest of the world, the above condition will be automatically satisfied. For other items, it is to be checked whether this condition is satisfied.

Theoretically, if the difference between the tariff inclusive unit value of SAARC and tariff inclusive unit value of the rest of the world for a particular item is less than the tariff on that particular item, a reduction in tariff for the former will make the former competitive. That is, if

$$\{(P_i^t)_s\} - \{(P_i^t)_r\} > (1+t)$$

t being the tariff rate,

s representing SAARC, and

r representing the rest of the world,

then a reduction in tariff rate for the SAARC nations will result in SAARC prices becoming more competitive.

Conclusions

The major conclusions are, therefore:

- (a) The current profile of India's imports from the SAARC countries reveals a narrow base. Major export products are in the category of primary commodities.
- (b) If India gives total duty free access to all imports from the SAARC countries, aggregate revenue loss on account of customs duty is estimated to be Rs 1,434.3 million on the basis of 1995-96 data. If Pakistan is excluded, this figure will get reduced to Rs 624.26 million.
- (c) Substantial increase in India's imports from the SAARC countries can be anticipated due to trade diversion, for the commodities which have the highest potential of trade diversion. The total estimated increase in India's imports from the SAARC countries is Rs 464.52 million based on 1995-96 data.
- (d) Some of the major export products of the SAARC countries to India are already price competitive, even without preferential tariff treatment. This result is expected, because the sample size was drawn from the items which are already being substantially exported by these countries to India. Unless these products were price competitive these could not have reached this position. Therefore, so far as the major export products are concerned, the preferential tariff treatment will not increase their price competitiveness. Hence, there is a possibility that the SAARC supplying countries may appropriate the tariff advantage in the form of higher prices rather than exporting larger quantities. If this is the response of the SAARC countries, then the trade diversion as anticipated may not take place.
- (e) The elimination of tariffs will most probably increase the competitiveness of products which currently not being exported by the SAARC countries to India. What could be those items which have not yet been identified, and will be taken up in a subsequent study.

TABLE 1

INDIA'S IMPORTS FROM SAARC NATIONS

(Rs million)

Year	India's total imports	India's imports from SAARC	India's imports from each SAARC nation					
			Bangladesh	Bhutan	Maldives	Nepal	Pakistan	Sri Lanka
1991-92	478,508.4	2,638.1 (0.55)	140.6 (0.03)	12.2 (0.003)	0.6 (0.0001)	703.5 (0.15)	1,499.1 (0.31)	282.1 (0.06)
1992-93	633,745.2	5,260.8 (0.83)	352.3 (0.06)	35.1 (0.006)	2.8 (0.0004)	716.9 (0.11)	3,755.1 (0.59)	398.6 (0.06)
1993-94	731,010.1	3,566.5 (0.49)	560.7 (0.08)	93.5 (0.013)	10.2 (0.0014)	906.8 (0.12)	1,366.5 (0.19)	628.8 (0.09)
1994-95	887,050.2	5,397.7 (0.61)	1,252.1 (0.14)	506.5 (0.057)	7.2 (0.0008)	977.9 (0.11)	1,648 (0.19)	1,006 (0.11)
1995-96	1,147,516.7	8,744.4 (0.77)	3,067.2 (0.27)	1,099.6 (0.096)	4.9 (0.0004)	1,604 (0.14)	1,513.6 (0.13)	1,453.1 (0.13)

Notes: (i) Figures in parenthesis denote percentages.

(ii) Data of 1995-96 are estimated on the basis of April-December 1995 figures.

Source: DGCI&S, Calcutta.

TABLE 2

BALANCE OF BILATERAL TRADE

Year	Index					
	BD	BH	MD	NP	PK	SL
1991-92	5757	243	19617	279	65.8	15210
1992-93	2926	179	7783	294	40.3	16217
1993-94	2407	333	2415	336	147	14273
1994-95	1599	59.5	6671	316	109	1145

Notes: (i) Exports of India to each SAARC country divided by imports of India from each SAARC country multiplied by 100.

(ii) An index of 100 plus indicates trade balance in favour of India.

(iii) Country abbreviations throughout are:

BD - Bangladesh; BH - Bhutan; MD - Maldives; NP - Nepal;
PK - Pakistan; SL - Sri Lanka

Source: DGCI&S, Calcutta.

TABLE 3

NO. OF ITEMS IMPORTED BY INDIA FROM SAARC NATIONS

Total No. of items (6-digit level) imported by India from SAARC nations	324
No. of items (6-digit level) imported by India from each SAARC nation	
Country	No. of commodities
Bangladesh	38
Bhutan	17
Maldives	7
Nepal	130
Pakistan	71
Sri Lanka	119

Source: DGCI&S, Calcutta.

TABLE 4
VALUE OF IMPORTS FROM SAARC
NATIONS TO INDIA

Country	Rs mn.	%
Bangladesh	371.7	10.9
Bhutan	90.57	2.65
Maldives	11.23	0.33
Nepal	965.9	28.3
Pakistan	1,369	40.1
Sri Lanka	604.2	17.7
Total	3,412	100

Source: DGCI&S, Calcutta.

TABLE 5
ITEMWISE VALUE OF
IMPORTS FROM SAARC
NATIONS TO INDIA
(1-digit HS code level)

Item	Value Rs mn.	%
0	955	28
1	337	9.87
2	373	10.9
3	295	8.65
4	493	14.4
5	530	15.5
6	2.54	0.07
7	286	8.39
8	17.5	0.51
9	123	3.61
Total	3,412	100

Source: DGCI&S, Calcutta.

TABLE 6
TARIFF REVENUES FROM IMPORTS BY COUNTRY/COMMODITY
(1-digit level)

HS Code	Country						Total
	BD	BH	MD	NP	PK	SL	
0	9.69	0.03	0.13	76.9	374	7.65	468.19
1	9.86	0	0	59.7	36.1	24.5	130.15
2	1.06	21.4	3.64	39	88.7	3.53	157.2
3	0.33	0.29	0	38.8	0.35	1.49	41.235
4	18.5	17.6	0	58.8	24.6	52	171.55
5	11.2	0	0	119	89.3	10.2	230.04
6	1.04	0	0	0.14	0	0.09	1.269
7	0	0	0.94	0.04	4.85	137	142.79
8	0.18	0.07	0	0.23	1.6	6.02	8.095
9	0.14	0	0	0.69	0	1.56	2.39
Total	51.9	39.3	4.7	394	619	244	1,352.9

Source: DGCI&S, Calcutta and Customs tariff schedule.

TABLE 7
TARIFF REVENUES FROM IMPORTS BY COUNTRY/COMMODITY
(Ass: Imports from BH & NP are duty free)

HS Code	Country						Total
	BD	BH	MD	NP	PK	SL	
0	9.69	0	0.13	0	374	7.65	391.24
1	9.86	0	0	0	36.1	24.5	70.412
2	1.06	0	3.64	0	88.7	3.53	96.894
3	0.33	0	0	0	0.35	1.49	2.1625
4	18.5	0	0	0	24.6	52	95.144
5	11.2	0	0	0	89.3	10.2	110.7
6	1.04	0	0	0	0	0.09	1.1299
7	0	0	0.94	0	4.85	137	142.74
8	0.18	0	0	0	1.6	6.02	7.7953
9	0.14	0	0	0	0	1.56	1.7013
Total	51.9	0	4.7	0	619	244	919.93

Source: *Ibid.*, Table 6.

TABLE 8
CUSTOMS REVENUES COMING FROM SAARC IMPORTS AS A PERCENT-
AGE OF INDIA'S TOTAL CUSTOMS REVENUE EARNING (1993-94)

	Rs mn.	%
Total customs revenue	221,927.2	
Customs revenue on account of imports from:		
Bangladesh	51.9	0.023
Bhutan	0	0
Maldives	4.7	0.002
Nepal	0	0
Pakistan	619.3	0.279
Sri Lanka	244	0.11
SAARC	919.9	0.415

Source: *Ibid.*, Table 6.

TABLE 9
 CUSTOMS REVENUE COMING FROM SAARC IMPORTS AS A
 PERCENTAGE OF INDIA'S TOTAL CUSTOMS REVENUE EARNING
 (1995-96)

	Rs mn.	%
Total customs revenue	353,520	
Customs revenue from:	(est.)	
Bangladesh	242.46	0.07
Bhutan	0	0
Maldives	13.427	0.00
Nepal	0	0
Pakistan	624.26	0.18
Sri Lanka	554.16	0.16
SAARC	1,434.3	0.41

Source: DGCI&S, Calcutta.

TABLE 10
FREQUENCY DISTRIBUTION OF COMMODITIES AT ONE-DIGIT LEVEL

Frequency distribution	0	1	2	3	4	5	6	7	8	9	Total
0% - 10%	8	4	15	29	27	32	5	19	36	11	186
10%-20%	4	4	1	1	3	3	2	1	0	1	20
20%-30%	1	0	0	1	0	6	1	0	0	2	11
30%-40%	2	1	0	1	0	4	0	0	0	0	8
40%-50%	3	1	1	0	3	1	0	0	0	0	9
50%-60%	1	1	0	0	2	0	0	0	0	1	5
60%-70%	4	2	0	0	0	0	0	0	0	0	6
70%-80%	1	1	0	0	1	1	0	0	0	0	4
80%-90%	0	0	1	1	1	1	0	0	0	0	4
90%-100%	25	14	14	1	4	9	1	0	0	3	71
Total	49	28	32	34	41	57	9	20	36	18	324

Source: DGCI&S, Calcutta.

TABLE 11
ITEMS IMPORTED BY INDIA
SAARC PERCENTAGE FALLING IN THE RANGE OF 30% TO 70%

HS Code	Total imports from SAARC (Rs)	Total imports (Rs)	Imports from rest of the world (Rs)	Col. (2) as % of Col. (3)	(6)	(7)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
080410	442,405,468	646,909,999	204,504,531	68.4	1.61	10,431,531.3
121190	35,306,714	51,637,825	16,331,111	68.4	1.63	839,763.5
090240	23,942,305	35,275,706	11,333,401	67.9	2.13	750,689.2
090411	12,341,731	18,982,323	6,640,592	65	4.98	945,895.1
140390	5,269,499	8,131,221	2,861,722	64.8	5.19	422,355.7
080420	12,717,098	21,079,601	8,362,503	60.3	9.67	2,038,622.7
960310	1,001,341	1,792,275	790,934	55.9	14.1	253,251.5
410110	28,600,378	52,301,680	23,701,302	54.7	15.3	8,010,798
190530	6,148,925	11,432,051	5,283,126	53.8	16.2	1,853,510.7
080590	202,672	377,743	175,071	53.7	16.3	61,748.1
410121	14,441,797	27,261,935	12,820,138	53	17	4,641,557.5
081320	206,643	415,072	208,429	49.8	20.2	83,907.4
441090	3,294,590	6,798,938	3,504,348	48.5	21.5	1,464,666.6
050800	7,038,396	15,232,634	8,194,238	46.2	23.8	3,624,447.8

(1)	(2)	(3)	(4)	(5)	(6)	(7)
080620	121,900,811	264,615,057	142,714,246	46.1	23.9	63,329,728.9
250490	455,245	1,003,810	548,565	45.4	24.6	247,422
400121	77,291,097	174,677,269	97,386,172	44.2	25.8	44,982,991.3
416519	1,662,562	3,824,831	2,162,269	43.5	26.5	1,014,819.7
520790	11,126,981	27,054,031	15,927,050	41.1	28.9	7,810,840.7
151590	67,611,498	167,536,263	99,924,765	40.4	29.6	49,663,886.1
340119	4,102,303	10,435,451	6,333,148	39.3	30.7	3,202,512.7
040690	420,764	1,165,843	745,079	36.1	33.9	395,326.1
080221	97,436	277,838	180,402	35.1	34.9	97,050.6
560600	992,540	2,850,618	1,858,078	34.8	35.2	1,002,892.6
152010	44,175,586	126,885,625	82,710,039	34.8	35.2	44,644,351.5
540784	768,587	2,413,459	1,644,872	31.8	38.2	920,834.3
520611	380,817	1,234,807	853,990	30.8	39.2	483,547.9
540752	1,576,538	5,163,460	3,586,922	30.5	39.5	2,037,884
Total	925,480,322	1,686,767,365	761,287,043	1344	616	255,256,833.5

- Notes: (i) Col. 6 denotes the difference between the hypothesized market share of 70 per cent and the current market share.
(ii) Col. 7 denotes the market value of the market share in the current prices.

Summary Statement: Estimated Trade Diversion: Rs 255.26 mn. in 1993-94; Rs 344.34 mn. in 1994-95 and Rs 464.52 mn. in 1995-96.

TABLE 12
ITEMS IMPORTED BY INDIA FROM SAARC ONLY

HS Code	Total imports from SAARC (Rs)	Total imports (Rs)	Ratio	(%)
140420	1,304,107	1,304,107	1	100
151511	7,000	7,000	1	100
121300	9,619,509	9,619,509	1	100
140110	51,111	51,111	1	100
230220	20,650,897	20,650,897	1	100
230240	585,921	585,921	1	100
170310	9,232,170	9,232,170	1	100
210320	379,060	379,060	1	100
121292	891,333	891,333	1	100
091040	115,628	115,628	1	100
100810	107,500	107,500	1	100
090930	8,894,471	8,894,471	1	100
091010	23,855,698	23,855,698	1	100
120730	13,388	13,388	1	100
121230	1,768,417	1,768,417	1	100
100890	962,163	962,163	1	100
120400	45,182,015	45,182,015	1	100
284910	33,397,436	33,397,436	1	100
620331	20,000	20,000	1	100
441830	52,876	52,876	1	100
441212	4,344,741	4,344,741	1	100
530390	58,420	58,420	1	100
551030	3,501,839	3,501,839	1	100
330610	61,161,546	61,161,546	1	100
531010	55,040,161	55,040,161	1	100
442190	59,592,457	59,592,457	1	100
230640	25,200	25,200	1	100
230690	40,562,147	40,562,147	1	100
230250	547,308	547,308	1	100

HS Code	Total imports from.SAARC (Rs)	Total imports (Rs)	Ratio	(%)
230620	2,790,244	2,790,244	1	100
520879	120,050	120,050	1	100
262019	3,313,043	3,313,043	1	100
240130	196,757	196,757	1	100
252210	25,300	25,300	1	100
080940	2,345,345	2,345,345	1	100
010392	257,813	257,813	1	100
970600	28,100	28,100	1	100
080820	13,000	13,000	1	100
070110	42,083	42,083	1	100
080910	6,993,663	6,993,663	1	100
010391	102,500	102,500	1	100
070190	15,480	15,480	1	100
050790	3,143,230	3,143,230	1	100
030269	3,229,960	3,229,960	1	100
080430	12,988	12,988	1	100
070990	254,123	254,123	1	100
050610	2,481,705	2,481,705	1	100
999190	118,291,976	118,291,976	1	100
999140	47,844	47,844	1	100
070850	31,437	31,437	1	100
040500	7,312,013	7,312,013	1	100
080930	206,643	206,643	1	100
050690	146,582	146,582	1	100
010290	17,128,555	17,128,555	1	100
230230	10,460,736	10,460,786	0.999995220244	99.999522

Source: DGCI&S, Calcutta

TABLE 13

EXTENT OF COMPETITIVENESS OF SAARC EXPORTS TO INDIA

HS Code	Unit	SAARC nation	Country supplying max.amount of item to India ¹	Unit Price		Ratio (SAARC to rest of the world)	Tariff (on ROW) 1+t
				SAARC nations	Others		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Bangladesh							
31021000	Ton		Ukrain	4055.518	3967.32	1.022231	1.3
53031001	Ton	(L)	Nepal	9182.9484	7300.427	1.257865	1.3
41043906	SDM		Germany	7.3900811	20.27173	0.364551	1.3
15209001	Kg.		Malaysia	30.26913	37.02178	0.817603	1.3
09024002	Kg.	(L)	Kenya	42.961406	54.09516	0.794182	1.3
15201000	Kg.		Sri Lanka	31.742445	22.09159	1.436857	1.3
41042905	SDM		Italy	7.7806247	8.637217	0.900825	1.3
09024005	Kg.	(L)	Germany	46.999897	93.83769	0.500864	1.3
Bhutan							
44101000	Kg.		Portugal	10.898743	9.896694	1.101251	1.3
38029001	Kg.		Germany	14.612658	13.5739	1.076526	1.3
49011001	Kg.		UK	579.27273	214.634	2.698886	1.3

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Maldives							
23012001	Ton		Indonesia	18183.275	32553.52	0.558565	1.3
05080003	Kg.		Tanzania	66.226395	0.203232	325.8656	1.3
74040001	Kg.		UAE	30.650643	44.67586	0.686067	1.3
72045000	Ton		UK	4607.6897	5,197.606	0.886502	1.3
05080005	Kg.		USA	9.6658427	0.14242	67.8688	1.3
76020000	Kg.		UAE	12.889243	19.19833	0.671373	1.3
74040002	Kg.		USA	20.990521	32.89773	0.638054	1.3
Nepal							
53031001	Kg.		Bangladesh	6792.1789	9,345.402	0.726794	1.3
09101001	Kg.	(L)	Sri Lanka	6.6339605	5.65072	1.174003	1.3
56071001	Kg.	(L)	Japan	9.6339455	13.61413	0.707643	1.3
41042101	SDM	(L)	New Zealand	5.5269688	6.89289	0.801836	1.3
23069029	Ton		USA	2226.9242	2,292.544	0.971377	1.3
12119026	Ton	(L)	Pakistan	10.388275	6.455506	1.609212	1.3
Pakistan							
08041003	Kg.	(L)	Oman	14.441947	23.75117	0.608052	1.3
27090000	Ton		Saudi Arabia	4723.8095	3325.547	1.420461	1.3
08062001	Kg.	(L)	Afghanistan	40.605432	42.56967	0.953858	1.3

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
08041002	Kg.	(L)	Iran	15.216553	3.497528	4.350659	1.3
08021100	Kg.		USA	41.423252	93.64186	0.442358	1.3
12079100	Kg.	(L)	Singapore	10.999475	13.39843	0.820953	1.3
13019003	Kg.	(L)	Afghanistan	124.49968	128.1113	0.971808	1.3
08025000	Kg.		Iran	68.142405	43.63752	1.561555	1.3
Sri Lanka							
40012100	Kg.		Thailand	26.670496	27.95346	0.954103	1.3
15201000	Ton.	(L)	Egypt	20.951112	21.74317	0.963572	1.3
72026000	Ton		Colombia	66012.186	68576.8	0.962602	1.3
74040002	Kg.		USA	37.110827	32.89773	1.128066	1.3
40011001	Kg.		Thailand	26.947442	26.54685	1.01509	1.3
72045000	Ton		UK	4549.3612	5197.606	0.87528	1.3
52010025	Ton		Turkmenistan	51202.607	49265.75	1.039314	1.3
74040001	Kg.		Malaysia	47.471113	44.43796	1.068256	1.3
73110002	Kg.		USA	19.371448	125.6039	0.154226	1.3
78020000	Kg.		UAE	53.063517	4.937173	10.74775	1.3

Notes: (i) ¹As explained in the text.

(ii) For products marked "L" the respective SAARC nation.

Source: DGCI&S, Calcutta.

ADDITIONAL EXPLANATIONS ON TABLES

- Table 3 : The items imported by India from each of the SAARC nations (at 6 digit HS Code level) will not add up to 324 as the items are not mutually exclusive.
- Tables 3, 4, 5, 6, 7, 10, 11, 12 and 13 :
Data refer to fiscal year 1993-94.
- Table 10 : 0, 1, 2,, 9 refer to HS Codes (one digit level).
- Table 11 : Column 7 is in Rupees.
- Table 13 : Unit price is in Rupees.

“L” implies that the respective SAARC nation is the largest exporter of that item to India.

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