



Analysis of India's role in regional economic integration with reference to SAARC & BRICS nations

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Abstract

Regional economic integration allows for agreements to be made between a group of countries that work together to remove trade barriers, coordinate policies, and cooperate economically. The member nations of this group work in the areas of free trade, investment, mobility of labor capital and education. With the help of regional economic integration, a country can progress in terms of economic growth, poverty reduction, political stability and innovation. Some regional economic integration groups are North American Free Trade Agreement (NAFTA now USMCA), SAARC, the South Asian Association for Regional Cooperation, Association of Southeast Asian Nations (ASEAN), European Union (EU). India is a member of several economic integration groups, some of the major ones being: BRICS, free trade agreement with ASEAN, and the Regional Comprehensive Economic Partnership (RCEP). Joining these groups will provide India with new opportunities for trade, investment and economic growth, while also promoting regional cooperation and stability. This paper is an attempt to understand the reasons for regional economic integration and how regional economic integration is beneficial for India.

Keywords: Economic Integration, trade barriers, coordinate policies, opportunities, economic growth, regional cooperation, stability

Introduction

Before 1991, India had many restrictions on imports and exports and restricted foreign investment. The 1991 policies eased these restrictions and encouraged foreign investment, leading to rapid changes in the Indian economy. After 1991, India started connecting with the global market and globalization emerged in India. In globalization, the exporting country gets a bigger market to sell its products, while on the other hand, the importing country becomes dependent on other countries for cheap raw materials. Globalization has fuelled economic growth and technological progress. With the expansion of the global economy, India became a part of many economic integration groups and moved towards strengthening its economic position. Countries come together to improve trade, reduce trade barriers and use their resources to help each other develop economic.

India is part of regional integration groups like SAARC that is South Asian Association for Regional Cooperation, BRICS is the group of 5 nations such as Brazil, Russia, India, China and South Africa, COMESA (Common Market for Eastern and Southern Africa), BIMSTEC (Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation), Association of Southeast Asian Nations (ASEAN). The South Asian Association for Regional Cooperation (SAARC) was established in 1985 and is headquartered in Dhaka. Its founding countries are India, Bangladesh, Bhutan, Maldives, Nepal, Pakistan and Sri Lanka. SAPTA: South Asia Preferential Trading Agreement was proposed in 1995 to promote trade among SAARC member countries. his integration is also important for India as this development process and economic cooperation in Nepal, Bhutan, industrial and industrial enterprises can compete with China's One Belt and One Road mission. BRICS formed in 2006 with a focus on improving economic cooperation and global regulation among member nations while maintaining ties with developed countries. Its

headquarters is located in Shanghai, China. BRICS is now challenging the legacy system that has been in place for decades. Till now the US and other western countries have dominated the IMF, World Bank and the United Nations. But the power of BRICS is now competing them. BIMSTEC serves as a bridge connecting South and Southeast Asia. It was established in 1997 through the Bangkok Declaration which promotes mutual cooperation and economic partnership. It is headquartered in Dhaka, Bangladesh. BIMSTEC's main objective is to promote cooperation among member nations for development, and it is also important for India as it provides an opportunity to counter the expansionist influence of China's Belt and Road Initiative in the countries around the Bay of Bengal.

Review of the Literature

(Yadav & Ddhich, 2025) ^[5] This study focused on the overview of India's role strategic positioning in BRICS. In this paper, the author discussed the economic, political and geographical challenges of BRICS in the context of India, such as rising unemployment, slow economic growth in 2025, declining household income, The existence of different government structures in different member nations is also an obstacle for BRICS. The study highlights positive impact of BRICS on India is that India has emerged as a global leader, its trade has increased, its relations with Russia have improved, BRICS has given India a platform at the global level where it can strongly raise the issue of terrorism and climate change.

(Bharti, 2024) ^[1] This paper highlights the strategic partnership between the European Union (EU) and India, the two largest partners in European countries and Asia. The study analyzed that the Indian market is a promising destination for EU enterprises as it has a large middle-class population, EU members can invest here to create employment opportunities. The study found that there is full support being given between the European Union and India

to implement the Paris Agreement on climate change. India is moving towards urbanization, where the European Union can play an important role in boosting India's aims of providing a permanent house to every family and develop smart cities.

(Kothari & Shridhar, 2023)^[2] The research paper is an effort to understand the future trade in context imports as well as exports of India to ASEAN countries. In this paper, the author has stated that India's international trade has increased after the formation of AIFTA. India's exports and imports are moving in a positive direction with the member countries. AIFTA has a significant impact on India and ASEAN nations in terms of trade and economic growth. The study found that the trade figures of the last few years, it can be predicted that India's imports and exports from ASEAN countries will grow in a positive direction in the next 5 years.

(Lamba & Rishi, 2023)^[3] The objective behind this paper is to highlight the India's role and contribution in social, economic, education, and health sector. In this paper, the author finds that India's quantity-based exports to SAARC members like Bhutan and Maldives have increased while India's quantity-based imports to Afghanistan and Sri Lanka have increased and India's Price-based exports to SAARC members like Bangladesh and Sri Lanka have increased while India's price-based imports to Nepal and Pakistan have increased.

(Reddy, 2020)^[4] This study focused on the overview of India's approach and contribution to SAARC. In this paper the author has compared SAARC with other regional integration such as EU, ASEAN in which India's role is very important. India has made a significant contribution to SAARC. India has established the South Asian University on 100 acres in New Delhi. India has provided short-term foreign exchange liquidity facility to member countries. In this paper, the author has also shown the problems faced by India in SAARC, such as Pakistan and China not supporting India's initiatives, and China showing its dominance in front of other small neighbour countries.

Objective of the study

1. To study regional economic integration in the context of India.
2. To analyse the role of India in regional economic integration.
3. To explore the pros and cons associated with regional economic integration.

Regional economic integration

Regional economic integration refers to the process in which trade is conducted with other member countries with liberal terms and conditions, rules and regulations, tariffs quotas and policies. One of the advantages of regional economic integration is that mobility of capital, labour and investment can take place much easier between member nations, which is very essential for improving the economic condition of a country. Regional economic integration provides a nation with a larger and more efficient market in which it can expand its trade. The main purpose of regional integration regional integration is to make trade more efficient by reducing costs for all parties involved. Regional integration involves neighbouring countries. There are instances when nationalists oppose integration, asserting that it undermines the country's sovereignty.

The goals of regional economic integration that member nations achieve together are given below.

Eliminate trade barriers: The main objective of regional economic integration is to have barrier-free trade among the member nations, facilitate trade with each other and freely transfer the raw materials available for the production of the product.

Large market: Regional economic integration provides a large market to the member nations where a country can sell its specialized and surplus goods to other countries, economic integration has made it easier to find buyers and sellers.

Regional comparative advantage: Member nations have an opportunity to export those goods in which they have a surplus production advantage, such as by taking advantage of regional comparative advantage. Just as Russia has an edge in oil production, India has an edge in food grains like wheat and rice. Both countries can export their excess production to each other.

Attract investor: The aim of regional integration is to facilitate more foreign direct investment across the region, encourage more investors to invest by relaxing tariffs and removing other trade barriers, and increase trade among member countries.

Economic growth: The economic growth of any country depends on its trade, employment, investment, labour and capital. Regional economic integration helps in the economic development of the member nation. Through integration, trade barriers between nations are removed, the mobility of labour and capital is freed, and the way is opened for investors.

Reduction poverty: Regional economic integration helps in the economic development of the country which helps in poverty alleviation as well as employment generation. As a result of increase in exports, production of member countries increases and consequently the income of the people of the country also increases.

Enhance stability: Regional integration reduces the possibility of internal conflict due to the interdependence of member nations on each other, there is connectivity between member nations, all contribute to each other's innovation, thus trade helps in regional stability and peace.

Advantages and Disadvantages of Regional Economic Integration

Due to regional economic integration nations get a lot of benefits, the trade of nations increases and the GDP of such country also increases. Member countries export to each other those goods in which they have comparative advantage, and they also import their essential goods from the large markets of other member countries. Liberalisation of trade, startup and business policies has also led to increased investment. Member countries transfer technology to each other, creating employment opportunities.

Regional economic integration also has some disadvantages, such as member nations having to share control over trade policies and other agreed areas, there is no equal distribution

among all member nations, the stronger member nation has its dominance; sometimes conflicts also arise due to lack of consensus among member nations.

Research Methodology

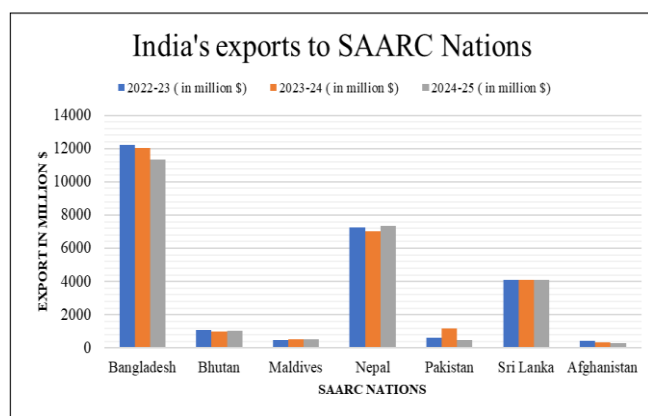
This is descriptive research using secondary data, secondary data is taken from government and non-government website. Some data is taken from official website of regional integration like SAARC, BRICS, ASEAN. Some Data has been taken from various new papers, research papers, magazines, Ministry of External Affairs website. Data is collected in tabular form and then presented in graphic form.

India’s role in Regional Economic Integration

India has been a part of several regional integrations, an example being SAARC, the South Asian Association for Regional Cooperation, which has 8 members: Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, Sri Lanka and Afghanistan, which was founded in 1985 and is headquartered in Kathmandu, Nepal. SAARC member countries promote economic, social, cultural and regional development among themselves. India plays a key leadership role among the SAARC nations, influencing the organization's agenda and promoting cooperation, providing substantial development assistance, and combating terrorism and promoting regional security among member states.

SAARC Nations	2022-23 (in million \$)	2023-24 (in million \$)	2024-25 (in million \$)
Bangladesh	12220	12050	11320
Bhutan	1070	980	1020
Maldives	495	544	538
Nepal	7250	7040	7330
Pakistan	627	1180	500
Sri Lanka	4100	4110	4110
Afghanistan	437	355	318

Source: United Nations Comtrade database, Export Genius, Ministry of External Affairs



This graph shows India's exports to SAARC countries. Among the SAARC countries, India exports the most to Bangladesh, followed by Nepal and Shri Lanka. Trade with other SAARC countries is increasing day by day. Due to political conflict, trade with Pakistan and Afghanistan has definitely decreased.

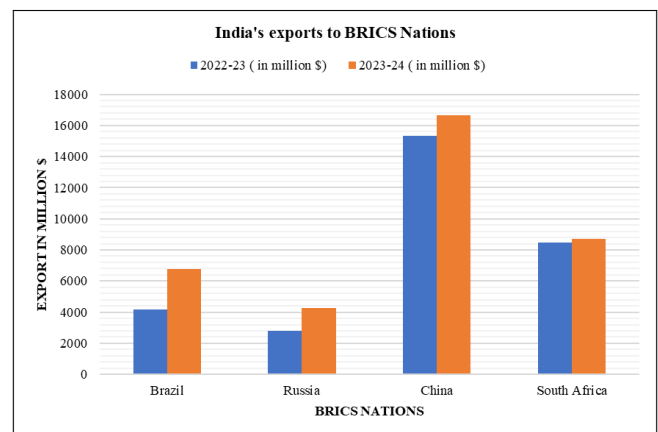
BRICS brings together five key emerging economies—Brazil, Russia, India, China, and South Africa. BRICS was formed in 2001 and is headquartered in Shanghai, China.

BRICS member nations work together in many areas such as economic development, trade promotion, financial assistance, social, cultural and political cooperation. India plays an important role among the BRICS member countries, India has been a founding member of the NDB New Development Bank, which is actively involved in projects focused on infrastructure and sustainable development with member countries. India is also ahead in technology cooperation with BRICS countries such as artificial intelligence, innovation, cyber security. India actively participates in BRICS summits and ministerial meetings, which help India shape its agenda related to sustainable development, technology transfer, global cooperation.

Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) has seven member countries (Bangladesh, Bhutan, India, Myanmar, Nepal, Sri Lanka, Thailand). Established in 1997, BIMSTEC has its headquarters in Dhaka, Bangladesh. The main objective of BIMSTEC is to promote economic development, tourism, technology transfer, transport, communications, energy and regional cooperation. India's role in BIMSTEC is important. Pakistan is not present in this integration, which helps India to keep its agenda strong. This platform also counters SAARC.

BRICS Nations	2022-23 (in million \$)	2023-24 (in million \$)
Brazil	4170	6770
Russia	2800	4260
China	15310	16660
South Africa	8,474	8710

Source: United Nations Comtrade database, Export Genius, Ministry of External Affairs



This graph shows India's exports to BRICS nations. Among the BRICS nations, India exports the most to China, followed by South Africa and Brazil. India's trade with all the BRICS countries is increasing day by day, India has started good trade with Russia, this group is also special for India because there is no Pakistan here which does not help India in keeping its agenda.

Conclusion

The study centred on the roles India in regional economic integration and this paper concludes that regional integration provides many benefits to member nations such as increased employment opportunities, new markets for business,

innovation, technological updates, etc. Regional economic integration also has some disadvantages, such as member nations having to share control over trade policies and other agreed areas. A major objective of regional integration is to make trade more efficient by reducing costs and enabling member countries to trade with each other. Regional integration involves neighbouring countries. Some nationalists oppose regional integration, asserting that it poses a risk to the country's sovereign authority. India needs to be cautious of its neighbouring countries like China and Pakistan to strengthen its hold in regional integration. India should become a part of such economic integration where countries like China and Pakistan are not members, where India can present its ideas according to its strategy and get support from the member nations without any conditions.

India has strengthened its participation in major regional economic integration groupings such as SAARC, BRICS, BIMSTEC and is expanding its trade with all member countries. Among the SAARC countries, India exports most of its goods to Bangladesh, followed by Nepal and Bangladesh in second and third place respectively. Similarly, among the BRICS nations, India exports the most to China, followed by South Africa and Brazil at second and third positions respectively.

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