

**GOVERNMENT OF INDIA  
COMMERCE AND INDUSTRY  
LOK SABHA**

UNSTARRED QUESTION NO:872  
ANSWERED ON:22.11.2002  
BOOST TRADE RELATIONS  
RASA SINGH RAWAT

**Will the Minister of COMMERCE AND INDUSTRY be pleased to state:**

- (a) the steps taken by the Government in order to boost trade relations with neighbour countries during the last three years;
- (b) the details of the results of these steps; and
- (c) the utility of SAARC organisation in commercial related matters?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY ( SHRI RAJIV PRATAP RUDY )

(a) & (b) : India and other neighbouring countries, namely, Nepal, Bhutan, Bangladesh, Sri Lanka, Maldives and Pakistan have organised themselves in an association known as South Asian Association for Regional Cooperation (SAARC) in December 1985 with the basic objective to accelerate the process of economic and social development in the region through joint action in the agreed areas of cooperation. Under this arrangement, the following steps have been taken to boost intra-regional trade :-

(i) Agreement on SAARC Preferential Trading Arrangements (SAPTA) has been signed by the member countries on 11th April, 1993. The objective is to achieve higher level of trade and economic cooperation in the region by reducing the customs tariff and removing gradually the para-tariff and non-tariff barriers on trade within the region . The ultimate objective is to establish a Free Trade Area (SAFTA) in a scheduled manner.

(ii) The Committee of Experts set -up to negotiate tariff concessions under SAPTA has held four rounds of negotiations. The last meeting was held in October, 2002 in Kathmandu.

(iii) A group of experts in the SAARC region is working on drafting the SAARC Free Trade Area (SAFTA) agreement.

(iv) A Group on Customs Cooperation has been established to streamline the customs procedure for smooth flow of goods. This group has so far held two meetings. The second meeting was held in Dhaka in October, 2002.

(v) India has been taking proactive action in harmonization of Standards and Measurements for the manufacture of export products in the region. Bureau of Indian Standards (BIS) organized a workshop on the subject in New Delhi where all member states participated.

(vi) Trade Fairs are organized to share information about export potential among the SAARC member countries. First trade fair was held in New Delhi in January, 1995. Subsequent trade fair were held in Colombo, Karachi and Kathmandu. The last and the fourth trade fair was held on October 24-29, 2002.

(vii) To promote intra-regional investment, efforts are being made by the member countries to enter into an agreement to promote and protect such investments.

(c) : SAARC has played an important role in accelerating the economic and commercial relations among the member countries. During the years 1999-2000, 2000-2001 and 2001-2002, India's overall trade with the SAARC Member countries has increased from US \$ 1791.99 million to US \$ 2289.48 and 2535.81 million, showing an annual growth of 27.76% and 10.76% during 2000-2001 and 2001-2002 respectively. During these periods India's export to these countries has shown a growth of 33.04% from US \$ 1394.36 million during 1999-2000 to 1855.10 million during 2000-2001 which has further increased to 1964.04 million during 2001-2002. Similarly imports from these countries during the three financial years mentioned above have increased from US \$ 397.63 millions to US \$ 434.38 million and US \$ 571.77 million respectively.