

## AN ECONOMIC OVERVIEW OF SAARC COUNTRIES: (2003-2015)

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### ABSTRACT

*The South Asia Association for Regional Cooperation (SAARC) brings together Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka to accelerate economic growth, social progress and cultural development. Afghanistan joined the SAARC during the 14th SAARC Summit held in Delhi (India) in April, 2007. The eight countries are very much diverse in size, geography, political system, level of development and economic structure. The present study investigates the economic situation of each SAARC country during the period 2003-2015. In general, the economic performance of the SAARC economies is influenced by three major sets of factors, namely external impacts, policy responses and structural factors. For this, six macroeconomic indicators i.e. growth rate of GDP, inflation rate, share of agriculture, industry and service sector in GDP and unemployment rate are taken. This paper also tries to analyse business prospects in this region. Results of the study showed that SAARC countries are growing with rapid rate. This bloc has become 2nd fastest growing region. Growth rate of GDP has improved along with increased inflation rate. The share of service sector in GDP went to increase that has positive on impact on economic growth and development. Intra-extra regional trade went to increase with increasing rate. There is a possibility of expansion of intra/extra region trade. The overview of the region provides an indication of the possibility of expansion of trade in future.*

**KEYWORDS:** *Economic Performance, Inflation, Agriculture, Industry, Service, Trade.*

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### Introduction

Under the wave of regionalism, seven South Asian countries (Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka) formed South Asia Association for Regional Cooperation (SAARC), as the first inter-general regional organization in South Asia, on 8 December 1985 in Dhaka after efforts made by Zia-ur-Rehman, President of Bangladesh. It (SAARC) is set up for the purpose of holding periodic regional consultations on the matters of mutual interest and to accelerate the pace of socio-economic and cultural development through collective action in agreed areas of cooperation. After a decade, countries wanted to enhance the level of cooperation i.e., South Asia Preferential Trade Agreement (SAPTA). SAPTA was signed in 1993 and came to operation in 1995. Member countries' further upgraded SAPTA to South Asia Free Trade Agreement (SAFTA) in 2004 in order to boost trade and free movement of goods and services in the region that came to effect on 1 January, 2006. Afghanistan became its eighth members in 2007 during the fourteenth SAARC Summit held in Delhi (India). Among SAARC countries, India is the largest, most powerful and industrialized trading partner. It occupies 70% of the SAARC region both geographically and economically. It shares land and sea boarder with all South Asian Countries (SACs) except Afghanistan and also has potential to develop the whole region. India has potential to develop the whole region by proper utilisation of natural as well as human resources. Pakistan is the second largest country after India. South Asia region provides home to more than 43% of Asia's population and 24% of the world's population. It is amongst the fastest growing region in the world with an average real GDP growth rate of 6.9 percent. Standard of living has risen due to increase per capita income.

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