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REVIEW ON TRADE AGREEMENT OF REGIONAL INTEGRATION

Srijanee Chattopadhyay¹, Dr. Manoj Parmar²

¹Research Scholar, Department of Political Science, Dr. A.P.J. Abdul Kalam University, Indore M.P., India

²Research Guide, Department of Political Science, Dr. A.P.J. Abdul Kalam University, Indore, M.P., India

ABSTRACT

The formation of regional trade agreements has been the most popular form of reciprocal trade liberalization. The discriminatory character of these agreements has raised three main concerns namely that trade diversion would be rampant, because special interest groups would induce governments to form the most distortionary agreements; that broader external trade liberalization would stall or reverse and that multilateralism could be undermined. Theoretically, all of these concerns are legitimate, although there are also several theoretical arguments that oppose them. So, in this review article trade agreement of regional integration has been attempted.

Keywords: Trade, Agreement, Regional, Integration.

INTRODUCTION

The success of the European Union, the regionalism approach to trade liberalization in international trade became a crucial area of research. A new wave of regionalism emerged after the 1990s, which heightened the interest of many academics in this field. Numerous academics have examined various aspects of regional trade agreements with regard to various nations throughout the world. The growth of regional trade agreements in India is a topic that has drawn both domestic and foreign academic attention. The majority of research has been done on several regional trade agreements that India has created with various nations around the world.



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REVIEW OF LITERATURE

Nath Jha and Salim (2015) illustrated the regional cooperation for the growth of commerce between India and ASEAN in their study. Exploratory research methods were applied in this empirical investigation, which was conducted using such methods. The study's foundation was secondary data, which was gathered from various publications, articles, and websites. Data analysis employed statistical tools such as mean, percentage change, correlation, etc. The analysis showed that trade between India and ASEAN was significant and steadily increased. According to the survey, India should be more concerned about expanding its commerce with ASEAN nations. ^[1]

In this study, Dhanraj (2011) noted that India had strengthened its links with ASEAN, one of the world's most active regions, in order to promote its methodical policy of globalisation. This report emphasised the region's economic significance and the opportunities it provided for fostering economic cooperation with India. An overview of the ASEAN economies and an appraisal of the possibilities to foster economic connections between India and ASEAN were offered in the first section. After completing his business mission, the author made the suggestion that India manufacture globally competitive goods for the sustained growth of exports to ASEAN nations. ^[2]

The main focus of this study by Kuruvila et al. (2012) was the impact of trade liberalisation on the price volatility of plantation crops like pepper, cardamom, tea, and coffee. Additionally, the impact on the farm level and the transmission of global price volatility to the domestic market. Utilizing cross-sectional data from roughly 200 farm holdings dispersed throughout Kerala and time series data on commodity prices, the study combined macro and micro level data to address the issue. For the main international and domestic markets, the price volatility and price integration of plantation crops such as pepper, coffee, cardamom, and tea were investigated. The study took into account the following time periods: pre-WTO period, which ran from January 1980 to December 1994; post-WTO period, which ran from January 1995 to December 2011. Additionally, each study was carried out independently for the three distinct time periods—designated as periods 1, 2, and 3, respectively—from 1980 to 1990, 1991 to 2000, and 2000 to 2011—which together make up the entire period from 1980 to 2011. For all the commodities and marketplaces, the analysis was done for the nominal prices in rupees and dollars. ^[3]



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Sikdar and Nag (2011) attempted to assess how the India-ASEAN Free Trade Agreement would affect the macroeconomic factors in both India and the ASEAN nations. The AIFTA became effective for Malaysia, Thailand, and Singapore on January 1st, 2010. It would go into effect for the remaining ASEAN members once they had fulfilled their internal conditions. Several simulations of India's trade liberalisation with the ASEAN region were carried out, using various scenarios, using the Global Trade Analysis Project (GTAP) database. The author evaluated the effects of this liberalisation on the external sector and on macroeconomic indicators in India and ASEAN using the outcomes of simulations. This study conducted several simulations using the GTAP database, considering several scenarios of (a) India's trade liberalisation with respect to Malaysia, Thailand, and Singapore (current scenario). (b) In 2019, there will be liberalisation with all 10 ASEAN nations (full liberalization). (c) Total liberalisation in the event that all tariffs on goods traded between India and ASEAN members were eliminated (unlimited scenario). The effects of liberalisation on India and the ASEAN members as well as some other nations were then evaluated using the outcomes of the stimulations. ^[4]

Bose (2011) focused on the connectedness between India and ASEAN nations in this study. The primary topic of discussion was transportation, and this study highlighted numerous active and ongoing rail, road, and port projects. Along with that, this also illustrated the connectivity challenges between India and ASEAN. The report made the recommendation that India should improve its physical transportation infrastructure domestically and establish up a multi-modal logistic network for India and ASEAN. ^[5]

CONCLUSION

Many academicians have conducted comparative studies of the many regional trade agreements that India has negotiated with other nations across the world. These studies have primarily focused on evaluating the various regional trade agreements that India has established. Since the 1991 declaration of India's "Look East Policy," commercial relations between India and the Association of South East Asian Nations (ASEAN) countries have become a hotly debated and significant academic issue. However, there are very few studies that concentrate on the evaluation of the 13 August 2009 ASEAN-India Free Trade Agreement (AIFTA). The researcher examines the studies that have been done on the impact of the AIFTA on the Indian economy.



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