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Mamta Jangir
Assistant Professor, PG
Department of Political
Science, D.A.V. College,
Abohar, Punjab, India

India and South Asian association for regional Co-operation

Mamta Jangir

Abstract

The South Asian Association for Regional Co-operation (SAARC) comprises the eight countries of South Asia. i.e., Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, Sri Lanka and Afghanistan. SAARC is a manifestation of the determination of the people of South Asia to work together towards finding solutions to their common problems in a spirit of friendship, trust & understanding and to create an order based on mutual respect, equity and shared benefits. The primary objective of the Association is the acceleration of the process of economic and social development in member states through collective action in agreed areas of co-operation. South Asian nations have not only a shared culture and a common history, but also, a common destiny in the 21st century

Keywords: India, SAARC, social development, International trade

Introduction

International trade has often been referred as the “engine of growth” that enhanced the development of today’s economically advanced countries during the nineteenth and early twentieth centuries. During the economic reforms, trade liberalization has increased with the rise of regionalism. It is argued that trade liberalization and regional economic co-operation can help a region to increase inter-regional trade by exploring the size of the markets. This may in turn yield efficiency and bring benefits not only by exploration of economies of scale but also by dynamic and upward shifts in production function. Driven towards integration by the pressure of socio-economic interests of the region, seven South Asian countries namely Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka formed the SAARC in 1985. SAARC countries are a large regional block with huge potential.

The world today is witnessing changes in terms of global and regional fundamentals. There is no denying the fact that the importance of peace and development through effective regional and global integration has become an important factor of these times. The strength and development of the states today is not measured in terms of military and defense capacity but in terms of how a state is able to promote trade relations, investments and economic integration within the region and globally as well. Wealth of human and material resources coupled with other common features like geographical proximity, historical backgrounds, commonality of social and political norms of development led towards the formation of South Asian grouping known as SAARC. It is important to note that the main idea behind SAARC formation was the promotion of political, economic and social interaction, common vision for using region’s potential and interdependence to counter threats. In today’s world no nation exists in economic isolation. A nation’s economy, its industries, service sectors, levels of income and employment and living standards are linked to the economies of its trading partners. The benefits of international trade accrue in the forms of lower domestic prices, development of more efficient methods and new products and a greater range of consumption choices.

The Prime Minister of India addressed to the President of Bangladesh after the Dhaka summit¹:

“By all accounts the summit has been an unqualified success. It has ushered in a new era of cooperation in our region.”

“If we faithfully nurture the Dhaka spirit, it may well prove to be a turning point in the history of south Asia.”

Correspondence
Mamta Jangir
Assistant Professor, PG
Department of Political
Science, D.A.V. College,
Abohar, Punjab, India

¹ BSS Report, 22 January, 1986

The south Asian countries agreed on five areas of cooperation:

- Agriculture and Rural Development
- Telecommunication, Science, Technology and Meteorology
- Health and Population activities
- Transport
- Human Resource Development

SAARC aims at accelerating the process of socio-economic development in member states through “collective self-reliance” its creation therefore kindled hopes amongst south Asian people for a better future marked by prosperity and freedom from want.

Formation of SAARC

SAARC was founded by the Dhaka declaration of 1985 as a regional grouping of seven South Asian developing countries viz. Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka. The very first proposal for establishing a framework for regional integration in South Asia was made by the late president of Bangladesh, Ziaur Rahman, on May 2, 1980. Afghanistan joined the organization in 2007 (fourteenth summit Delhi). The SAARC Secretariat is a complex located in Kathmandu, the state capital of Nepal. Observer states include USA, Australia, China, Japan, South Korea, Myanmar, Mauritius, Iran and European Union. Meetings of heads of state are usually held on annual basis and meetings of foreign secretaries twice a year. After successful establishment of SAARC as an association for political affairs, all the eight countries literally agreed to form a regional block for economic activities. That dream came to realize ultimately when SAFTA was founded on 11th day of April 1993.

As per SAARC Charter (1985), the fundamental objective of SAARC is “to promote the welfare of the peoples of South Asia and to improve their quality of life”.

Substantial Increase in Cooperation

Since the formation of SAARC in 1985, the level of cooperation among the member countries increased substantially. This recognition has led towards increasing the pace of cooperation among the member countries. This cooperation can be witnessed in the establishment and initiation of various programs and forums for mutual benefits.

1. South Asian University, New Delhi
2. SAARC International College, Bangladesh
3. Agreement on Judicial cooperation on Counter-Terrorism
4. Establishment of Food Bank
5. Establishment of Development Funds
6. Telemedicine Network
7. SAARC Writers and Literature Foundation
8. South Asia Foundation

South Asian Free Trade Area

SAFTA was envisaged primarily as the first step towards the transition to a South Asian Free Trade Area (SAFTA) leading subsequently towards a Customs Union, Common Market and Economic Union. In 1995, the Sixteenth session of the Council of Ministers (New Delhi, 18-19 December 1995) agreed on the need to strive for the realization of SAFTA and to this end an Inter-Governmental Expert Group (IGEG) was set up in 1996 to identify the necessary

steps for progressing to a free trade area. The Tenth SAARC Summit (Colombo, 29-31 July 1998) decided to set up a Committee of Experts (COE) to draft a comprehensive treaty framework for creating a free trade area within the region, taking into consideration the asymmetries in development within the region and bearing in mind the need to fix realistic and achievable targets.

The SAFTA Agreement was signed on 6 January 2004 during Twelfth SAARC Summit held in Islamabad, Pakistan. The Agreement entered into force on 1 January 2006, and the Trade Liberalization Programme commenced from 1st July 2006. Following the Agreement coming into force the SAFTA Ministerial Council (SMC) has been established comprising the Commerce Ministers of the Member States. To assist the SMC, a SAFTA Committee of Experts (SCOE) has been formed. SCOE is expected to submit its report to SMC every six months. The SAFTA Agreement states that the “the SMC shall meet at least once every year or more often as and when considered necessary by the Contracting States. Each Contracting State shall chair the SMC for a period of one year on rotational basis in alphabetical order.

SAFTA created a free trade area of 1.6 billion people in Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka (as of 2011, the combined population is 1.8 billion people).

SAFTA requires the developing countries in South Asia (India, Pakistan and Sri Lanka) to bring their duties down to 20 percent in the first phase of the two-year period ending in 2007. In the final five-year phase ending 2012, the 20 percent duty will be reduced to zero in a series of annual cuts. The least developed nations in South Asia (Nepal, Bhutan, Bangladesh, Afghanistan and Maldives) have an additional three years to reduce tariffs to zero. India and Pakistan ratified the treaty in 2009, whereas Afghanistan as the 8th member state of the SAARC ratified the SAFTA protocol on 4 May 2011.

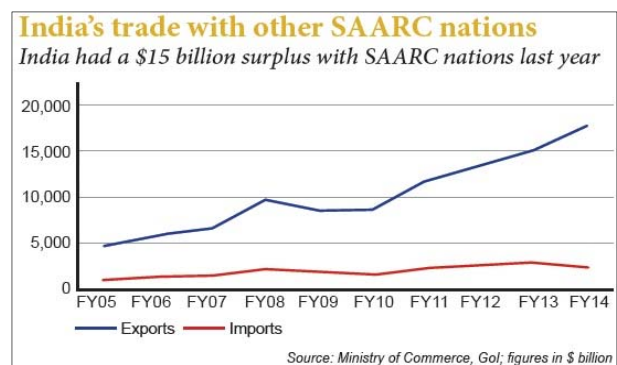


Fig 1

South Asian University (SAU)

SAU is an International University sponsored by the eight Member States of the SAARC. South Asian University started admitting students in 2010, at a temporary campus at Akbar Bhawan, Delhi, India. Its permanent campus will be at Maidan Garhi in South Delhi, India, next to Indira Gandhi National Open University (IGNOU). First academic session of the university started in August 2010 with the degrees of the university are recognized by all the member nations of the SAARC according to an inter-governmental agreement signed by the foreign ministers of the 8 countries.

India's Role in SAARC

India is one of the founding member nations of SAARC, or the South Asian Association for Regional Cooperation, and is the home of two regional centers within the organization, the SAARC Documentation Centre and the SAARC Disaster Management Centre. Additionally, India holds a permanent seat on the SAARC Board of Directors, and Indian representatives have twice served as secretary general of the organization. Its role is to be present, contribute funding and diplomatic manpower, and give political relevance and will power to SAARC. India also frequently plays host to SAARC committee members when they meet for organizational summits. India succeeded in building excellent trade relations and cordial relations on social, political and economic front with the SAARC countries. India has been an active member of the SAARC and aims at fostering better mutual understanding by supporting people-to-people initiatives. India offers a great source of potential investment in terms of trade and commerce as it is the sole SAARC member to be sharing borders with all members via land or sea.

SAARC Summit

SAARC has played an important role by bringing the member countries closer together by holding various meetings and summits at various levels. Though overall development of this organization is marred by internal disputes and various other factors but still its establishment and the sense to develop regional integration has created a hope for its future progress

Table 1

| Summit | Year | Place |
|--------------------|------------------------|---------------------|
| First Summit | 7-8-December 1985 | Dhaka Bangladesh |
| Second Summit | 16-17 November 1986 | Bengalure India |
| Third Summit | 2-4 November 1987 | Kathmandu, Nepal |
| Fourth Summit | 29-31 December 1988 | Islamabad, Pakistan |
| Fifth Summit | 21-23 November 1990 | Malé, Maldives |
| Sixth Summit | 21 December 1991 | Colombo, Sri Lanka |
| Seventh Summit | 10-11 April 1993 | Dhaka Bangladesh |
| Eighth Summit | 2-4 May 1995 | New Delhi India |
| Ninth Summit | 12-14 May 1997 | Male, Maldives |
| Tenth Summit | 29-31 July 1998 | Colombo Sri Lanka. |
| Eleventh Summit | 4-6 January 2002 | Kathmandu, Nepal |
| Twelfth Summit | 4-6 January 2004 | Islamabad Pakistan |
| Thirteenth Summit | 12-13 November 2005 | Dhaka Bangladesh |
| Fourteenth Summit | 3-4 April 2007 | New Delhi, India |
| Fifteenth Summit | 1-3 August 2008 | Colombo, Sri Lanka |
| Sixteenth Summit | 28-29 April 2010 | Thimpu, Bhutan |
| Seventeenth Summit | 10-11 of November 2011 | Addu City, Maldives |
| Eighteenth Summit | 26-27 November 2014 | Kathmandu Nepal |
| Nineteenth Summit | 15- 16 November 2016 | Islamabad Pakistan |

Conclusion

Prime Minister Sh. Narendra Modi recently said that "All eight members of SAARC, led by India, can draw up a common plan to eliminate poverty from the region and make South Asia a global power."

SAARC's prime objectives include promoting the welfare of the people of South Asia, accelerating the Economic growth, social progress, providing dignified livelihood to all individuals and on a larger scale promoting the self-reliance amongst the South Asian nations and building trust and appreciation for other countries' problem. Even after 29

years of existence SAARC members have failed to integrate properly and take advantage of existing opportunities. The main reason for the slow progress of SAARC integration is the low level of trade between the two largest partners – India and Pakistan. The immediate concern for the success of SAARC should be to remove the irritants between the two equally important is the development of supply chains.

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