ASEAN-INDIA FREE TRADE AGREEMENT IN GOODS: AN ASSESSMENT

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ABSTRACT

The study investigates India’s trade prospect with ASEAN countries by analyzing the pattern and trends in India’s bilateral merchandise trade with ASEAN countries and their revealed comparative advantage in different products. The results show that during last three decades India’s share in ASEAN countries’ merchandise trade has increased, but it has been less than that of Japan and China. This shift has been more marked in the case of imports. India runs a large and worsening trade deficit vis-à-vis ASEAN countries. India’s ratio of trade deficit to total foreign trade has had been worst in case of its trade with ASEAN countries. India’s trade intensity in ASEAN countries has deteriorated sharply. ASEAN economies are more open in comparison of Indian economy. Lafay’s index results suggest that India’s comparative advantage is rather poor than ASEAN countries. In addition, in India many specialization improvements occur in those items for which the world demand expands at a faster pace, hinting to the possibility of an increase in India’s share in the world trade in the years to come. In order to enlarge international trade benefits, India should pay attention to pave the way for concluding the multilateral trade liberalization under WTO’s Doha round trade negotiations.

Keywords: India, ASEAN, Bilateral trade, Comparative Advantage, Lafay’s Index.
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