



Direction of trade of major Indian agricultural commodities among SAARC Countries

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ABSTRACT

The South Asian Association for Regional Cooperation is constituted by Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka. Agriculture sector is still backbone of economy of all SAARC members. India exports different agricultural commodities to SAARC member countries under cereal, pulses, fruits and vegetables, processed food products, alcoholic and non-alcoholic beverages, planting materials, livestock products etc. major exportable agricultural commodities such as wheat, rice, mango and onion have been purposively selected for further analysis as these commodities are commonly exported from India to all other SAARC member countries. Markov chain analysis was used to analyze the direction of trade. Maldives is stable market for rice with high retention probability of 41.54 per cent among the SAARC countries for reference period. Bangladesh is most stable market for all four commodities such as rice, wheat, mango and onion as reflected by retention probabilities of 22.86, 45.40, 39.29 and 24.00 per cent, respectively among the SAARC member countries. It was observed that India was in a competitive position in rice, mango and onion with the NPCs values of 0.98, 0.975 and 0.893, respectively for the period of 2008-09.

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INTRODUCTION

The South Asian Association for Regional Cooperation is constituted by Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka. Agriculture sector is still backbone of economy of all SAARC members. Rice and wheat are the staple food crops in the SAARC countries. Historically, SAARC countries have been trading similar types of agricultural products and the concentration of exports into limited agricultural product groups is a common phenomenon in many SAARC countries. India is the most diversified economy in terms of agricultural exports and the least diversified in imports. Agriculture including allied sector accounted for 17.1 per cent of GDP in 2008-09, has been declining over the years, its role remains critical as it accounts for about 52.1 per cent employment in the country. Agricultural sector contributes 12.2 per cent share of national exports in 2008-09 (Anonymous, 2009).

India exports different agricultural commodities to SAARC member countries

under cereal, pulses, fruits and vegetables, processed food products, alcoholic and non-alcoholic beverages, planting material, livestock products etc. Among all SAARC member countries trade between India – Bangladesh is higher.

All the other SAARC countries show less diversity in agricultural exports while imports show a wide diversity. The export and import concentrations indicate the potential for trade increase following the liberalization. In this respect, India could benefit more due to a higher diversity in exports (lesser diversity in imports) than other SAARC countries.

METHODOLOGY

Many agricultural commodities are commonly exported from India to SAARC members. It includes cereals, fruits and vegetables, pulses, livestock products such as milk and milk products, meat products, processed products such as pickle, chutney, jam, jellies etc. There are very few commodities which are commonly exported from India to

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