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Research Paper

SOUTH ASIAN FREE TRADE AREA AGREEMENT

An Analysis of India's Agricultural Trade

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ABSTRACT

Latest available figures indicate that close to 40% of the world's population suffering from hunger and malnutrition belongs to South Asia. Low agriculture productivity has sustained high levels of poverty in the region. The growth of agriculture will continue to be of paramount importance for eradication of poverty, hunger, livelihood security, and inclusive growth of the regional economies.

The SAFTA Agreement was signed on January 6, 2004 during Twelfth SAARC Summit held in Islamabad, Pakistan. The Agreement entered into force on 1 January, 2006, and the Trade Liberalisation programme commenced on 1, July, 2006. SAFTA was formed in order to increase the level of trade and economic cooperation among the SAARC nations by reducing tariffs and barriers to trade.

This paper analyses the impact of SAFTA Agreement on agricultural trade of India with SAFTA member countries. At the same time, it also looks into trade trends of the SAFTA member countries.

The SAFTA Agreement failed to push regional trade in south Asia. India's trade with SAFTA member countries declined to 3.4% of its total trade in 2014 from 3.6% in 2005.

The scenario of agricultural trade of India with the regional economies is no different than the overall trade. The agricultural trade of India with SAARC economies, which was 8.0% of total trade in 2005, declined to 7.5% in 2014. However, there have been some changes in composition of agricultural trade after the implementation of SAFTA Agreement.

KEYWORDS: *SAFTA, Agricultural trade, Tariff Reduction Programme, Direction of Trade*
JEL classification: *F15, F53, Q15*

I. INTRODUCTION

The South Asia is home to 1.567 billion people that constitute 23.7% of global population. However, the share of the region in terms of worldwide land and water resources is much lower than population share e.g. region's geographic coverage is sheer 3.96% of the worldwide land accumulation. For the reason of high population pressure on land, percentage of arable land to total area is much higher than the worldwide average e.g. share of the region in global arable is 14%. Latest available figures indicate that close to 40% of the world's population afflicted from hunger and malnutrition belongs to South Asia. South Asia is one of the most backward regions in the world and without delay needs development and a higher rate of economic growth. It accounts for only 6.7% of world GDP. Low agriculture productivity has continued high levels of poverty in the region.

Agriculture in the region is dominated by small holdings as holdings below one hectare account more than 60% of total farm holdings. Due to low productivity and low farm incomes the rise in per capita income in agriculture sector also remained below the non-agriculture sector. Moreover, the shift in work force from agriculture to non-agriculture sectors has remained far below the expected levels implying thereby that in the years ahead; growth of agriculture will continue to be of supreme importance for eradication of poverty, hunger, livelihood security, and inclusive growth of the regional economies.

Most of the South Asian countries are primarily agriculture economies. Their economies are also based largely on agriculture. The World Bank Statistics of 1995 clearly revealed the above mentioned proposition and pointed rural poverty in these countries to poor agricultural productivity.

South Asian Association for Regional Cooperation (SAARC) was founded by the member nations in 1985 to promote economic cooperation and development in the region.

The GDP share of agriculture sector of the SAARC countries (1995) were: Bangladesh- 30%. Bhutan- 45%, India- 31%, Nepal- 45%, Pakistan- 25% and Sri Lanka- 25%, while the labour force engaged in agriculture sector (1995) in SAARC region were: Bangladesh- 65%. Bhutan- 90%, India- 63%, Nepal- 92%, Pakistan- 47% and Sri Lanka- 49%. The share of agriculture sector in GDP and employment, though decreased over the years, is still significant in SAARC economies.

The statistics undoubtedly indicates the realities that increase in agricultural productivity is one of the foremost keys to poverty alleviation in SAARC countries. Therefore, the motivational factor in economic growth is agricultural production.

Agriculture is still a key constituent in south Asian economies in respect of employment as also in contribution to national GDP. Trade in food and other commodities can play an important role in achieving food security and stabilizing supply conditions and prices.

The SAARC Agricultural Information Centre (SAIC), the first regional institution of SAARC, started functioning in Dhaka in January 1989. Its main objective is sharing information mutually for the advancement of agriculture, livestock, fisheries, forestry and allied disciplines.

Thus, it becomes imperative to study the agricultural trade within the SAFTA region after the formation of SAFTA. The study analyses the agricultural trade of India with the SAFTA member countries. This study has the following objectives:

1. To study trade trends of the SAFTA Members 2005 onwards.
2. To study the India's trade trends with the SAFTA Members after the formation of SAFTA.
3. To assess the impact of SAFTA Agreement on India's agricultural trade with the SAFTA member countries.

The present study has been organised into six sections. Section II introduces the SAFTA Agreement and describes the trade trends in the region after the signing of the Agreement. Section III deals with India's trade trends with the SAFTA Members after the formation of SAFTA. Section IV shows India's agricultural trade with the SAFTA Member countries. Section V analyses the impact of the SAFTA Agreement on India's agricultural trade with SAFTA member countries. Section VI concludes the paper.

II. THE SAFTA AND REGIONAL TRADE

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

Afghanistan became eighth Member of the SAARC after the ratification of the SAFTA protocol on the 4th of May, 2011. There is provision of special and differential treatment to least developed nations within the group i.e. Nepal, Bhutan, Bangladesh, Afghanistan and Maldives. SAFTA was created in order to increase the level of trade and economic cooperation among the SAARC nations by reducing tariffs and barriers to trade.

The Agreement on SAARC Preferential Trading Arrangement (SAPTA) was envisaged largely as the first step towards the transition to a South Asian Free Trade Area (SAFTA) leading subsequently towards a custom union, common market, economic union. The Agreement on SAARC Preferential Trading Arrangement (SAPTA) was signed in 11 April, 1993 and entered into force on 7 December 1995. In 1995, the sixteenth session of the Council of Ministers on 18-19 December, 1995, at New Delhi agreed on the need to endeavour for the realisation of SAFTA. To accomplish this, an Inter-Governmental Export Group (IGEG) was set up in 1996 to identify the required steps for progressing to a free trade area. On 29-32 July, 1998, the tenth SAARC Summit decided to setup a Committee of Experts to draft a comprehensive treaty framework for creating a free trade area within the region, bearing in mind the asymmetries in development within the region and taking into consideration the need to fix pragmatic and attainable targets.

The Contracting States are required to follow the tariff reduction schedule. There is provision of a sensitive list of goods for every member i.e. a list which does not include tariff concessions on the goods mentioned in it.

The important provisions of SAFTA Agreement are given below:

1. The SAFTA Agreement will be implemented through the following instruments:
   - (i) Trade liberalisation programme
   - (ii) Rules of origin
   - (iii) Institutional arrangement
   - (iv) Consultation and dispute settlement procedure
   - (v) Safeguard measures
   - (vi) Any other instrument that may be agreed upon.
2. The SAFTA may, inter-alia, consist of arrangements relating to:
   - (i) Tariffs
   - (ii) Para tariffs
   - (iii) Non-tariff measures
   - (iv) Direct trade measures

Table 1 summarises the Tariff Reduction Programme to be followed by member countries.

Table 1
The Tariff Reduction Programme under SAFTA Agreement

Country	Existing tariff rate	Proposed reduction	Time-line
First Phase			
Non-least developed countries (India, Pakistan and Sri Lanka)	More than 20%	Reduce maximum tariff to 20%	Within 2 years (1 Jan 2006- 1 Jan 2008)
	Less than 20%	Further annual reduction of 10%	Each of 2 years (1 Jan 2006- 1 Jan 2008)
Least developed countries (Bangladesh, Bhutan, Nepal and Maldives)	More than 30%	Reduce maximum tariff to 30%	Within 2 years (1 Jan 2006- 1 Jan 2008)
	Less than 30%	Further annual reduction of 10%	Each of 2 years (1 Jan 2006- 1 Jan 2008)
Second Phase			
Non-least developed countries (India, Pakistan and Sri Lanka)	20% or below	0-5%	Within 5 years (1 Jan 2008- 1 Jan 2013)
Least developed countries (Bangladesh, Bhutan, Nepal and Maldives)	30% or below	0-5%	Within 8 years (1 Jan 2008- 1 Jan 2016)

Source: *Text of SAFTA Agreement*

SAFTA aimed at the reduction of custom duties on all traded goods to zero by 2016.

Table 2 describes the profiles of member states of SAFTA. All the members of SAFTA reveal trade deficits. Top export partners of SAFTA member economies are generally non-SAFTA member economies, indicating that at first glance the trade within the SAFTA member economies seems below the level as envisaged in the SAFTA Agreement.

Table 2
SAFTA Members' Profile
(Figures in millions of U.S. dollar)

Indicator	Afghanistan	Bangladesh	Bhutan	India	Maldives	Nepal	Pakistan	Sri Lanka
Population (Million)	31.628	159.078	0.765	1295.292	0.357	28.175	185.044	20.619
GDP	21122	173062	1965	2054941	3032	19489	251255	74941
Merchandise trade	8300	72673	1336	785603	2293	8450	72140	30715
Merchandise exports	571	30405	409	322694	301	889	24706	11298
Merchandise imports	7729	42268	927	462910	1993	7561	47434	19417
Merchandise trade balance	-7159	-11862	-518	-140216	-1692	-6672	-22729	-8119
Export Structure (%) by Product Group								
All food items	38	5	10	11	92	20	19	26
Agricultural raw material	26	0	0	0	0	4	0	0
Ore and metals	13	0	16	0	0	0	0	0
Fuels	11	0	12	20	0	0	0	0
Manufactured goods	9	93	62	55	6	73	75	65
Others	3	2	0	14	2	3	6	9
Total	100	100	100	100	100	100	100	100
Top partners in exports								
	Pakistan	U.S.	India	U.S.	Thailand	India	U.S	U.S.
	India	Germany	Bangladesh	U.A.E.	France	U.S.	China	U.K.
	U.S.	U.K.	Germany	China	U.S.	China	Afghanistan	India
	Tajikistan	France	Italy	Hong Kong	Germany	Germany	U.K.	Italy
	Germany	Spain	Nepal	Saudi Arabia	Japan	U.K.	U.A.E.	Germany

Source: UNCTAD STAT

The SAARC countries together accounted for 2.4 percent of total world trade and 3.01 percent of total agricultural trade.

Table 3 shows trade of SAFTA member countries during 2005-2014. In 2014, exports from the region accounted for 1.90 % of total world exports. While, imports to the region accounted for 2.87% of world imports in 2014.

According to the IMF direction of trade statistics, the intra regional trade in South Asian region remained at 4.5% in 2005, which was very low as compared to the other trading blocs like ASEAN which had 24.7% regional trade in 2005.

South Asia's total trade has increased at a rate faster than the growth of world trade after 2005; however, trade within the south Asian Bloc has increased at a rate lower than trade with rest of the world (Chand 2012).

Table 3
Trade Trends in SAFTA

Country	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Exports (billions of US $)										
Afghanistan	---	0.408	0.497	0.540	0.403	0.388	0.376	0.429	0.515	0.570
Bangladesh	9.331	11.696	13.143	15.506	15.548	19.230	24.313	---	---	---
Bhutan	0.258	0.413	0.674	0.521	0.495	0.413	0.452	0.531	0.544	0.555
India	100.35	121.20	145.89	181.86	176.76	220.41	301.48	289.56	336.61	317.54
Maldives	0.154	0.135	0.108	0.126	0.076	0.074	0.083	0.161	0.166	0.144
Nepal	---	0.838	0.870	0.937	0.885	0.874	0.907	0.870	0.863	0.900
Pakistan	16.050	16.932	17.838	20.279	17.554	21.413	25.343	24.613	25.120	24.722
Sri Lanka	6.159	6.760	7.661	8.176	7.121	8.304	10.011	9.369	10.014	11.295
World	10374	12005	13845	16020	12427	15125	18054	18101	18477	18715
Imports (billions of US $)										
Afghanistan	---	2.582	2.819	3.019	3.336	5.154	6.390	6.204	8.554	7.697
Bangladesh	12.630	15.628	17.622	24.334	23.245	30.503	41.221	---	---	---
Bhutan	0.387	0.419	0.498	0.543	0.529	0.853	1.051	0.991	0.911	0.810
India	140.86	178.21	218.64	315.71	266.40	350.02	462.40	488.97	466.04	459.37
Maldives	0.744	0.926	1.096	1.387	0.966	1.095	1.411	1.554	1.733	1.992
Nepal	---	2.488	3.139	3.562	3.754	5.115	5.915	6.017	6.451	7.590
Pakistan	25.096	29.825	32.593	42.326	31.583	37.537	43.578	43.813	43.775	47.544
Sri Lanka	8.307	9.773	11.385	13.629	9.431	12.353	19.696	17.884	17.930	19.244
World	10697	12297	14139	16333	12555	15254	18198	18245	18517	18948

Sources: U.N. International Trade Statistics Yearbook, and I.M.F. International Financial Statistics Yearbook

Despite the completion of one decade of SAFTA Agreement implementation the regional trade remains low. There several factors responsible for this. The efforts are being made to enhance the regional trade in SAARC member countries.

It was noted that 53% of the total intra regional import trade was excluded from the Tariff Liberalisation Programme under SAFTA. The sensitive lists of all members remained long. Divergence in standards is considered a major non-tariff barrier for trade not picking up in the region.

SAARC members established the South Asian Regional Standards Organisation (SARCO) on 25th August, 2011. In an effort to boost trade in the South Asia Region, members of the SAARC are finalising mutually acceptable standard in products in five sectors with significant trade interest for member countries. The identified sectors for harmonisation of standards include food and agricultural products, jute; textile and leather; building materials; chemical and chemical products; and electrical and electrical products.

India and Pakistan still do not have a formal trade agreement and Pakistan follows a positive list approach under the South Asia Free Trade Area (SAFTA) with India.

III. INDIA'S TRADE IN SAFTA

India's imports from rest of South Asia are less than 1% of its total imports. This is largely due to the high transaction costs incurred while moving goods across the border in the region.

India's exports to SAARC member countries rose 15.8% to $17.5 billion in 2013-14, while imports from these countries contracted 7.72% to $2.5 billion.

At present bilateral trade agreements between India and ASEAN exist through ASEAN- India Free Trade Area (AIFTA); but efforts are needed to streamline trade with SAARC countries.

Table 4
India's Trade in SAFTA

Country	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
India's Exports to (in millions of U.S. Dollar)										
Afghanistan	147 (0.15)	170 (0.14)	218 (0.15)	365 (0.20)	471 (0.27)	392 (0.18)	504 (0.17)	475 (0.16)	514 (0.15)	443 (0.14)
Bangladesh	1719 (1.71)	1668 (1.37)	2064 (1.41)	3243 (1.78)	2177 (1.23)	3016 (1.37)	3405 (1,13)	4936 (1.70)	5994 (1.78)	6255 (1.97)
Bhutan	95 (0.09)	63 (0.05)	71 (0.05)	106 (0.06)	108 (0.06)	159 (0.07)	21 9(0.01)	171 (0.06)	162 (0.05)	200 (0.06)
Maldives	67 (0.07)	64 (0.05)	80 (0.05)	109 (0.06)	108 (0.06)	100 (0.05)	118 (0.04)	121 (0.04)	124 (0.04)	140 (0.04)
Nepal	837 (0.83)	925 (0.76)	1237 (0.85)	1696 (0.93)	1327 (0.75)	1905 (0.86)	2560 (0.85)	2587 (0.89)	3176 (0.94)	4193 (1.32)
Pakistan	593 (0.59)	1235 (1.02)	1584 (1.08)	1772 (0.97)	1456 (0.82)	2235 (1.01)	1678 (0.56)	1633 (0.56)	2176 (0.65)	2170 (0.68)
Sri Lanka	1939 (1.93)	2105 (1.74)	2594 (1.78)	2838 (1.56)	1724 (0.98)	3305 (1.50)	4452 (1.48)	3813 (1.32)	4754 (1.41)	6435 (2.03)
SAFTA	6257 (6.2)	6230 (5.1)	7848 (5.4)	10129 (5.6)	7371 (4.2)	11112 (5.0)	12936 (4.3)	13736 (4.7)	16900 (5.0)	19836 (6.3)
World	100352	121201	145898	181860	176765	220408	301483	289564	336611	317545
India's Imports from (in millions of U.S. Dollar)										
Afghanistan	54 (0.04)	47 (0.03)	76 (0.03)	133 (0.04)	121 (0.05)	144 (0.04)	120 (0.03)	80 (0.02)	213 (0.05)	244 (0.05)
Bangladesh	104 (0.07)	224 (0.13)	223 (0.10)	330 (0.10)	234 (0.09)	358 (0.10)	579 (0.13)	567 (0.12)	531 (0.12)	517 (0.11)
Bhutan	100 (0.07)	116 (0.07)	202 (0.09)	160 (0.05)	141 (0.05)	186 (0.05)	206 (0.05)	169 (0.03)	137 (0.03)	144 (0.03)
Maldives	2 (0.00)	3 (0.00)	4 (0.00)	5 (0.00)	2 (0.00)	32 (0.01)	18 (0.00)	8 (0.00)	4 (0.00)	5 (0.00)
Nepal	385 (0.27)	318 (0.18)	470 (0.22)	632 (0.20)	416 (0.16)	506 (0.14)	508 (0.11)	307 (0.06)	377 (0.08)	561 (0.12)
Pakistan	166 (0.12)	286 (0.16)	287 (0.13)	372 (0.12)	272 (0.10)	321 (0.09)	352 (0.08)	500 (0.10)	379 (0.08)	530 (0.12)
Sri Lanka	568 (0.40)	505 (0.28)	441 (0.20)	549 (0.17)	328 (0.12)	518 (0.15)	718 (0.16)	665 (0.14)	515 (0.11)	592 (0.13)
SAFTA	1379 (1.0)	1499 (0.8)	1703 (0.8)	2181 (0.7)	1514 (0.6)	2065 (0.6)	2501 (0.4)	2296 (0.5)	2256 (0.5)	2593 (0.6)
World	140861	178212	218465	315712	266401	350029	462402	488976	466045	459369

Note: Figures in parenthesis represent percentage to total Indian exports/imports.
Source: UN Comtrade Database

The share of India's exports to SAFTA member countries in total exports of India almost remained at the same level i.e. about 6% of total exports during 2005-2014. While the share of imports to India from the SAFTA region in total Indian imports was mere about 0.6%. This shows that the implementation of SAFTA Agreement has not enhanced India's trade with South Asian countries.

IV. INDIA'S AGRICULTURAL TRADE WITH SAFTA MEMBERS

In this study commodities included in agricultural trade are shown in Table 5. In total, 31 commodities based on H S Code with two digit level have been included in agriculture trade. Commodities included are: live animals, meat, fish, sugar, cocoa, cereal and products, dairy products, trees and plants, fruits, vegetable, tea, coffee, wool, rubber, skins and cotton etc.

Table 5
Commodity Composition of Agricultural Trade

H S Code	Items	H S Code	Items
01	Live animals	17	Sugar & sugar confectionary
02	Meat & edible meat offal	18	Cocoa &cocoa preparation
03	Fish, crustaceans, molluscs etc.	19	Cereal flour, starch, milk preparations
04	Dairy products, eggs, honey etc.	20	Vegetable, fruits, nut etc. preparation
05	Product of animal origin	21	Miscellaneous edible preparation
06	Live trees, plants, bulbs, roots, cut flowers	22	Beverages, spirits, vinegar
07	Edible vegetables & certain roots & tubers	24	Tobacco & manufactured substitutes
08	Edible fruits, nuts, peel of citrus fruits	40	Robber and articles
09	Coffee, tea, mate and spices	41	Raw hides and skins
10	Cereals	44	Wood and articles of wood
11	Milling products, wheat glue, starches etc.	47	Pulp of wood, fibrous etc.
12	Oil seeds, elegiac fruits, grain, seed	50	Silk
13	Lac, gums, resins & vegetable saps etc.	51	Wool
14	Vegetable plaiting materials & products	52	Cotton
15	Animal, vegetable fats and oils etc.	53	Other vegetable fibres
16	Meat, fish & seafood preparation		

India alone accounts 74% of agricultural exports from the region and 55% of the agricultural imports to the region from the rest of the world. But, the story of India's agricultural trade with SAFTA member countries is different. Table 6 gives details of direction of agricultural trade of India within the SAFTA region.

The agricultural exports, which constituted 13.76% of total exports from India in 2005, were 16.04% of total exports in 2014. The share of agricultural imports in total imports of India, which was 8.02% in 2005, declined to 6.36% in 2014.

The share of agricultural exports to SAFTA region in India's total agricultural exports world-wide, which was 10.7% in 2005, fluctuated between 8.8% and 13.7% and it was 10.9% in 2014. Almost a half of Indian agricultural exports to SAFTA region were destined to Bangladesh. The share of agricultural exports to SAFTA member countries in total agricultural exports of India has not registered any significant increase after the SAFTA Agreement.

Table 6
India's Agricultural Trade with SAFTA member countries

Country	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
India's Agricultural Exports To (in millions of U.S. Dollar)										
Afghanistan	31 (0.22)	27 (0.17)	58 (0.29)	59 (0.25)	86 (0.46)	71 (0.26)	88 (0.22)	79 (0.16)	92 (0.17)	57 (0.11)
Bangladesh	850 (6.15)	767 (4.81)	1119 (5.66)	1795 (7.47)	884 (4.73)	1501 (5.46)	1748 (4.42)	2491 (5.15)	3011 (5.41)	2995 (5.88)
Bhutan	16 (0.12)	11 (0.07)	10 (0.05)	12 (0.05)	12 (0.06)	13 (0.05)	17 (0.04)	21 (0.04)	17 (0.03)	42 (0.08)
Maldives	14 (0.10)	18 (0.11)	21 (0.11)	36 (0.15)	30 (0.16)	32 (0.12)	51 (0.13)	50 (0.10)	58 (0.10)	54 (0.11)
Nepal	145 (1.05)	159 (1.00)	228 (1.15)	255 (1.06)	193 (1.03)	273 (0.99)	345 (0.87)	348 (0.72)	577 (1.04)	679 (1.33)
Pakistan	159 (1.15)	636 (3.99)	579 (2.93)	588 (2.45)	365 (1.95)	1222 (4.45)	755 (1.91)	611 (1.26)	908 (1.63)	883 (1.73)
Sri Lanka	269 (1.95)	338 (2.12)	444 (2.25)	547 (2.28)	358 (1.91)	506 (1.84)	922 (2.33)	660 (1.36)	722 (1.30)	853 (1.67)
SAFTA	1484 (10.7)	1956 (12.3)	2459 (12.4)	3292 (13.7)	1928 (10.3)	3618 (13.2)	3926 (9.9)	4260 (8.8)	5385 (9.7)	5563 (10.9)
World	13811	15945	19755	24022	18703	27487	39543	48411	55696	50957
	India's Agricultural Imports from (in millions of U.S. Dollar)									
Afghanistan	53 (0.47)	46 (0.51)	75 (0.62)	132 (0.98)	120 (0.77)	144 (0.73)	114 (0.47)	74 (0.27)	212 (0.79)	242 (0.83)
Bangladesh	35 (0.31)	84 (0.93)	78 (0.65)	96 (0.71)	108 (0.70)	167 (0.85)	314 (1.28)	262 (0.95)	250 (0.94)	223 (0.76)
Bhutan	6 (0.05)	27 (0.30)	52 (0.43)	22 (0.16)	8 (0.05)	5 (0.03)	6 (0.03)	6 (0.02)	5 (0.02)	8 (0.027)
Maldives	0.2 (0.00)	0.1 (0.00)	0 (0.00)	0.1 (0.00)	0 (0.00)	0.2 (0.00)	0.5 (0.00)	0.2 (0.00)	0.2 (0.00)	0.1 (0.00)
Nepal	132 (1.17)	99 (1.09)	126 (1.05)	146 (1.09)	94 (0.61)	117 (0.60)	121 (0.50)	96 (0.35)	134 (0.50)	197 (0.68)
Pakistan	142 (1.26)	129 (1.42)	153 (1.27)	107 (0.80)	110 (0.71)	134 (0.68)	132 (0.54)	147 (0.53)	216 (0.81)	246 (0.84)
Sri Lanka	215 (1.90)	199 (2.19)	245 (2.04)	173 (1.29)	102 (0.66)	186 (0.95)	185 (0.76)	190 (0.69)	204 (0.76)	241 (0.83)
SAFTA	583 (5.2)	584 (6.4)	729 (6.1)	676 (5.0)	542 (3.5)	753 (3.8)	872 (3.6)	775 (2.8)	1021 (3.8)	1157 (4.0)
World	11304	9070	12035	13438	15543	19607	24459	27610	26708	29203

Note: Figures in parenthesis represent percentage to total Indian agricultural exports or imports.

Source: U.N. Comtrade database

The Indian agricultural imports from SAFTA member countries have declined after the formation of SAFTA i.e. the share of Indian agricultural imports from the region in total agricultural imports of India declined from 5.2% in 2005 to 4.0% in 2014. The agricultural imports of India from SAFTA were mainly from Afghanistan, Sri Lanka, Pakistan and Bangladesh.

Table 7 shows product-wise agricultural trade of India with SAFTA member countries. The main commodities exported by India to SAFTA member countries are Cotton, Sugar, Cereals, Coffee and Tea, Rubber articles, Dairy products, Vegetables and fruits.

Main commodities imported by India from SAFTA member countries are Fruits, Tea and coffee, Lac, gums and resins, cotton, vinegar and beverage, hides and skins, and Rubber and articles.

The analysis of products' trade shows that only a small part of India's agricultural trade is involved in trading with SAFTA member countries.

Table 7
India's Agricultural Trade with SAFTA member countries (Product-wise)

H S Code	Item	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
		Exports (millions of U.S. Dollar)									
01	Live animals	4.4 (0.03)	8.1 (0.05)	9.0 (0.05)	9.5 (0.04)	16.6 (0.09)	11.8 (0.04)	12.6 (0.03)	5.8 (0.01)	11.3 (0.02)	11.9 (0.02)
02	Meat & meat products	8.6 (0.06)	32.1 (0.20)	24.7 (0.13)	10.6 (0.04)	6.9 (0.04)	8.3 (0.03)	13.7 (0.04)	11.5 (0.02)	13.9 (0.03)	18.4 (0.04)
03	Fish & crustaceans	6.8 (0.05)	8.8 (0.06)	10.8 (0.06)	14.1 (0.06)	24.4 (0.13)	25.1 (0.09)	30.9 (0.08)	43.6 (0.09)	48.7 (0.09)	61.8 (0.12)
04	Dairy products & eggs	42.9 (0.31)	34.9 (0.30)	45.6 (0.23)	67.2 (0.28)	48.3 (0.26)	48.2 (0.18)	29.9 (0.08)	61.8 (0.13)	158.9 (0.29)	146.2 (0.29)
05	Products of animal origin	0.1 (0.00)	0.0 (0.00)	0.1 (0.00)	0.4 (0.00)	0.7 (0.00)	0.6 (0.00)	1.2 (0.00)	1.0 (0.00)	1.1 (0.00)	1.2 (0.00)
06	Live plants & others	0.4 (0.00)	0.3 (0.00)	0.6 (0.00)	1.0 (0.00)	0.5 (0.00)	0.4 (0.00)	0.4 (0.00)	0.3 (0.00)	0.6 (0.00)	0.4 (0.00)
07	Vegetables	242.1 (1.75)	220.4 (1.38)	220.8 (1.12)	277.2 (1.15)	394.9 (2.11)	380.8 (1.39)	330.4 (0.84)	239.1 (0.49)	443.5 (0.80)	437.0 (0.86)
08	Fruits	34.9 (0.25)	43.6 (0.27)	43.7 (0.22)	62.0 (0.26)	60.6 (0.32)	63.0 (0.23)	117.9 (0.30)	116.0 (0.24)	98.1 (0.18)	100.5 (0.20)
09	Tea, coffee & spices	54.1 (0.39)	96.8 (0.61)	146.6 (0.74)	179.2 (0.75)	162.3 (0.87)	222.9 (0.81)	277.7 (0.70)	222.1 (0.46)	246.6 (0.44)	258.9 (0.51)
10	Cereals	444.6 (3.22)	223.9 (1.40)	575.1 (2.91)	619.4 (2.58)	149.7 (0.89)	230.6 (0.84)	354.0 (0.90)	602.6 (1.25)	1053.3 (1.89)	1371.7 (2.69)
11	Milling products	3.7 (0.03)	3.8 (0.02)	10.1 (0.05)	7.6 (0.03)	5.0 (0.03)	9.4 (0.03)	16.3 (0.04)	15.3 (0.03)	30.5 (0.06)	22.0 (0.04)
12	Oil seeds etc.	22.0 (0.16)	28.2 (0.18)	39.2 (0.20)	67.4 (0.28)	74.4 (0.40)	85.2 (0.31)	114.4 (0.29)	103.9 (0.22)	119.0 (0.21)	124.6 (0.25)
13	Lac, gums, resins etc.	4.7 (0.03)	8.3 (0.05)	8.3 (0.04)	9.0 (0.04)	8.3 (0.04)	11.2 (0.04)	16.5 (0.04)	17.9 (0.04)	20.3 (0.04)	19.0 (0.04)
14	Vegetable products	7.1 (0.05)	7.0 (0.04)	10.0 (0.05)	8.6 (0.04)	7.4 (0.04)	8.0 (0.03)	12.0 (0.03)	13.8 (0.03)	14.5 (0.03)	12.7 (0.03)
15	Animal, vegetable fats	7.4 (0.05)	7.9 (0.05)	10.8 (0.06)	11.9 (0.05)	5.1 (0.03)	3.5 (0.01)	5.5 (0.01)	6.1 (0.01)	6.7 (0.01)	8.3 (0.02)
16	Meat, fish & sea food	0.3 (0.00)	0.2 (0.00)	0.3 (0.00)	0.7 (0.00)	0.6 (0.00)	0.7 (0.00)	2.0 (0.01)	0.1 (0.00)	0.0 (0.00)	0.1 (0.00)
17	Sugar & products	22.0 (0.16)	524.9 (3.29)	330.0 (1.67)	443.5 (1.85)	22.0 (0.12)	684.0 (2.49)	562.3 (1.42)	477.7 (0.99)	143.3 (0.26)	133.9 (0.26)
18	Cocoa & preparations	2.0 (0.02)	2.0 (0.01)	1.9 (0.01)	5.0 (0.02)	4.7 (0.03)	5.8 (0.02)	9.2 (0.02)	10.3 (0.02)	14.8 (0.03)	15.5 (0.03)
19	Cereal preparations	19.0 (0.14)	18.5 (0.12)	18.9 (0.10)	48.9 (0.20)	40.8 (0.22)	41.6 (0.15)	62.6 (0.16)	64.6 (0.13)	100.4 (0.18)	104.4 (0.21)
20	Vegetable preparations	2.5 (0.02)	2.7 (0.02)	3.4 (0.02)	5.0 (0.02)	5.6 (0.03)	5.1 (0.02)	6.7 (0.02)	8.5 (0.02)	12.6 (0.02)	15.7 (0.03)
21	Misc. edible preparation	8.7 (0.06)	7.1 (0.04)	6.9 (0.04)	7.2 (0.03)	8.3 (0.04)	18.9 (0.07)	25.5 (0.064)	32.5 (0.067)	44.3 (0.080)	49.0 (0.096)
22	Vinegar & beverage	7.1 (0.05)	5.5 (0.04)	6.8 (0.03)	6.7 (0.03)	10.6 (0.06)	15.3 (0.06)	17.9 (0.05)	17.0 (0.04)	18.5 (0.03)	16.4 (0.03)
24	Tobacco	17.0 (0.12)	19.2 (0.12)	27.4)0 (0.14)	29.9 (0.12)	38.0 (0.20)	38.8 (0.14)	82.4 (0.21)	54.3 (0.11)	45.7 (0.08)	42.8 (0.08)
40	Rubber & articles	93.6 (0.68)	100.1 (0.63)	113.0 (0.57)	131.8 (0.55)	121.3 (0.65)	160.8 (0.59)	234.6 (0.59)	210.8 (0.44)	226.1 (0.41)	224.0 (0.44)
41	Raw hides & skins	1.7 (0.01)	1.5 (0.01)	5.9 (0.03)	8.4 (0.04)	4.4 (0.02)	9 (0.03)	13.3 (0.03)	13.3 (0.03)	16.3 (0.03)	19.3 (0.04)
44	Wood &articles of wood	8.5 (0.06)	9.8 (0.06)	10.1 (0.05)	14.0 (0.06)	9.6 (0.05)	11.0 (0.04)	20.0 (0.05)	13.8 (0.03)	20.4 (0.04)	25.3 (0.05)
47	Pulp of wood & fibres etc.	1.1 (0.01)	0.9 (0.01)	0.1 (0.00)	0.0 (0.00)	0.9 (0.01)	0.5 (0.00)	0.0 (0.00)	0.0 (0.00)	0.1 (0.00)	0.0 (0.00)
50	Silk	1.3 (0.01)	0.9 (0.01)	1.2 (0.01)	3.4 (0.01)	2.2 (0.01)	1.6 (0.01)	2.3 (0.01)	1.6 (0.00)	5.6 (0.01)	3.6 (0.01)
51	Wool	3.4 (0.03)	3.5 (0.02)	2.7 (0.01)	5.2 (0.02)	3.6 (0.02)	3.1 (0.01)	6.2 (0.02)	4.2 (0.01)	6.7 (0.01)	6.7 (0.01)
52	Cotton	410.1 (2.97)	523.5 (3.28)	767.6 (3.89)	1225.6 (5.10)	675.1 (3.61)	1483.3 (5.40)	1528.8 (3.87)	1874.2 (3.87)	2444.4 (4.39)	2284.7 (4.48)
53	Other vegetable fibres	3.3 (0.02)	2.1 (0.01)	8.0 (0.04)	12.3 (0.05)	14.7 (0.08)	30.9 (0.11)	19.4 (0.05)	15.7 (0.03)	18.8 (0.03)	26.5 (0.05)
	World	**13811**	**15945**	**19755**	**24022**	**18703**	**27487**	**39543**	**48411**	**55696**	**50957**

Imports (millions of U.S. Dollar)											
01	Live animals	0.1 (0.00)	0.0 (0.00)	0.0 (0.00)	0.0 (0.00)	0.0 (0.00)	0.0 (0.00)	0.0 (0.00)	0.0 0.00)	0.0 (0.00)	0.0 (0.00)
02	Meat & meat products	0.0 (0.00)	0.0 (0.00)	0.0 (0.00)	0.0 (0.00)	0.0 (0.00)	0.0 (0.00)	0.0 (0.00)	0.0 (0.00)	0.0 (0.00)	0.0 (0.00)
03	Fish & crustaceans	10.1 (0.09)	15.5 (0.17)	13.7 (0.11)	44.7 (0.33)	24.2 (0.16)	39.6 (0.20)	89.1 (0.36)	38.2 (0.14)	18.1 (0.07)	21.2 (0.07)
04	Dairy products & eggs	1.8 (0.02)	2.5 (0.03)	2.5 (0.02)	2.3 (0.02)	1.8 (0.01)	2.1 (0.01)	2.1 (0.01)	1.2 (0.00)	1.2 (0.01)	1.3 (0.01)
05	Products of animal origin	1.0 (0.01)	1.3 (0.01)	0.9 (0.01)	1.0 (0.01)	1.4 (0.01)	1.7 (0.01)	1.8 (0.01)	2.0 (0.01)	1.0 (0.00)	1.1 (0.00)
06	Live plants & others	0.0 (0.00)	0.0 (0.00)	0.0 (0.00)	0.1 (0.00)	0.1 (0.00)	0.2 (0.00)	0.1 (0.00)	0.1 (0.00)	0.1 (0.00)	0.0 (0.00)
07	vegetables	74.9 (0.66)	10.5 (0.12)	4.6 (0.04)	5.9 (0.04)	6.3 (0.04)	22.7 (0.11)	8.0 (0.03)	9.7 (0.03)	19.1 (0.07)	10.7 (0.04)
08	Fruits	68.7 (0.60)	108.3 (1.19)	117.7 (0.98)	150.0 (1.12)	144.4 (0.93)	182.4 (0.93)	213.6 (0.87)	132.5 (0.48)	369.5 (1.38)	424.4 (1.45)
09	Tea, coffee & spices	70.4 (0.62)	47.6 (0.52)	64.5 (0.53)	107.0 (0.80)	71.9 (0.46)	116.1 (0.59)	109.9 (0.45)	99.1 (0.46)	146.9 (0.55)	131.3 (0.50)
10	Cereals	0.3 (0.00)	0.2 (0.00)	12.6 (0.11)	0.8 (0.01)	1.0 (0.01)	0.6 (0.00)	1.2 (0.01)	0.1 (0.00)	0.1 (0.00)	0.0 (0.00)
11	Milling products	0.4 (0.00)	0.4 (0.00)	0.4 (0.00)	0.5 (0.00)	0.6 (0.00)	0.4 (0.00)	1.3 (0.01)	1.4 (0.01)	1.7 (0.01)	4.0 (0.01)
12	Oil seeds etc.	4.9 (0.04)	5.0 (0.05)	6.8 (0.06)	8.2 (0.06)	13.9 (0.09)	7.8 (0.04)	7.2 (0.03)	9.0 (0.03)	29.5 (0.11)	34.6 (0.12)
13	Lac, gums, resins etc.	12.4 (0.11)	16.0 (0.18)	19.6 (0.16)	27.0 (0.20)	24.9 (0.16)	43.2 (0.22)	29.9 (0.12)	36.2 (0.13)	40.3 (0.15)	68.4 (0.23)
14	Vegetable products	1.5 (0.01)	1.6 (0.02)	1.8 (0.02)	3.3 (0.03)	5.2 (0.03)	5.6 (0.03)	5.2 (0.02)	4.0 (0.01)	2.3 (0.01)	2.1 (0.01)
15	Animal, vegetable fats	186.2 (1.63)	173.2 (1.91)	228.1 (1.90)	76.4) (0.57)	2.3 (0.02)	4.4 (0.02)	16.2 (0.07)	17.0 (0.06)	8.1 (0.03)	8.6 (0.03)
16	Meat, fish & sea food	0.4 (0.00)	0.4 (0.00)	0.8 (0.01)	1.0 (0.01)	2.2 (0.01)	1.4 (0.01)	1.9 (0.01)	1.6 (0.01)	1.5 (0.01)	1.2 (0.00)
17	Sugar & products	16.6 (0.15)	1.9 (0.02)	2.2 (0.02)	4.1 (0.03)	2.2 (0.01)	0.6 (0.00)	1.2 (0.01)	1.7 (0.01)	11.9 (0.05)	5.5 (0.02)
18	Cocoa & preparations	0.0 (0.00)	0.1 (0.00)	0.0 (0.00)	1.0 (0.01)	5.4 (0.04)	17.0 (0.09)	18.7 (0.08)	15.0 (0.05)	0.6 (0.00)	2.1 (0.01)
19	Cereal preparations	4.6 (0.04)	2.9 (0.03)	4.2 (0.04)	12.8 (0.10)	7.9 (0.05)	8.7 (0.04)	8.1 (0.03)	2.1 (0.01)	4.1 (0.02)	8.3 (0.03)
20	Vegetable preparations	1.00 (0.01)	2.3 (0.03)	2.6 (0.02)	2.2 (0.02)	5.9 (0.04)	6.8 (0.04)	5.8 (0.02)	3.5 (0.01)	3.1 (0.01)	5.0 (0.02)
21	Misc. edible preparation	0.9 (0.01)	0.4 (0.00)	1.7 (0.01)	3.6 (0.03)	2.3 (0.02)	1.3 (0.01)	2.3 (0.01)	2.3 (0.01)	2.1 (0.01)	2.3 (0.01)
22	Vinegar & beverage	17.7 (0.16)	18.6 (0.21)	34.4 (0.29)	28.4 (0.21)	28.3 (0.18)	25.2 (0.13)	34.6 (0.14)	47.3 (0.17)	77.1 (0.29)	109.9 (0.38)
24	Tobacco	0.0 (0.00)	0.0 (0.00)	0.0 (0.00)	0.3 (0.00)	0.0 (0.00)	0.0 (0.00)	0.1 (0.00)	0.1 (0.00)	0.2 (0.00)	0.4 (0.00)
40	Rubber & articles	8.8 (0.08)	23.3 (0.26)	30.2 (0.25)	32.8 (0.24)	34.5 (0.22)	59.3 (0.30)	45.6 (0.19)	53.7 (0.19)	29.6 (0.11)	37.3 (0.13)
41	Raw hides & skins	7.3 (0.06)	9.9 (0.11)	20.9 (0.17)	24.8 (0.19)	17.8 (0.11)	30.0 (0.15)	19.8 (0.08)	17.7 (0.06)	28.9 (0.11)	50.9 (0.17)
44	Wood &articles of wood	15.4 (0.14)	18.7 (0.21)	25.5 (0.21)	21.1 (0.16)	12.5 (0.08)	18.9 (0.10)	25.2 (0.10)	22.1 (0.08)	14.3 (0.05)	14.6 (0.05)
47	Pulp of wood & fibres etc.	9.3 (0.08)	11.6 (0.12)	14.5 (0.12)	18.6 (0.13)	11.5 (0.07)	19.6 (0.10)	24.5 (0.10)	25.8 (0.09)	27.6 (0.10)	32.9 (0.11)
50	Silk	0.6 (0.01)	0.6 (0.01)	0.4 (0.00)	0.3 (0.00)	0.0 (0.00)	0.3 (0.00)	1.1 (0.01)	0.3 (0.00)	0.1 (0.00)	0.0 (0.00)
51	Wool	2.0 (0.02)	3.4 (0.04)	4.9 (0.04)	4.5 (0.03)	2.5 (0.02)	8.8 (0.05)	5.7 (0.02)	8.7 (0.03)	14.5 (0.05)	11.7 (0.04)
52	Cotton	35.9 (0.32)	52.2 (0.58)	59.3 (0.49)	56.3 (0.42)	44.9 (0.29)	41.0 (0.21)	43.4 (0.18)	97.8 (0.35)	63.2 (0.24)	70.6 (0.24)
53	Other vegetable fibres	27.8 (0.24)	55.4 (0.61)	53.9 (0.45)	38.0 (0.29)	66.5 (0.43)	89.5 (0.46)	148.3 (0.61)	125.1 (0.45)	103.9 (0.39)	97.1 (0.33)
World		**11304**	**9070**	**12035**	**13438**	**15543**	**19607**	**24459**	**27610**	**26708**	**29203**

Note: Figures in parenthesis represent percentage to total Indian agricultural exports or imports.

Source: U.N Comtrade database

V.AGRICULTURAL TRADE ANALYSIS

The study is based on annual time series data on exports and imports since 2006 to 2014 at HS 2 digit level.

The following hypotheses are made to analyse the impact of the implementation of SAFTA Agreement on agricultural trade of India with SAFTA member countries.

Null hypothesis (H_0): The share of agricultural trade (exports or imports) of India with SAFTA member countries in total agricultural trade (exports or imports) of India has not increased or decreased after the formation of SAFTA.

Alternative hypothesis (H_1): The share of agricultural trade (exports or imports) of India with SAFTA member countries in total agricultural trade (exports or imports) of India has increased or decreased after the formation of SAFTA.

To test the hypotheses the following t-test is applied:

$$t = \frac{TA - T_{2005}}{S/\sqrt{n}}$$

Where,

t is Student's t-test statistics.

T_{2005} is share of agricultural exports/imports of India with the SAFTA region in total agricultural exports/ imports of India in 2005.

TA is average share of agricultural exports/ imports of India with the SAFTA region in total agricultural exports/imports of India during 2006-2014. S is the standard deviation of share of agricultural exports/imports of India with the SAFTA region in total agricultural exports/imports of India during 2006-2014.

n is the number of observations (2006 - 2014).

A positive t-value represents an increase in share of agricultural trade (exports or imports) of the region, country or product in the total agricultural exports/ imports of India after the formation of SAFTA. A negative t-value represents a decrease in share of agricultural trade (exports or imports) of the region, country or product in the total agricultural exports/ imports of India after the formation of SAFTA. All results are tested at 1% level of significance. The critical t-value at 1% significance level for two tailed test is 3.355. The results are reported in Table 8.

The results show that share of Indian agricultural exports to SAFTA member countries in total Indian agricultural exports increased minutely after the implementation SAFTA Agreement. The results were not statistically significant even at 10% level of significance. The share of Indian agricultural imports from SAFTA member countries in total Indian agricultural imports declined after SAFTA Agreement came into force, albeit statistically insignificantly, but stronger than exports.

Table 8
Indian Agricultural Trade Analysis

Agricultural exports to			Agricultural imports from		
	t-value	comment		t-value	comment
Region/Country-wise					
SAFTA	0.899	H_0 accepted	SAFTA	- 02.071	H_0 accepted
Afghanistan	0.221	H_0 accepted	Afghanistan	2.518	H_0 accepted
Bangladesh	- 2.250	H_0 accepted	Bangladesh	8.088*	H_0 rejected
Bhutan	-11.356*	H_0 rejected	Bhutan	1.217	H_0 accepted
Maldives	2.683	H_0 accepted	Maldives	- 4.072*	H_0 rejected
Nepal	- 0.467	H_0 accepted	Nepal	- 4.502*	H_0 rejected
Pakistan	3.404*	H_0 rejected	Pakistan	- 3.665*	H_0 rejected
Sri Lanka	- 0.379	H_0 accepted	Sri Lanka	- 3.705*	H_0 rejected
Product-wise (SAFTA)					
Live animals	0.877	H_0 accepted	Live animals	0.000	H_0 accepted
Meat & meat products	- 0.045	H_0 accepted	Meat & meat products	0.000	H_0 accepted
Fish & crustaceans	3.758*	H_0 rejected	Fish & crustaceans	2.450	H_0 accepted
Dairy products & eggs	- 3.628*	H_0 rejected	Dairy products & eggs	- 1.398	H_0 accepted
Products of animal origin	4,717*	H_0 rejected	Products of animal origin	- 0.914	H_0 accepted
Live plants & others	- 2.357	H_0 accepted	Live plants & others	0.000	H_0 accepted

vegetables	- 3.772*	H_0 rejected	vegetables	- 0.753*	H_0 rejected
Fruits	- 0.419	H_0 accepted	Fruits	4.200*	H_0 rejected
Tea, coffee & spices	4.734*	H_0 rejected	Tea, coffee & spices	- 2.018	H_0 accepted
Cereals	- 5.122*	H_0 rejected	Cereals	0.914	H_0 accepted
Milling products	2.694	H_0 accepted	Milling products	0.809	H_0 accepted
Oil seeds etc.	4.106*	H_0 rejected	Oil seeds etc.	01.998	H_0 accepted
Lac, gums, resins etc.	4.041*	H_0 rejected	Lac, gums, resins etc.	4.791*	H_0 rejected
Vegetable products	- 4.405*	H_0 rejected	Vegetable products	1.930	H_0 accepted
Animal, vegetable fats	- 4.086*	H_0 rejected	Animal, vegetable fats	- 3.928*	H_0 rejected
Meat, fish & sea food	0.00	H_0 accepted	Meat, fish & sea food	2.926	H_0 accepted
Sugar & products	3.158	H_0 accepted	Sugar & products	- 26.831*	H_0 rejected
Cocoa & preparations	2.694	H_0 accepted	Cocoa & preparations	2.445	H_0 accepted
Cereal preparations	1,593	H_0 accepted	Cereal preparations	- 0.014	H_0 accepted
Vegetable preparations	1.542	H_0 accepted	Vegetable preparations	3.999*	H_0 rejected
Misc. edible preparation	- 0.518	H_0 accepted	Misc. edible preparation	1.248	H_0 accepted
Vinegar & beverage	3.203	H_0 accepted	Vinegar & beverage	2.314	H_0 accepted
Tobacco	- 0.753	H_0 accepted	Tobacco	0.000	H_0 accepted
Rubber & articles	- 4.346*	H_0 rejected	Rubber & articles	6.051*	H_0 rejected
Raw hides & skins	5.326*	H_0 rejected	Raw hides & skins	4.199*	H_0 rejected
Wood &articles of wood	- 3.537*	H_0 rejected	Wood &articles of wood	- 0.916	H_0 accepted
Pulp of wood & fibres etc.	- 7.075*	H_0 rejected	Pulp of wood & fibres etc.	3.880*	H_0 rejected
Silk	- 0.809	H_0 accepted	Silk	- 3.537*	H_0 rejected
Wool	- 6.022*	H_0 rejected	Wool	4.468*	H_0 rejected
Cotton	5.054*	H_0 rejected	Cotton	0.365	H_0 accepted
Other vegetable fibres	2.643	H_0 accepted	Other vegetable fibres	5.247*	H_0 rejected

The commodities whose share in Indian agricultural exports to SAFTA increased after the formation of SAFTA are: fish, products of animal origin, tea coffee and spices, oil seeds, Lac gum& resins, raw hides & skins, and cotton. The commodities whose share in Indian agricultural exports to SAFTA decreased after the formation of SAFTA are: dairy products, cereals, vegetables, vegetable products, animal fats, Rubber & articles, wood & articles, and wool. The results are statistically significant.

The commodities whose share in Indian agricultural imports from SAFTA increased after the formation of SAFTA are: fruits, vegetable preparations, Lac gums & resins, raw hides & skins, rubber & articles, pulp of wood & fibres, and wool. The commodities whose share in Indian agricultural imports from SAFTA decreased after the formation of SAFTA are: vegetable, animal fats, sugar products and silk. The results are statistically significant.

VI. CONCLUSIONS

According to the IMF direction of trade statistics, the intra regional trade in South Asian region remained at 4.5% in 2005, which was very low as compared to the other trading blocs like ASEAN which had 24.7% regional trade in 2005.

To promote regional trade in south Asia, South Asian Free Trade Area (SAFTA) Agreement entered into force on 1 January, 2006, and the Trade Liberalisation programme commenced on 1, July, 2006.

The SAFTA Agreement failed to push regional trade in south Asia. India's trade with SAFTA member countries declined to 3.4% of its total trade in 2014 from 3.6% in 2005.

South Asia's total trade has increased at a rate faster than the growth of world trade after 2005; however, trade within the south Asian Bloc has increased at a rate lower than trade with rest of the world.

The scenario of agricultural trade of India with the regional economies is no different than the overall trade. The agricultural trade of India with SAARC economies, which was 8.0% in 2005, declined to 7.5% in 2014. However, there have been some changes in composition of agricultural trade after the implementation of SAFTA Agreement.

The following conclusions have been drawn on the basis of study.

1. The share of Indian agricultural exports to SAFTA member countries in total Indian agricultural exports remained almost at the same level after the implementation SAFTA Agreement. The share of Indian agricultural imports from SAFTA member countries in total Indian agricultural imports declined after SAFTA Agreement came into force.
2. Trade share of Indian trade of Agricultural commodities with Afghanistan in total agricultural trade of India increased a little bit after the formation of SAFTA, as results are statistically insignificant.
3. The share of agricultural exports to Bangladesh in total agricultural exports of India decreased after the formation of SAFTA. But, the share of agricultural imports from Bangladesh increased in Indian agricultural imports after SAFTA formation.
4. The share of Indian agricultural exports to Bhutan in total agricultural exports world-wide from India declined significantly after the formation of SAFTA.
5. In case of Maldives, Pakistan, Sri Lanka and Nepal, the share of agricultural imports from these countries in India's total agricultural imports declined. The results were statistically significant at 1% level of significance.
6. However, agricultural exports from India to Pakistan increased after the formation of SAFTA as the share of agricultural exports to Pakistan in total agricultural exports of India increased significantly.
7. The commodities whose share in Indian agricultural exports to SAFTA increased after the formation of SAFTA are: fish, products of animal origin, tea coffee and spices, oil seeds, Lac gum& resins, raw hides & skins, and cotton. The commodities whose share in Indian agricultural exports to SAFTA decreased after the formation of SAFTA are: dairy products, cereals, vegetables, vegetable products, animal fats, Rubber & articles, wood & articles, and wool.
8. The commodities whose share in Indian agricultural imports from SAFTA increased after the formation of SAFTA are: fruits, vegetable preparations, Lac gums & resins, raw hides & skins, rubber & articles, pulp of wood & fibres, and wool. The commodities whose share in Indian agricultural imports from SAFTA decreased after the formation of SAFTA are: vegetable, animal fats, sugar products and silk.

In brief, the SAFTA Agreement could not expand the regional agricultural trade of India.

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