



## Foreign Direct Investment (FDI) in SAARC Countries

By Md. Joynal Abdin

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## I. INTRODUCTION

The South Asian Association for Regional Cooperation (SAARC) was officially established in December 08, 1985. But the idea for the SAARC was proposed on May 2, 1980, by Ziaur Rahman, the then President of Bangladesh. Major objective of the SAARC is to undertake collective effort toward collective progress for the involved nations of South Asia. Current members of SAARC are the Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, and Sri Lanka. Since inception SAARC leaders meet 18 times and signed a long list of agreements, conventions, understandings and declarations.

Most importantly a number of regional centers were established including the SAARC Agricultural Centre (SAC), SAARC Meteorological Research Centre

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(SMRC), SAARC Forestry Centre (SFC), SAARC Development Fund (SDF), SAARC Documentation Centre (SDC), SAARC Disaster Management Centre (SDMC), SAARC Coastal Zone Management Centre (SCZMC), SAARC Information Centre (SIC), SAARC Tuberculosis and HIV/AIDS Centre (STAC), SAARC Human Resources Development Centre (SHRDC), SAARC Energy Centre (SEC), and SAARC Cultural Centre (SCC) etc. under the umbrella of SAARC. A good number of apex bodies (professional body, trade body) were establish like SAARC Chamber of Commerce & Industry (SCCI), South Asian Association For Regional Cooperation In Law(SAARCLAW), South Asian Federation of Accountants (SAFA), South Asia Foundation (SAF), South Asia Initiative to End Violence Against Children (SAIEVAC), and Foundation of SAARC Writers and Literature (FOSWAL) etc. under the same umbrella.

Vital achievement of SAARC is to negotiate, sign and activate the South Asian Free Trade Agreement (SAFTA). It opened up our eyes to go further cooperation with visa free South Asia, South Asian Customs Union, South Asian Economic Union, South Asian Investment Forum, South Asian Common Market, South Asian Single Currency, South Asian Common Security Force, South Asian Roads and Water Transport Movement, and South Asian Free Movement of People and Goods etc.

SAARC has potentials to be a powerful regional block in near future if our political leaders become wise, liberal and compromising. SAARC covers 3% of world's geographic territories with 9.12% of global wealth, 21% of world's population (about 1.7 billion). Combined SAARC is the world's 3<sup>rd</sup> largest economy after the United States and China. Coverage and capacity of SAARC could be further extended if two neighboring observers' state the Myanmar and China upgraded into full member status (may be in near future).

Along with all the above achievements SAARC has few limitations like significant amount of world's poor populations, lack of human development initiatives, political rivalry between the member states, emergence of few trade agreement among few members countries, poor infrastructure, lack of connectivity, complex visa procedures and mistrust between the general people derived from religious extremism etc.

At this moment about half billion poor population is the most severe problem for the SAARC

region. Most of the criminal/terrorist/illegal occurrences derives from or by this frustrated poor populations. Human capacity development initiative should be the number one priority for the SAARC leaders at this moment. Employment generation and entrepreneurship development could be the best tools to overcome this severe problems of the SAARC region. It will increase combined SAARC GDP, export earnings, and ensure faster and inclusive economic growth of the region.

Common initiative could be taken to increase investment in the SAARC region either by the entrepreneurs of SAARC member states or to attract foreign direct investment (FDI) into the SAARC region. Common SAARC industrial area could be developed in suitable locations. Inter, intra as well as extra SAARC investment promotion package could be offered to attract new investment & FDI to promote employment generation and poverty alleviation of each of the member state.

a) *Problem Statement/Core Focused Area*

South Asian Free Trade Area, SAARC Agreement on Trade in Services etc. are entered into force under the umbrella of SAARC. A number of regional centers were established to cooperate in various fields. But during last one and half decades SAARC Agreement on Investment Promotion and Protection is in negotiation table. As most of the SAARC countries are discouraging investment abroad by respective citizen's intra SAARC FDI in not occurring significantly. At the same time till now there are no common initiative to attract FDI into the SAARC countries.

b) *Objectives of this study*

Main objective of this study is to analyze current trend of FDI into the SAARC countries. What are the potential sectors for investment in the SAARC countries, who are the investor countries, what are the challenges to increase intra SAARC FDI, How intra SAARC FDI could be further promoted under a common platform.

c) *Methodology*

This study is conducted based on the secondary data and information available in different international databases and publications. A number of research articles, study reports, working papers etc. were studied to find out the facts.

d) *Scope of the Work*

Four internationally reputed databases namely; ITC Trade Map, ITC Investment Map maintained by the International Trade Center, UNCTAD Start Database maintained by the United Nations Conference on Trade and Development, and the World Development Indicators Database maintained by the World Bank help the author to get adequate data required for analysis in this study. Qualitative information were taken from several study reports, research reports published by the

SAARC Headquarter, SAARC Chambers of Commerce and Industries, the Federation Chambers and Investment Promotion Agencies of respective countries.

e) *Limitation of this study*

Main limitation of this study is it contains secondary study materials only. A number of focused group discussion (FGD), key informant interview (KII) could be organized in each of the SAARC countries to find out the fact from the primary sources. As we have budgetary constraints and limited resources we studies only secondary materials and used information from several internationally reputed databases.

f) *Literature Review*

The Government of the People's Republic of Bangladesh sent a proposal to the Heads of the States of seven South Asian countries to think about a platform of regional cooperation in November 1980. Following that proposal, Foreign Secretaries of seven South Asian countries met for the first time in Colombo in April 1981. That meeting was followed by the foreign ministers' meeting in New Delhi in August 1983, the adoption of the Declaration on South Asian Regional Cooperation, as well as the launching of the Integrated Program of Action (IPA), which initially addressed five areas of cooperation: (i) agriculture, (ii) rural development, (iii) telecommunications, (iv) meteorology, and (v) health and population. Two additional areas, covering (vi) scientific and technological cooperation and (vii) sports, arts and culture were added to the IPA at a later stage. At a meeting of Heads of State of Government, held in Dhaka on 7-8 December 1985, a Charter was adopted that formally to establish South Asian Association for Regional Cooperation (SAARC). The 1985 meeting in Dhaka is subsequently known as the first SAARC Summit (Abdin 2009).

The SAARC Preferential Trading Arrangement (SAPTA) was initiated in April 11, 1993 and in enter into force in December 7, 1995. SAARC leaders felt importance to move further from SAPTA into SAFTA in December 1995. As a result SAFTA enter into force in July 1, 2006. SAARC Agreement on Trade in Service was signed in April 2010 and enter into force on November 29, 2012 (SAARC Secretariat 2015). The SAARC Agreement on Promotion and Protection of Investment was drafted in 2004 and till now it is in negotiation table. The SAARC Chamber of Commerce and Industry (SCCI): It was set up in 1992 as the first recognized regional Apex Body. SCCI brings together under one umbrella the national chambers of commerce and industry of the member States and is actively engaged in the promotion of trade and the interaction of the business community within the SAARC region (Aggarwal 2008). Besides these several understanding were signed regarding, SAARC Cooperation in Standards, Cooperation in Avoidance of Double Taxation, Customs Cooperation, SAARCSTAT,

Organizing SAARC Trade Fairs, and establishing SAARC Arbitration Council etc.

Due to the rival political relationship among few SAARC countries it took time to make decision and enter into force. Therefore several regional / bilateral initiatives like, APTA, BIMSTEC were signed or reinforce to offer similar free trade cooperation with few of the SAARC members states. But to be a real regional economic block SAARC has no alternative. Therefore it is time for the South Asian Leaders to make it effective and more cooperative along with investment agreement, free movement of people and goods, regional land, sea

and air connectivity, transport facility, investment promotion etc. features.

## II. FDI INFLOWS INTO THE SAARC COUNTRIES

During last 10 years the largest economy of SAARC i.e. India got highest amount of FDI inflows followed by Pakistan, Bangladesh and Sri Lanka. The land locked countries like Nepal and Bhutan is performing poor in this regard. War affected Afghanistan's performance is extremely poor in FDI attraction.

*Table 1 : FDI Inflows into the SAARC Countries (USD in Million)*

Country/ Years	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Afghanistan	186.9	271	238	188.69	94.38	75.73	211.25	83.41	93.8	69.29
Bangladesh	460.4	845.26	792.48	666.36	1086.31	700.16	913.32	1136.38	1292.56	1599.13
Bhutan	8.85	6.21	72.16	3.02	19.90	71.65	30.80	25.92	21.83	21.28
India	5777.80	7621.76	20327.76	25349.89	47138.73	35657.25	27431.23	36190.4	24195.77	28199.44
Maldives	52.93	73.23	95.22	132.43	181.25	157.96	216.46	256.46	283.97	325.25
Nepal	-0.41	2.45	-6.64	5.89	1.01	38.55	86.73	95.48	91.97	73.63
Pakistan	1118	2201	4273	5590	5438	2338	2022	1326	859	1307
Sri Lanka	233	272	480	603.4	752.2	404	477.6	981.1	941.12	915.57

Source: UNCTAD Start Database (<http://unctadstat.unctad.org/wds/TableViewer/tableView.aspx>). Collected on August 6, 2015. Compiled by the author.

From an analytical point of view overall performance of SAARC countries in FDI attraction in comparison with Vietnam, Singapore is not well at all.

### a) Ranking of the SAARC countries in FDI attraction

If we consider total amount of FDI inflows into the SAARC countries India got 85% of total FDI inflows

into the SAARC countries. Then 85% of the total inflows entered into India followed by Pakistan with 9% of total FDI inflows and Bangladesh's position is 3<sup>rd</sup> with only 3% of total FDI inflows.

*Table 2 : Ranking of the SAARC countries in FDI attraction*

Country	Total FDI Inflow (2004 - 2013)	Each country share	FDI Ranking
Afghanistan	1512.46	0.49 %	6th
Bangladesh	9492.36	3.12 %	3rd
Bhutan	281.65	0.09 %	8th
India	257890.05	84.86 %	1st
Maldives	1775.21	0.58 %	5th
Nepal	388.67	0.12 %	7th
Pakistan	26472	8.71 %	2nd
Sri Lanka	6059.99	1.99 %	4th
Grand Total	303872.39	100 %	

Source: Compiled by the author based on UNCTAD Start Database.

### b) FDI Inflows (Net) in percentage of GDP of the SAARC countries

Maldives is the only SAARC country attracted FDI inflow about 13% of its total GDP. Bhutan got about 3% of its GDP. India got 1.5% even sometimes 3.5 % of

its GDP. Bangladesh being able to attract FDI up to 1% of its GDP.

From this perspective SAARC countries are performing very poor in comparison with the ASEAN countries. For example Singapore got FDI inflow about

22% of its GDP. Vietnam got FDI inflow about 7% of its total GDP. Thailand, Indonesia and Malaysia is also doing comparatively well in FDI attraction than that of the SAARC countries.

If a combined effort is taken under the umbrella of SAARC to establish an institute for promoting FDI into

the SAARC countries and inspiring intra SAARC FDI investment then obviously SAARC countries will perform better than their current condition.

*Table 3 : FDI inflows in percentage of respective GDP (% of GDP)*

Country/Year	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Afghanistan	3.5	4.3	3.4	1.9	0.9	1.7	0.5	0.5	0.5	0.3
Bangladesh	0.7	1.1	1.0	0.8	1.1	0.8	0.7	0.9	1.1	1.0
Bhutan	1.3	0.8	0.7	6.2	0.2	1.4	4.7	1.7	1.3	2.8
India	0.8	0.9	2.1	2.0	3.5	2.6	1.6	2.0	1.3	1.5
Maldives	4.4	4.7	4.3	7.6	8.6	7.3	9.3	17.2	9.0	13.3
Nepal	0	0	-0.1	0.1	0	0.3	0.5	0.5	0.5	0.4
Pakistan	1.1	2.0	3.1	3.7	3.2	1.4	1.1	0.6	0.4	0.6
Sri Lanka	1.1	1.1	1.7	1.9	1.8	1.0	1.0	1.6	1.6	1.4

Source: World Development Indicators, the World Bank. Link is <http://data.worldbank.org/indicator/BX.KLT.DINV.WD.GD.ZS/countries?display=default>, Collected on August 5, 2015.

#### c) Top 10 Sectors attracting more FDI into the SAARC Region

SAARC countries are having almost similar product in their export basket, accordingly SAARC countries are trying to get investment into the same industrial sector of their own. For example Textile, clothing and readymade garment is a common industrial sector for almost all the SAARC countries like, Bangladesh, India, Sri Lanka and Pakistan everybody is trying to flourish respective garment industries and get FDI in it.

Similarly telecommunication, IT, ICT and Tourism are the common sectors for almost every SAARC countries. For example Bangladesh, India, Afghanistan are getting highest FDI in respective telecommunication and ICT sector. At the same time Nepal, Bhutan, India, Bangladesh, Sri Lanka, Maldives are fighting to promote respective tourism sectors and attract more tourists into their spots.

Generally it may be understand that all the SAARC countries are fighting with same industries but there are some basic differences as well. Therefore we are in need of classifying the industries based in respective competitive advantages. Allocating specialized sector for respective countries. So that, we will not be competitor rather we all countries will promote others industries as complement not supplement each other's. For example Afghanistan, Bangladesh Nepal, Bhutan, India and Pakistan have hill stations as tourist spots. But same environment is not everywhere. Pakistan, India and Nepal have snow covered hill station on the other hand Bangladeshi hill stations are ever green. Bangladesh, India, Sri Lanka, and Maldives have sea beaches but Nepal, Bhutan and Afghanistan do not. So they could promote the beauty of sea beaches to the tourist used to visit hill station this year it may be happened they are planning to visit a sea beach next year.

*Table 4 : Major FDI receiving sectors of SAARC region*

Sl.	Afghanistan	Bangladesh	Bhutan	India	Maldives	Nepal	Pakistan	Sri Lanka
1	Agriculture and Related Industries	Textiles, clothing and leather	Hotels	Unspecified secondary	Tourism	Hydro-electricity	Petroleum	Chemicals and chemical products
2	Construction	Finance	Agro & Food	Hotels and restaurants	Fisheries	Tourism	Finance	Food, beverages and tobacco
3	Telecommunications	Electricity, gas and water	Financial Services	Finance	Transportation & shipping	Health	Chemicals and chemical products	Metal and metal products
4	Transports and logistics	Transport, storage and communications	IT	Electricity, gas and water	Telecommunication & ICT	Education	Motor vehicles and other transport equipment	Non-metallic mineral products
5	Mining	Non-metallic mineral products	Ferro Alloys	Construction	Power	ICT	Electricity, gas and water	Other manufacturing
6	Power	Chemicals and	Power	Business		Carpets &	Construction	Textiles, clothing

		chemical products		activities		Woolen products		and leather
7	Water	Other manufacturing	Metals	Unspecified tertiary		Readymade Garment	Non-metallic mineral products	Unspecified tertiary
8		Food, beverages and tobacco	Pharmaceuticals	Wholesale and retail trade		Pashmina and Silk Products	Business activities	Wood and wood products
9		Unspecified tertiary	Gases	Transport, storage and communications		Handicraft	Coke, petroleum products and nuclear fuel	
10		Metal and metal products	Mineral Based	Education		Tea	Textiles, clothing and leather	

Source: ITC Investment Map (<http://www.investmentmap.org>). Collected on August 5, 2015. Compiled by the author.

Bhutan: Chapagai, L. (November 2013). *Role of Incentives in Promoting FDI for Inclusive and Sustainable Development*, Ministry of Economic Affairs, Bhutan.

Maldives: Finance and Private Sector Development Unit, South Asia Region, the World Bank (April 2006). *The Maldives: Sustaining Growth & Improving the Investment Climate*.

Nepal: Adhikari, R. (Undated). *Foreign Direct Investment in Nepal: Current status, prospects and challenges*, South Asia Watch on Trade, Economics and Environment (SAWTEE), Working Paper No. 01/13.

d) Sources of FDI into SAARC Countries member states. There are few regional like Singapore, Most of the SAARC countries got FDI China, Japan and Indian investments as well. investment from the western countries like USA and EU

Table 5 : Major Sources of FDI into the SAARC Countries

Sl.	Afghanistan	Bangladesh	Bhutan	India	Maldives	Nepal	Pakistan	Sri Lanka
1	India	United Arab Emirates	India	Mauritius	Italy	India	USA	China
2	USA	Kingdom of Saudi Arabia (KSA)	Singapore	Singapore	UK	China	UK	Hong Kong
3	China	United Kingdom	Japan	USA	Germany	EU member states	UAE	Singapore
4	UAE	United States	USA	UK	France	USA	Japan	Netherlands
5		The Netherlands	EU member states	Netherlands	Japan	South Korea	Hong Kong	Malaysia
6		Egypt		Japan	China		Switzerland	UK
7		Malaysia		Cyprus	India		KSA	India
8		South Korea		Germany	Switzerland		Germany	
9		India		France	Russia		South Korea	
10		China		UAE			Norway	

Sources: Compiled by the author from the following sources:

- i. Alam, M.S (2012); *Foreign Direct Investment in Bangladesh: A Critical Analysis*, South East Asian Journal of Contemporary Business, Economics and Law, Vol. 1.
- ii. FDI: The top 10 nations investing in India (2011), <http://www.rediff.com/business/slide-show/slide-show-1-the-fdi-inflows-in-india-top-10-countries/20110908.htm#11>
- iii. The Board of Investment, Government of Pakistan. Link is <http://boi.gov.pk/ForeignInvestmentinPakistan.aspx> (Cited on June 25, 2015).
- iv. Smith, S. (2013). Sri Lanka earns \$870m in Foreign Direct Investment in 2013, the Republic Square. Link is <http://www.therepublicsquare.com/business/2013/12/sri-lanka-receives-870-m-in-foreign-direct-investment/>
- v. Adhikari, R. (Undated). *Foreign Direct Investment in Nepal: Current status, prospects and challenges*, South Asia Watch on Trade, Economics and Environment (SAWTEE), Working Paper No. 01/13.
- vi. Kundur, S.K. (2012). *Development of Tourism in Maldives*, International Journal of Scientific and Research Publications, Volume 2, Issue 4, April 2012.

e) *FDI Outflow of the SAARC Countries*

Most of the SAARC countries other than India had restrictions to invest outside their respective

territories. As a result FDI outflow of the SAARC countries other than India is not significant at all.

*Table 6 : FDI Outflows of the SAARC Countries*

Country / Years	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Afghanistan	..	..	..	..	..	..	..	..	..	..
Bangladesh	5.7	3.3	3.6	21	9.3	29.3	15.4	13.04	52.78	32.27
Bhutan	..	..	..	..	..	..	..	..	..	..
India	2175.36	2985.48	14284.9	17233.76	21147.36	16031.3	15932.52	12456.13	8485.699	1678.743
Maldives	..	..	..	..	..	..	..	..	..	..
Nepal	..	..	..	..	..	..	..	..	..	..
Pakistan	56	45	109	98	49	71	47	62	82	237
Sri Lanka	6	38	29	55	61.7	20	42.5	60	63.93	65.07

Source: UNCTAD Start Database (<http://unctadstat.unctad.org/wds/TableViewer/tableView.aspx>). Collected on August 6, 2015. Compiled by the author.

**III. ECONOMIC AND TRADE CO-OPERATION UNDER SAARC**

Till now SAARC do not have visible achievements in terms of investment promotion. But I think it's ground works were started in form of signing and activating South Asian Free Trade Agreement (SAFTA), SAARC cooperation in Standards, SAARC Agreement on Trade in Services, Cooperation in Avoidance of Double Taxation, SAARC Customs Cooperation, Organizing SAARC Trade Fairs for several times, establishment of SAARC Chamber of Commerce and Industry, and SAARC Arbitration Council. Now it is the time to finalize and activate Agreement on Promotion and Protection of Investment among the SAARC Countries. This agreement may consider to establish a body for united effort to attract foreign direct investment (FDI) into the SAARC states based on respective competitive advantages of different member countries.

a) *Current economic dynamics of the SAARC Countries*

SAARC is covering about 3% of global territory with all features of the earth. There are to mountains, deep oceans, longest sea beaches, deserts, plain lands, green fields etc. Most of the SAARC countries have more than thousand dollar GDP per capita and positive growth rates. SAARC countries are till now trade deficit countries. All the SAARC countries are importing more than that of their exports. As a result united SAARC is one of the largest buyers of the globe. Most of the SAARC countries used to import capital machineries, raw materials, and chemicals. On the other hand their export basket is comparatively small and fixed with same or similar products. They must have to diversify their export basket to grow further and capture a larger portion of the global trade.

*Table 7 : Macroeconomic dynamics of SAARC Countries*

Countries / Indicators	Territory (km <sup>2</sup> )	Population	GDP (PPP, in bn. USD)	GDP (Nominal, in bn. USD)	GDP Per-capita (nominal, in USD)	Total Export - 2014 (in USD thousand)	Total Import - 2014 (in USD Thousand)	Trade Balance (in USD Thousand)
Afghanistan	652,000	31,822,848	36.83	21.74	695	845,891	6,241,347	-5,395,456
Bangladesh	147,570	156,594,962	572.44	205.32	1,284	33,231,332	38,504,053	-5,272,721
Bhutan	38,394	742,737	5.85	2.09	2,730	170,607	264,842	-94,235
India	3,287,590	1,210,193,422	7997	2308	1,808	317,544,642	459,369,464	-141,824,822
Maldives	298	393,500	2.84	1.94	5,973	218,373	1,253,733	-1,035,360
Nepal	147,181	26,494,504	62.38	19.92	743	910,849	7,295,737	-6,384,888
Pakistan	803,940	191,715,847	928.43	250.13	1,342	24,722,182	47,544,889	-22,822,707
Sri Lanka	65,610	20,277,597	233.63	80.59	3,818	11,295,486	19,244,461	-7,948,975
<b>Total</b>	<b>5,142,583</b>	<b>1,638,235,417</b>	<b>9,839</b>	<b>2,890</b>	<b>18,393</b>	<b>388,939,362</b>	<b>579,718,526</b>	<b>-190,779,164</b>

Sources: Compiled by the author from Wikipedia (<https://en.wikipedia.org>), and ITC Trade Map (<http://www.trademap.org/>) on August 9, 2015.

### b) *Challenges and Constraints*

Above discussion states that there are enormous potential to increase FDI attraction into SAARC countries. At the same time intra-regional FDI flow shall be increased day by day. But there are few challenges hindering deeper economic integration among the SAARC countries. These are as follows:

- i. *Political instability*: Two major and influential SAARC member states fought twice in last century. Besides this intra SAARC level of confidence / trust is not at a satisfactory level. Almost all the SAARC countries other than India is suffering from political instability. Afghanistan faced a series of wars during last decade even last century. Therefore it is a challenge to implement a regional commitment with the change in power (either party or system). Autocratic rollers are not used to comply with people's demands either in terms of local or regional perspective.
- ii. *Restriction on investing abroad*: In most of the SAARC countries only FDI inflow is inspiring but FDI outflow (investing abroad) is restricted. As a result intra SAARC FDI inflow is insignificant. To be deeply integrated SAARC countries have to overcome this challenge in near future.
- iii. *Complex visa regime*: Till now it is tougher to get an Indian visa for its neighboring Muslim states than that of getting a U.S. visa. As a result neighboring government are bound to follow same policy in case of Indian citizens. To make SAARC more result-worthy in terms of investment, trade and commerce visa system must have to be easier. Even visa free SAARC regime could be considered. At least port entry shall be allowed for each other's to promote intra SAARC trade and investment.
- iv. *Connectivity and Transportation*: Till now most of the SAARC countries are not connected even in air for daily business needs. Maximum SAARC states are disconnected for land and sea connectivity as well. Therefore effective intra SAARC trade is not occurring among the member countries. Transit and transshipment facilities are in negotiation stage till now. To make an economically integrated SAARC region free movement of people and free movement of goods has to be ensured first.
- v. *Increasing number of non-tariff measures*: Till now SAARC countries are applying non-tariff measures to discourage intra SAARC trade. This trend of enforcing non-tariff measures is increasing day by day.
- vi. *Emergence of New Regional / Bilateral Free Trade Agreement*: To avoid existing political conflicting relationship among few countries new bilateral / regional agreements are signing with few or partial part of the SAARC. These agreements are

decreasing the importance of SAFTA or SAARC. Therefore it is time to promote new economic initiative under the umbrella of SAARC rather bypassing it.

## IV. RECOMMENDATIONS

- a) SAARC countries shall maintain a congenial relationship without interfering each other freedom, dignity and political sovereignty.
- b) Intra SAARC movement of mass people (not only bureaucrats or business magnates) has to be inspired by withdrawing or easing visa complexity.
- c) The Agreement on Promotion and Protection of Investment among the SAARC Countries shall be effective as soon as possible.
- d) A common institution could be established to promote FDI into SAARC countries centrally. They could look after the intra SAARC investment matters as well.
- e) Free movement of people and goods shall be practically encouraged by developing road, sea and air connectivity along with sufficient transports available.
- f) Special attention shall be given to identify and remove non-tariff barriers existing or upcoming in the SAARC region.

## V. CONCLUDING REMARKS

South Asian Association for Regional Cooperation (SAARC) has already spent plenty of time without of no use. It took comparatively longer period than that of the EU, ASEAN or even NAFTA to be effective in terms of trade and investment cooperation. A significant amount of world's poor population is living in this region. At the same time SAARC has potentials to grow faster and alleviate poverty within shortest possible time. Therefore it is our political leader's / government's turn to take decision whether they would like to drive the poor SAARC into a developed and deeply economic integrated SAARC with an effective fiscal union or let the SAARC to be further ineffective day by day.

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