

Factors Affecting India's Regional Trade with SAARC Nations

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Abstract: The study analyzes India's trade with SAARC countries from 2000 to 2024. It considers exports and imports as dependent variables, with explanatory variables including India's and SAARC nations' GDP, Per Capita Income Differential, distance, India's exchange rate, the Economic Freedom index, and a dummy variable for SAFTA. A Pearson Correlation Matrix is also conducted to support the regression analysis. The findings indicate that Per Capita Income Differential, Economic Freedom, and SAFTA are significant factors in determining India's trade flow. The study finds that India's trade flows within SAARC countries are determined by institutional frameworks and regional cooperation rather than by economic size and distance.

Keywords: Trade, India, SAARC, Regression, Economic Freedom, SAFTA

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