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Title of Thesis : - Regional Cooperation in South Asia: A Study of Political and Economic Dimensions of SAARC.

Short Abstract:-

In the present global and economic regime based on the WTO (GATT) and IMF system, which has sustained the world economy since world war II, regionalism through which neighbouring countries seek to strengthen their economic and political relations by entering into some form of “regional integration” has become a major trend, this trend was triggered by the economic union market integration.

Regional integration is a process in which states enter into a regional agreement in order to enhance regional cooperation through regional institution and rules. Its objective could range from economic to political although it has become a political economy initiative where commercial purposes are the means to achieve broader social-political and security objectives.

The theoretical approaches to regional integration can be divided into two groups:

- 1) Political Approaches to regional integration.
 - a) Functionalism
 - b) Neofunctionalism
 - c) Intergovernmentalism

- 2) Economic Approaches to regional integration
 - a) Custom Union Theory
 - b) Optimal Currency Area Theory
 - c) Fiscal Federalism

The global trend towards a free trade and the formation of intra- regional blocs spurred South Asia into action and in 1985, the South Asian Association for Regional Cooperation was formed. SAARC at present comprises of eight countries Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka.

Political Dimension of SAARC

SAARC has intentionally laid more stress on “core issues” rather than more decisive political issues like the Kashmir Dispute and Sri Lanka civil war. However, political dialogue is often conducted on the margins of SAARC meetings.

Although initially its progress was slow but later SAARC’s role as a major regional organisation increased. It has developed understanding among the states, suppressed terrorist activities through taking common steps for the promotion and establishment of peace and security. The member countries have also devised modalities for confronting major issues such as poverty, drug trafficking and terrorism.

South Asia is a conflict prone region subject to continuous political tensions. India , by far the largest country and geographically centrally located, has developed differences with most of its smaller neighbours. Tensions have tended to recur periodically and have not allowed an atmosphere of mutual trust to prevail.

Apart from tension between India and its neighbours other SAARC member have by and large, maintained conflicts free relations.

Afghanistan was endorsed as a member of the forum at the 13th SAARC Summit in Dhaka.

Inclusion of Japan and China as observers is a wise decision on the part of SAARC and 12th and 13th summit had made some substantial progress in this direction that is why more countries and organisation like U.S.A, South Korea and EU have formally sought SAARC observer status.

Economic Dimensions of SAARC

SAARC has taken various steps to expand trade and economic cooperation among member countries in core areas. Among these SAPTA (SAARC Preferential trade agreement) and SAFTA (South Asian Free Trade Area) is an important step reflecting the growing sentiments among the member countries to consolidate economic interaction at a fast pace. Given fluctuations in the global market due to forces of globalisation, South Asian countries have to restart extensive regional trade. The formation of a FTA with liberalisation of investment regimes and other facilitating measures can help in exploration of the potential of efficiency seeking restructuring of industries within the region. However, it is essential that member countries of SAARC should take a big stride.

Major impediments on the way of development of SAARC

The problems that have continued to plague South Asia causing an array of political challenges for SAARC are the Kashmir issue, various bilateral issues, war on terror, size of member countries and built in contradiction among its member states, extra regional linkages and India's Look East Policy , nuclear conflicts and resource development issue, the crisis of trust among SAARC members, low education level, lack of awareness, weak economy of member states, too small and too few with similar revealed comparative advantage , fear of India's hegemony in political and economic sphere of SAARC, lack of coverage and commitment in the merchandise trade agreement, the domination of politics over economy in South Asia and the domestic policy paralysis and uncertainty about regulatory reforms.

Recommendations

The SAARC countries will have to discard the weight of history and should work together as a region. India needs to be persuaded by friendly countries to allow the creation of South Asian institution.

To become dynamic and functional regional vehicle cooperation SAARC should become a union of energy, communication, information and tourism.

Various confidence- building measures should be taken to enhance cooperation among SAARC nations. The strong and constant political will from all members is needed to ensure effective implementation in the process of regional economic cooperation and regional trade integration.

Collective position will help in improving the bargaining power of individual countries and can be very effective in multilateral negotiations forums such as WTO.

Conclusion

Regional integration offers several benefits, for instance greater economic integration, frequent and easier people to people contacts, sustainable peace and development at regional level. The compulsions and prospects for regional integration in South Asia are tremendous. There are obvious obstacles and political differences. Nevertheless, it is high time that governments as well as people of the region realise that economic cooperation is the only option available, which could eventually lead to the building of a more prosperous and socio-politically cohesive region and which is only possible through SAARC.