

CHAPTER- VINDIA'S EXPORTS TO SOUTH ASIAN COUNTRIES.V.1. INTRODUCTION :

India's overall exports to South Asian countries are not at all satisfactory. As mentioned in the preceding chapter, the average share of South Asian countries in India's total exports was 2.81 per cent only during the 1980s. India's share in the exports of South Asian countries is alarmingly poor. The major share of their exports is transferred to the industrialised countries rather than to India. Similarly, India has been exporting major share of its exports to the industrialised nations instead of exporting to the countries of this region. On the other hand, countries like Bangladesh, India and Nepal have been competing with each other for exporting their common products such as tea, jute, leather etc. to the outside market. Though India established trade links with other countries of South Asia and made efforts to increase the volume of its exports, yet the growth remained slow over the period of eighties. Due to the deterioration of Indo-Pak relation after the war of 1971, Indo-Sri Lankan relation on Tamil issue, Indo-Nepal relation on the conflict of the renewal of the Trade and Transit Treaty at the end of the 1980s and Indo-Bangladesh relation on the sharing of Farakka water, India's exports to these countries could not reach to the expected level.

India's exports to South Asian Countries which was

only 3.58 per cent of the aggregate export of India in 1980, declined to only 2.8 per cent in 1989. It is now necessary to find out the position of India's exports to the individual country in the region so that a solution to the sluggish growth of India's exports to these countries can be traced for the benefit of the countries of South Asia. In the following sections we look into the details of India's export to each of the country in this region. The share of South Asian countries in India's exports and India's share in the imports of these countries are discussed in this chapter. The Trade Agreements that would increase the volume of India's trade with South Asian countries are also discussed at the end.

V.2. Distribution of India's Exports to South Asian Countries :

India's exports to South Asian countries in per cent are presented in the Table V.1. It is evident from the table that Nepal shared the highest percentage on average during 1980s consuming 39.48 per cent of India's total exports to South Asian countries followed by Sri Lanka 33.13 per cent and Bangladesh 25.71 per cent. Only 1.60 per cent of India's total exports to South Asia has gone to Pakistan on average during 1980-89 and it is an alarming picture of Indo-Pak trade relation over the period under investigation. Maldives shared the lowest percentage of only 0.41 per cent.

It reveals from the table that while Nepal's dependence on India in imports increased from 30.94 per cent in 1980 to 40.76 per cent in 1989, Bangladesh's imports from India reduced to 24.77 per cent in 1989 from 34.53 per cent

Table - V.1

Distribution of India's Exports to South Asian Countries

(In Per Cent)

Country	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	Average
Bangladesh	34.53	24.87	21.08	25.00	24.82	24.81	24.73	25.70	24.93	24.77	25.71
Maldives	0.98	0.51	0.54	0.38	0.35	0.37	0.36	0.31	0.26	0.22	0.41
Nepal	30.94	40.10	40.54	40.15	40.21	40.22	40.36	41.38	40.26	40.76	39.48
Pakistan	0.65	1.52	2.16	1.51	1.40	1.50	1.45	1.57	1.59	2.48	1.60
Sri Lanka	32.90	32.97	35.68	32.95	33.22	33.08	33.09	34.17	32.99	31.76	33.13

Source : Computed from Table III.4

in 1980. With little improvement in 1982 and in 1987 Sri Lanka's share in the India's exports remained same by and large during the eighties. India's exports to Pakistan which was only 0.65 per cent in 1980 increased to 2.16 per cent in 1982 but in 1983 it declined to 1.51 per cent. Following up and down trends finally in 1989 it increased to the highest per-centage of 2.48.

The final observation is that, Nepal, Sri Lanka and Bangladesh these three countries are the main trading partners of India in South Asia region and these countries jointly shared nearly 98 per cent of the total exports of India to this region during 1980s. Rest of the countries (data on Bhutan are not available) shared only 2 per cent of India's exports over the same period.

V.3. India's Share in the Imports of South Asian Countries:

India contribution to the total imports of South Asian countries had been very poor during 1980s with a little exception with Nepal. It is noticed from the table V.2 that only Nepal imported a reasonable amount of goods from India in 1980-89. One-fourth of Nepal's total import came from India. India's share in the imports of rest of the countries averaged as Sri Lanka's 4.89 per cent, Bangladesh's 2.75 per cent, Maldives' 2.56 per cent and Pakistan's 0.07 per cent (lowest) over the period of 1980s. The share of India in Sri Lanka's imports increased to 6.45 per cent in 1989 from 4.96 per cent in 1980 following ups and downs. In the case of Maldives, India's share declined drastically to 3.23 per cent in 1981 from 10.34 per cent in 1980 and following a declining trend it went

Table - V.2

India's Share in the Imports of South Asian Countries
(In Per Cent)

C o u n t r y	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	Average
Bangladesh	4.08	1.82	1.69	3.04	2.51	2.38	2.73	3.03	3.16	3.04	2.75
Maldives	10.34	3.23	2.33	1.75	1.89	1.89	1.56	1.03	0.83	0.72	2.56
Nepal	27.78	21.41	18.99	22.84	27.64	23.62	24.14	23.08	28.60	36.13	25.42
Pakistan	0.04	0.05	0.07	0.07	0.07	0.07	0.07	0.08	0.07	0.15	0.07
Sri Lanka	4.96	3.52	3.60	4.78	5.09	4.77	4.90	5.30	5.57	6.45	4.89

Source : Collected and Computed from Direction of Trade Statistics, IMF, Yearbook - 1990.

down to only 0.72 per cent in 1989. India's share in the imports of Bangladesh was at the highest level of 4.08 per cent in 1980 and it declined gradually to the lowest percentage of 1.69 in 1982. Finally in 1989 it increased but could not reached to the level of 1980 again.

V.4. Share of South Asian Countries in India's Exports:

Table V.3 presents the shares of South Asian countries in India's exports. It can be seen from the table that on average Nepal shared 1.10 per cent of aggregate exports of India during 1980s. This was the highest percentage among the South Asian countries. Next is Sri Lanka with 0.93 per cent followed by Bangladesh with 0.73 per cent and Pakistan with only 0.04 per cent. Data on Bhutan were not available and the share of Maldives was very insignificant. The shares of Bangladesh and Sri Lanka were declined in 1989 comparing to that of 1980 and the same was increased in the case of Nepal and Pakistan. There were marginal ups and downs in between 1980 and 1989 for all the countries of the region. These poor percentage shares of South Asian countries in India's exports over the period of 1980s had been due to negative approach to the promotion of regional trade by the countries of South Asia.

V.5. Composition of India's Exports to South Asian Countries:

Major components of India's exports to South Asian Countries are presented in Table V.4 to V.8. To find out the value of exports and to facilitate the analyses, the average

Table - V.3

Share of South Asian Countries in India's Exports

(In Per cent)

C o u n t r y	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	Average
Bangladesh	1.23	0.59	0.42	0.72	0.72	0.72	0.72	0.73	0.72	0.69	0.73
Bhutan NA	-	-	-	-	-	-	-	-	-	-	-
Maldives *	-	-	-	-	-	-	-	-	-	-	-
Nepal	1.11	0.95	0.80	1.16	1.16	1.17	1.18	1.17	1.16	1.14	1.10
Pakistan	0.02	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.07	0.04
Sri Lanka	1.18	0.78	0.70	0.95	0.96	0.96	0.97	0.96	0.96	0.89	0.93

NA = Not Available .

* = Negligible .

Source : Collected and Computed from Direction of Trade Statistics ,
IMF, Yearbook - 1990.

of 1980-82 and 1987-89 are computed in respect of all the countries except Bhutan. Data on Bhutan were not available. Although the tables give the details of component of exports and their respective values in different years, a brief analyses of exports of India to these countries are given below:

V.5.1. India's Principal Exports to Bangladesh:

It is evident from the Table V.4 that cotton and handloom and powerloom fabrics; motor car, vehicle and part and accessories; rubber tyres and tubes for motor vehicles; cutting and cotton processing machineries and knitted or crocheted fabrics were the main export items of India to Bangladesh during 1980-82 from which India earned Rs.2119 lakh, Rs.829 lakh, Rs.486 lakh, Rs.328 lakh and Rs.308 lakh respectively. These five items earned nearly 50 per cent of the grand total (Rs.8391 lakh) of India's exports to Bangladesh.

In 1987-89 also cotton, handloom and powerloom fabrics averaged the highest value of Rs.8050 lakh. But some of the other items like coal, fruits, colouring materials and machinery and equipments are exported in large scale compared to 1980-82 although the same five items averaged significant value of exports in 1987-89 as it was in 1980-82.

Table - V.4

INDIA'S PRINCIPAL EXPORTS TO BANGLADESH

(Value in Rs. Lakh)

C O M M O D I T I E S	1980-82 (Average)	1987	1988	1989	1987-89 (Average)
Onion and Garlic, fresh or chilled	98	485	1529	3021	1678
Fruits, fresh or dried	189	585	755	1088	809
Spices	106	276	8	2	95
Tobacco and Tobacco manufactures	138	387	72	197	219
Salt	76	94	397	209	233
Lime Stone, Natural Steatites and Dolomite	-	335	231	404	323
Coal etc.	178	466	766	1646	959
Medicine and Pharmaceutical Products	136	280	351	269	300
Colouring materials(Dispense, Acid, Vats, Reactives)	181	440	454	771	555
Rubber Tyres and Tubes for motor vehicles	486	710	1246	1647	1201
Printing Books, Journals, Periodicals ect.	87	219	287	400	302
Cotton and Handloom and Powerloom Fabrics	2119	4867	7456	11828	8050
Knitted or Crocheted Fabrics	308	455	1574	5266	2432
Aluminium materials, plates and sheets	147	360	740	339	480
Machineries, Equipments and Parts of Machineries	219	394	381	965	580
Cutting, Cotton processing macineries, Parts and Accessor	328	798	1215	1723	1245
Railway wagons and parts theirof	147	338	72	19	143
Motor cars, Vehicles and parts theirof	892	1897	1349	2480	1909
Total of the above items	5835	13386	18883	32274	21523
Grand Total of Exports	8391	18633	26026	45791	30150
Total of the above items as percentage to the Grand Total of Exports	69.54	71.84	72.55	70.48	71.35

Source : Statistics of the Foreign Trade of India, Annual Issues, DGCI & S, Calcutta, Government of India.

V.5.2. India's Principal Exports to Maldives:

The principal exports of India to Maldives are ~~-----~~ cotton and other handloom fabrics; potatoes cooked or uncooked; medicines and medicaments; onion fresh or chilled; birds eggs and aluminium utensils etc. Among the items furnished in Table V.5, these goods contributed in higher values to the Indian's exports both in 1980-82 and in 1987-89. Maldives being a small country both in area and population in the region, could not import in large values from India. Cotton and other handloom fabrics formed the highest average of Rs.88 lakh in 1987-89 and medicine and medicament contributed the highest amount of Rs.17 lakh in 1980-82. India's export of cane sugar refined to Maldives declined from Rs.9 lakh in 1980-82 to Rs.6 lakh in 1987-89. The export of birds eggs, onion, ceiling fans and cotton fabrics increased considerably at the end of 1980s.

V.5.3. India's Principal Exports to Nepal :

Table V.6 gives a list of principal exports of India to Nepal for the period of 1980-89. Both in 1980-82 and in 1987-89, India's exports of medicines and pharmaceuticals products to Nepal earned the highest amount ranging Rs.968 lakh and Rs.1,800 lakh respectively. The important items are ----- motor vehicles and parts; tobacco and tobacco manufactures; cotton fabrics and yarns; coking and other coals and fruits(cashew Kernels). Exports of these items increased significantly over the period 1980-89. The exports of tea and coffee which was only Rs.101 lakh in 1980-82, increased steadily upto Rs.617 lakh in 1989, and exports of motor vehicles declined to Rs. 218 lakh in 1989 from

Table - V.5

INDIA'S PRINCIPAL EXPORTS TO MALDIVES

(Value in Rs. Lakh)

C O M M O D I T I E S	1980-82 (Average)	1987	1988	1989	1987-89 (Average)
Boneless Meat and other poultry meats etc.	1	3	4	2	3
Birds Eggs etc.	4	22	29	28	26
Onion, fresh or chilled	3	21	40	32	31
Potatoes, cooked or uncooked	11	27	64	49	47
Cane Sugar Refined	9	11	2	-	6
Papad, Sweet Biscuits and other prepared foods	5	17	22	17	19
Medicines and Medicaments	17	32	61	39	44
Cotton and other handloom fabrics	14	38	69	158	88
Napkins(Mill-made) and other dress materials	2	11	9	9	10
Aluminium Utensils	11	5	24	16	15
Ceilling Fans etc.	1	2	-	28	15
Steel Furnitures etc.	1	2	4	3	3
Total of the above items	79	194	328	381	307
Grand Total of Exports	145	296	627	663	529
Total of the above items as percentage to the Grand Total of Exports	54.48	65.54	52.31	57.47	58.03

Source: Same as in Table- V.4.

Table - V.6

INDIA'S PRINCIPAL EXPORTS TO NEPAL

(Value in Rs. Lakh)

C O M M O D I T I E S	1980-82 (Average)	1987	1988	1989	1987-89 (Average)
Milk Food for Babies and other condensed milk	96	128	90	14	77
Potatoes fresh or chilled	19	48	81	28	52
Fruits(Cashew Kernels)	149	24	1396	16	479
Tea, Coffee etc.	101	182	418	617	406
Spices	86	143	48	47	79
Wheat for Human consumption	140	562	34	-	298
Malted Milk (incl. powder)	116	241	302	386	310
Tobacco and Tobacco manufactures	421	875	890	903	889
Coking and other Coal	203	367	500	33	300
Medicines and Pharmaceutical Products	968	1088	1315	1800	1401
Hand-made and other Papers	78	120	166	240	175
Cotton Fabrics and Yarns	204	631	595	181	469
Machineries and Parts and Accessors	105	100	59	74	78
Cutting, Cotton weaving machines etc.	81	271	28	8	102
Motor Vehicles and Parts of Vehicles	493	923	975	218	705
Total of the above items	3262	5703	6897	4495	5698
Grand Total of Exports	5681	9431	11325	8340	9699
Total of the above items as percentage to the Grand Total of Exports	57.38	60.47	60.90	53.90	58.75

Source : Same as in Table - V.4.

Rs. 923 lakh in 1987. Some of the important items like cotton fabrics, coking and other coals, spices, fruits and wheat also declined at the end of 1980s comparing to 1988 and 1987 although the average exports of these items increased in 1987-89 as compared to 1980-82.

V.5.4. India's major Exports to Pakistan:

Pakistan had not been an important trading partner of India during the eighties as mentioned earlier. The trade relation between the two countries was affected by the various political and other factors. Naturally India's exports to Pakistan, despite having potentials, could not reach to the expected level. As evident in Table V.7, only seven type of items accounted for more than fifty per cent of the total exports of India to Pakistan. and it is a clear indication of poor trade relations between the two countries.

Tea, Iron ore, Electrodes of furnace and graphite, Ginseng Roots, Betal leaves and nuts, Manganese ore and Printed books are the principal India's exports to Pakistan. Among these products iron ore earned the highest amount both in 1980-82 and in 1987-89 contributing Rs.138 lakh and Rs.669 lakh respectively. Till the end of 1980s, the exports of tea, ginseng roots and iron ore increased continuously.

V.5.5. India's principal Exports to Sri Lanka:

Sri Lanka is one of the important importers of Indian goods in South Asia region. It is a neighbouring country and India has a lot of products to meet Sri Lanka's requirements.

Table - V.7

INDIA'S PRINCIPAL EXPORTS TO PAKISTAN

(Value in Rs.Lakh)

C O M M O D I T I E S	1980-82 (Average)	1987	1988	1989	1987-89 (Average)
Tea, Green or Black	79	172	392	544	369
Ginseng Roots, Betal leaves and nuts etc.	95	159	202	287	216
Iron Ore, Lumps and Fines	138	450	741	817	669
Manganese Ore	68	-	102	298	200
Printed books, Newspaper etc.	48	83	133	112	109
Electrodes of Furnace and Graphite	69	132	509	343	328
Sports materials	38	46	81	150	92
Total of the above items	535	1042	2160	2551	1983
Grand Total of Exports	916	1911	3619	5133	3554
Total of the above items as percentage to the Grand Total of Exports	58.41	54.53	59.68	49.70	55.80

Source : Same as in Table - V.4.

In 1980-92, the amount of main India's exports to Sri Lanka were----- motor vehicle and parts thereof Rs.1268 lakh (highest), followed by cotton fabrics and yarn Rs. 893 lakh, medicines and pharmaceutical products Rs.628 lakh, motor cycles, bicycles and parts thereof Rs.491 lakh and spices Rs.362 lakh as evident in Table V.8. By and large the same trend can be observed for 1987-89 also.

Cotton fabrics and yarns, despite an important Indian export to Sri Lanka, declined to Rs.1371 lakh in 1989 from Rs.2036 lakh in 1988, and motor vehicles and parts thereof which increased and reached to the highest figure in the table (Rs.3070 lakh) in 1988, declined drastically to Rs.1083 lakh in 1989. Practically most of the important export items have shown declining trend in 1989. It may be due to the deterioration of Indo-Sri Lankan relation on Tamil issue and lack of fruitful Indian efforts to increase the volume of its exports to Sri Lanka.

As a whole, there are some common products of India's exports to South Asian countries. These are---- machinery and equipments, motor car and other vehicles, medicines and pharmaceutical products, cotton fabrics and yarns and parts and accessories of machineries. All the countries (except Pakistan) of South Asia region are economically and industrially very weak. Taking more appropriate initiatives with a view to normalise and to increase trade relations with these countries India can establish herself as an important supplier of goods and other services to these countries.

Table - V.8.

INDIA'S PRINCIPAL EXPORTS TO SRI LANKA

(Value in Rs.Lakh)

COMMODITIES	1980-82 (Average)	1987	1988	1989	1987-89 (Average)
Fish, Smoked and Dried	233	397	399	281	359
Spices (Chilly and Chilly powder)	362	486	270	455	404
Palm Fibre, Ridi leaves and Chilly oleo resins etc.	231	374	565	687	542
Soya oil-cake and meal of Soyabean	129	215	211	89	172
Medicines and Pharmaceutical products	628	874	1373	550	932
Colouring matters	76	104	160	109	124
Cotton Fabrics and yarns	893	2076	2036	1371	1827
Woven Fabrics (Polyster & Cotton)	82	116	119	198	144
Parts and Accessors of Machineries	118	168	148	135	150
Parts of Mill machineries	29	68	63	47	59
Cutting and Knitting machines and parts thereof	59	158	177	97	144
Motor Vehicles and parts thereof	1268	1747	3070	1083	1967
Motor Cycles and Bi-cycles and parts thereof	491	655	1029	952	879
Total of the above items	4599	7438	9620	6054	7704
Grand Total of Exports	6996	10328	14647	9821	11599
Total of the above items as percentage to the Grand Total of Exports	65.74	72.02	65.68	61.64	66.42

Source : Same as in Table -V.4.

V.6. Comparison of India's Exports to South Asian Countries with the Industrialised Nations:

Direction of India's exports to industrialised and South Asian nations are furnished in Table V.9. Percentages of the various directions over the period of 1980s are also calculated to facilitate the analysis of the table.

It reveals from the Table that on average 46.99 per cent of the total exports of India went to the Industrialised countries during 1980-89 and only 2.85 per cent of the same consumed by the South Asian countries jointly. It is a clear indication of low volume of India's exports to South Asian countries. Although there are increases in the volume of exports during 1980s, the distribution of percentages to South Asian countries remained at the same level by and large. Another important finding is that the India exports to industrialised nations showed an increasing trend till 1983 and thereafter it stationed at around 43 per cent till 1988 and finally in 1989 it showed very marginal improvement upto 44.24 per cent. Among the countries in South Asia, Nepal imported in the highest value and Pakistan the lowest.

V.7. Trade Agreements to Promote India's Exports to South Asian Countries :

The amount of India's exports to South Asian countries is notably low as we have seen in the earlier discussion. There are so many causes for the low growth of India's exports to South Asian countries. These are ----(1) lack of Preferential Trading Agreements; (2) Lack of adequate information about

Table - V.9.

COMPARISON OF INDIA'S EXPORTS TO SOUTH ASIAN COUNTRIES WITH INDUSTRIALISED NATIONS

(In million of US Dollar)

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	TOTAL	1980-89 (Average)
Total Exports	8586 (100)	8292 (100)	9358 (100)	9148 (100)	9916 (100)	9140 (100)	9399 (100)	11298 (100)	13325 (100)	15846 (100)	104311 (100)	10431 (100)
To Industrialised Countries	4110 (47.87)	4512 (54.41)	5225 (55.83)	5362 (58.61)	4240 (42.76)	3940 (43.11)	4060 (43.20)	4865 (43.06)	5693 (42.72)	7011 (44.24)	49018 (46.99)	4902 (46.99)
To South Asian Countries	304 (3.54)	226 (2.72)	204 (2.18)	263 (2.87)	285 (2.87)	265 (2.90)	274 (2.91)	328 (2.90)	384 (2.88)	443 (2.79)	2966 (2.89)	297 (2.85)
Bangladesh	106	58	39	66	71	66	68	82	96	110	762	76
Nepal	95	95	85	106	115	107	111	132	155	181	1182	118
Pakistan	2	3	4	4	4	4	4	5	6	11	47	5
Sri Lanka	101	70	66	87	95	88	91	109	127	141	975	97

Source : 1) International Financial Statistics, IMF, 1991.

2) Direction of Trade Statistics, IMF, 1985 and 1990.

Indian products to the countries in the region; (3) low quality of Indian goods compared to the developed countries; (4) lack of practical Indian initiatives to promote its exports; lack of adequate Indian credit facilities and (5) South Asian countries' fear of Indian domination in the markets of the formers. Of course, some measures have been taken to promote India's exports to South Asian countries though in small extent. Recently, some Trade Agreements are being made with South Asian countries and organising Trade Fairs in the countries of the region.

India's trade with Bangladesh is governed by the Trade Agreement of 1980. To improve trade relation both the countries agreed to hold trade fairs, frequent exchange of trade delegations and exchange of various trade information. With a view to increase exports to Bangladesh, India has announced a number of steps while a trade delegation from Bangladesh headed by Mr. Salman F. Rahman, President of Metropolitan Chamber of Commerce and Industry, Dhaka, at the end of January, 1989.

India signed a special Agreement of Trade and Commerce with Bhutan on 27th December, 1983 which provides a free trade and commerce between the territories of the two countries. Bhutan can also trade with third countries through India. Imports and exports involving third countries are now getting exemption of Indian duties and the merchant ships involved in on-coastal trade and sailing under Bhutan's flag are allowed "Most Favoured Nation (MFN) treatment. Nearly 95 per cent

of Bhutan's imports coming from India either direct or indirect.

Trade between India and Maldives are directed by the Trade Agreement signed in 31st March, 1981. In 1984, there was a government level talk in New Delhi to strengthen direct trade link and cargo service between the two countries. Now India is one of the important sources of Maldives' imports.¹

India's trade with Nepal is conducted through the Treaty of Trade, Treaty of Transit and Agreement of Cooperation to control unauthorised trade signed in 1978. Under the Treaty of Transit, movement of cargo by rail and road, transshipment and warehousing facilities have been given to Nepal by India. As a result, India's exports to Nepal increased considerably.

India's trade relation with Nepal took a serious turn in 1988 when Nepal refused to renew the Treaty of Trade and Transit with India. Ultimately India's exports to Nepal declined at the end of 1980s. To improve trade relation both the countries agreed to hold trade fairs, frequent exchange of trade delegations and to exchange of information. The problems are discussed and resolved for the mutual benefit of both the countries. On 17th April, 1990, Nepal's Prime

1. V.L.Rao, "South Asian Regional Cooperation; Problems and Prospects", South-South Economic Cooperation, of RIS, Radiant Publishers, New Delhi, 1987, /124.

Minister affirmed his determination to maintain special relationship with India, calling for revision of the Treaty of 1950 to update it and make it more meaningful.²

There is no trade agreement between India and Pakistan at present. In 1983-84, two meetings of Indo-pak Sub-committee on Trade were held and the Committee agreed to include private sector into the bilateral trade. The Committee selected 10 items of Pakistan and 9 items of India for trade. Pakistan has been allowing only its public sector to import a few items from India and it is imposing more restrictions on its private sector for imports from India. On the other hand, these kind of restrictions on importing goods from Pakistan to India are relatively less. Practically two Indo-Pak wars of 1962 and 1971 hampered the trade relation between the two countries. Hence, India could not increase its exports to Pakistan.

A Trade Agreement was signed in 1961 to conduct trade between India and Sri Lanka. Sri Lanka had been one of the important trading partners of India during 1970s and even at the first half of 1980s also. Specially at the beginning of 1980s India exported significantly to Sri Lanka. But at the end of 1980s India's trade with this country had been declining after the Indian interference on Tamil issue in Sri Lanka. Now both the countries agreed to improve their trade relation and a number of initiatives are being taken by India to increase its exports in Sri Lanka.

2. Indian Express, Madras, April 18, 1990.

It reveals from the foregoing discussion that India's exports to South Asian countries had been very poor during the 1980s compared to its exports to the other regions. It is noticed from the analyses that-----

- (a) South Asian countries jointly shared only 2.81 per cent of the global exports of India during 1980s on an average.
- (b) Among the countries in South Asia, the average share of Nepal in India's total exports to this region recorded the highest percentage (39.48) over the period 1980-89. Sri Lanka came second with 33.13 per cent and Bangladesh third with 25.71 per cent.
- (c) Pakistan, (despite having potentials of India's exports to Pakistan) shared only 1.6 per cent of the total India's exports to South Asian countries during 1980s on an average.
- (d) 47 per cent of India's aggregate exports went to the industrialised countries on average during 1980-89 while the South Asian countries jointly shared only 2.8 per cent of the same on average.
- (e) India's trade relations with none of the South Asian countries was favourable to promote India's exports to this region during the eighties.