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A Study on Impact of Regional Trade Agreement with Ref. to Indian Exports

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Abstract:

Over time, regional trade agreements (RTAs) have grown in number and scope, particularly the size of the huge plurilateral accords. One of the fundamental tenets of the WTO is the non-discrimination of trading partners. RTAs, which are reciprocal preferential trade agreements between two or more partners, are one of the exceptions and are permitted under the WTO, subject to a set of regulations. This research paper focuses on RTS's impact on Indian exports, as well as its challenges, barriers, and some issues along with its solutions.

Keywords:

Regional Trade Agreement, Trading, Indian Export, Development

What is RTA?

Regional trading agreements refer to a treaty that is signed by two or more countries to encourage the free movement of goods and services across the borders of their members. The pact has rules that the members of it must follow when communicating with one another. When dealing with other countries who are not members, the members adhere to established external rules. Transport of manufactured goods and services is restricted by quotas, tariffs, and other trade restrictions. Regional trading agreements help reduce or remove barriers to trade.

RTA and India

There are 11 Free Trade Agreements (FTAs) and Regional Trade Agreements (RTAs) between India and other nations and regions. Moreover, there are six PTAs with limited coverage (PTAs). Preferential Trade Agreements (PTA), Free Trade Agreements (FTA), Comprehensive Economic Cooperation Agreements (CECA), and Comprehensive Economic Partnership Agreements (CEPA) are some of the trade accords that allow India and signatory nations or trade blocs to have preferential market access.

What is exporting?

Exports are goods and services produced in one country and made available to consumers in another. Imports and exports are both a part of global trade. Countries frequently deliberately seek out foreign markets around the world for business, providing additional revenue and transactional prospects, as opposed to limiting themselves within their own geographic limits.

Modern economies rely heavily on exports because they give people and businesses access to a wide variety of new markets. One of the fundamental aims of international diplomacy and foreign policy is to promote economic trade and increase exports and imports for the benefit of all trading parties.

Regional trade agreements and Indian export:

- Being a growing superpower, India's RTAs deserve special consideration since its goal of achieving economic growth through global trade is becoming increasingly important. India's exports of goods and services, often known as total exports or exports, have experienced significant fluctuations, ranging from 24.1% of GDP in 2008 to 19.9% in 2018.
- The ongoing US-China trade war, the epidemic, and Brexit serve as warning signs of a potential paradigm shift in world trade. India hasn't signed a trade agreement since 2012, but in order to boost exports, the Indian government is currently holding talks about a potential FTA with the US and the EU, going along with the global trend of fostering regional commercial integration. The expansion in production scale brought about by trade integration often benefits manufacturing jobs in developing nations (Sen, Citation2019). 42 trade agreements (preferential and free) are currently either in effect (13 of them), being negotiated, or being discussed with India.
- 42 trade agreements (preferential and free) are currently either in effect (13 of them), being negotiated, or being discussed with India. According to Saraswat et al. (Citation2018), there is a significant untapped market for Indian exports in the United States (US), with a $18.6 billion gap between potential and actual exports.
- The benefits of RTAs for Indian exports can include increased access to markets, reduced trade costs, and improved competitiveness in the global market. RTAs can also lead to the creation of larger and more stable markets, providing Indian exporters with a larger customer base and a more predictable economic environment.
- One example of an RTA that has positively impacted Indian exports is the India-ASEAN Free Trade Agreement (FTA). This agreement provides Indian exporters with duty-free access to the ASEAN market for a large number of products. This has increased Indian exports to ASEAN countries and created new trade opportunities for Indian companies.
- However, RTAs can also have drawbacks for a country's exports. For example, RTAs can lead to trade diversion, where exports are diverted from more efficient non-member countries to less efficient member countries. This can reduce the competitiveness of Indian exports in the global market and lead to decreased exports.
- Additionally, RTAs can also lead to increased competition for domestic producers, as foreign producers gain increased access to the Indian market. This can make it more difficult for Indian exporters to compete and lead to decreased exports.

In conclusion, the impact of RTAs on Indian exports can be positive and negative. RTAs can provide Indian exporters with increased access to markets and improved competitiveness, but they can also lead to trade diversion and increased competition. Therefore, it is important for the Indian government to carefully consider the potential benefits and drawbacks of RTAs when negotiating and participating in these agreements.

Introduction of the Study:

This study analysis the role of regional trade agreements which effects the export efficiency of India in a positive or negative way. According to the report, India's export efficiency is significantly positively impacted by the regulatory standards of the importing countries. This emphasizes how crucial sound institutions and superior regulatory standards are in achieving the potential level of exports with partner countries.

The global landscape of production and trade agreements has important ramifications for developing countries, despite the fact that policymakers routinely employ RTAs to boost bilateral trade in both wealthy and developing countries. Export-led growth, which has significantly strengthened the global value chains (GVC) and international production networks in the Asian area, is encouraged by trade liberalization and economic integration policies. East Asian economies' export-led strategies, backed by rapid economic growth and major structural changes, have made a considerable contribution to global commerce over the past three decades.

India has not signed a trade agreement since 2012. However, in order to boost exports, the Indian government is currently holding talks about a potential FTA with the US and the EU, in line with the global trend of fostering regional commercial integration. The expansion in production scale brought about by trade integration often benefits manufacturing jobs in developing nations. 42 preferential and free trade agreements are either in effect, being negotiated, or being discussed with India. The United States (US) is a huge potential market for Indian exports, making the $18.6 billion absolute gap between potential and actual exports clear.

Global trade, which was already declining in 2019 as a result of the U.S.-China tariff dispute, is predicted to fall by 13 to 32% this year, according to the World Trade Organization. Some nations have abandoned planned trade agreements in an effort to reduce the economic misery brought on by the pandemic. Instead, they are investigating internal trade tactics. India can hone its competitive edge to fill the gap left by leaving countries as the world curls into the cocoon of protectionism. Regardless of what is happening in the global economy, India must concentrate on its trade policy, consider ways to access new markets and negotiate deals with its key allies, particularly the United States, to escape the crisis of declining exports.

Relying on FTAs to improve India's manufacturing sector is a utopian idea. With "Atmanirbhar Bharat" receiving widespread acclaim, the emergence of export-oriented industrial processes and transportation inside the domestic sector may be anticipated. For improved trade facilitation and regional integration through the interchange, and export infrastructure is essential. Compared to industrialized nations, India's typical logistics costs are around 15% more than those in those nations. Attention-grabbing advancements in the hard infrastructure (ports and shipping, railroads, highways, and airports), as well as the soft infrastructure, can close this gap (telecommunication, business environment, and logistics).

The multilateral trading system is currently far more limited in scope than regional trade accords, which have developed more recently. For instance, regional trade agreements address issues that are challenging in global trade debates, such as intellectual property and competitiveness. They are also increasing geographically since several countries from different regions with comparable trade policy objectives are currently signing a number of regional trade agreements. This demonstrates that regional trade agreements are increasingly being utilized to create political and economic alliances rather than just boosting regional integration.

It is important to note that RTAs can also have negative impacts on exports, such as trade diversion. This occurs when trade is diverted away from more efficient producers outside the RTA to less efficient producers within the RTA. This can result in a loss of exports for non-member countries, which can be harmful to their export-oriented industries.

India's concern on trade agreements

Why, in comparison to its trading counterparts, has India not been able to clearly benefit from trade agreements? Reasons for a peculiar trend of a relatively higher increase in imports than exports with the trade partner post the signing of a trade agreement:

1. **Larger tariff reduction by India**

According to the Economic Survey 2016–17, since India must lower its tariffs more than the FTA partner, the partner's exports have increased exponentially in comparison to India.

2. **Agreements favour partners with excess capacity**

The majority of countries have concentrated on building vast capacities to benefit from economies of scale. However, with slowing demand, the priority of the countries with excess capacities, such as Korea, Japan, and China, has always been the search for newer markets, whereas India's exports are primarily led by MSMEs, which have limited capacity, and thus the trade favours the country with surplus capacity.

3. **Feigned trade rules**

Non-tariff trade obstacles, the rerouting of goods to take advantage of trade agreements, such as the rerouting of Chinese steel through ASEAN, and the lack of transparency in the rules of origin certification process call for a targeted strategy to address the underlying change in trade dynamics. The time it takes to grant registration is a major factor in the low competitiveness of India's API manufacturing industry, according to a paper recently published by the Ministry of Commerce and Industry to understand the difference in the pharmaceutical industry's competitiveness in terms of manufacturing API compared to China. These situations frequently occur when trade tariff and competitiveness issues are addressed using proxy methods.

4. **Rise in protectionism**

Developed nations are becoming more sceptical of free trade. By restricting access to their markets, rich countries, the largest markets for goods at the lower end of the value chain, shun emerging nations. This has caused a surplus on the world market and a quest for younger economies to take up the slack.

Objectives of the study

- How India can create an enduring global partnership with the United States through the RTAs.
- Shaping RTAs that can attract more foreign investment.
- Excessive export can be damaging to natural resources, and performing sustainable trades via RTAs can bring a huge change in the environment.
- How simplified documentation can boost up export
- Reframing tariffs on imports to benefit Indian exporters.

Data Analysis and Interpretation

1. ***How India can create an enduring global partnership with the United States* through the RTAs.**

Since priorities, strategic interests, and concerns about economic competitiveness differ between India and the United States, neither country has signed any regional trade agreements. The two nations' different trade policy priorities are a significant contributing factor. While the US has traditionally been more focused on promoting free trade and open markets, India has historically been more focused on protecting its domestic industries and encouraging self-sufficiency. It has been difficult to find a point of agreement for a regional trade agreement because of these divergent priorities.

Furthermore, neither nation's strategic interests necessarily line up with those of a regional trade agreement. The US may not want to enter into an agreement that could jeopardize its economic or national security interests because it has a strategic interest in maintaining its position as the world's undisputed leader. India might also not want to sign a contract that might compromise its regional influence or strategic objectives.

Concerns about economic competitiveness are also present. Given the size and diversity of their economies, India and the US may both be concerned about increased competition from one another in certain sectors. Political opposition to any regional trade agreement that might result in job losses or other economic difficulties may result from this. Additionally, neither nation's strategic objectives necessarily coincide. While there have been discussions about potential trade agreements between India and the US, a formal regional trade agreement has not been reached between the two nations due to a number of obstacles.

2. ***Shaping RTAs that can attract more foreign investment***

- Both directly through investment provisions and indirectly through trade liberalization, RTAs can have an impact on FDI.
- The evidence to date suggests that the factors most influenced by trade liberalization in terms of the flow of FDI into a region are changes in per capita GDP, GDP growth, and market size.
- Both agricultural and non-agricultural industries must adhere to this. A trade agreement's impact on FDI will depend on how much these factors are impacted by it.
- The results of regional integration are not the same everywhere in the area.
- The majority of FDI is attracted by RTA members with stronger locational advantages than others.
- We can say with certainty that India indeed has an advantage when it comes to location.

3. **Excessive export can be damaging to natural resources, and performing sustainable trades via RTAs can bring a huge change in the environment.**

RTAs (regional trade agreements) can be very helpful in advancing sustainable development. A sustainable RTA can support social advancement, environmental preservation, and economic growth in the participating nations. Here are some ways RTAs can promote sustainable development.

1. **Environmental protection**

RTAs can contain clauses requiring signatory nations to adopt and uphold environmental standards, like lowering greenhouse gas emissions and safeguarding natural resources. These clauses can support sustainable growth and lessen the damaging effects of trade on the environment.

2. **Labour standard**

RTAs may also contain clauses that support ethical employment practices and uphold workers' rights. These rules can contribute to preventing worker exploitation and ensuring fair compensation, which can promote more inclusive economic growth.

3. **Inclusive growth**

By encouraging the participation of SMEs and women-owned businesses, RTAs can further promote inclusive growth. More job opportunities and a decline in poverty could result from this.

4. **Infrastructure development**

By encouraging the development of infrastructure, including transportation and energy systems, RTAs can further the cause of sustainable development. This can help increase connectivity and lessen the negative effects of transportation on the environment.

5. **Access to technology**

By facilitating the transfer of technology and knowledge among member nations, RTAs can also advance sustainable development. This can boost innovation, increase productivity, and use fewer resources. A sustainable RTA should, in general, encourage trade in a way that is socially conscious, environmentally friendly, and inclusive. This can encourage sustainable development and guarantee that all contract parties benefit equally from trade.

4. How simplified documentation can boost up export

Argument 1: how lengthy and complicated paperwork negatively affects export

International trade requires a lot of paperwork and documentation, and if the process is challenging, drawn-out, or unclear, exporters may face unnecessary obstacles.

For instance, an exporter may become frustrated and give up on international trade if they have to put a lot of time and effort into filling out complicated forms, submitting numerous documents, and going through bureaucratic procedures. Additionally, exporters may struggle to keep up if the procedure is unclear or the requirements are constantly changing, which could cause delays and mistakes in their documentation.

All of these elements may have a detrimental effect on an exporter's ability to compete, as they may make it difficult for them to satisfy their international clients' needs or outperform rival exporters who operate more smoothly and efficiently. To encourage more companies to participate in international trade, it is crucial that governments and trade organizations collaborate in order to streamline and clarify the documentation process.

Argument 2: if having a regional trade agreement can reduce the amount of paperwork

By offering a set of uniform rules and regulations for trade, regional trade agreements may help member nations reduce paperwork and streamline export procedures. The elimination of tariffs, quotas, and non-tariff trade barriers is a common goal of regional trade agreements. Requiring fewer forms and documents for each export transaction, can streamline the export process.

For instance, a regional trade agreement might establish a set of uniform export documentation requirements, such as a uniform bill of lading or a uniform certificate of origin, that exporters from all of the member countries can use. Exporters may need to submit less paperwork for each shipment as a result. Further reducing paperwork and speeding up the export process are provisions for electronic data interchange and other paperless trade facilitation measures that are included in some regional trade agreements.

It's crucial to remember that the specific terms and provisions of the regional trade agreement, as well as the degree of implementation and enforcement of those provisions, will determine how much paperwork is or is reduced. Even within a regional trade agreement, exports may still require some paperwork, especially if the traded goods are subject to particular rules or specifications. By comparing arguments 1 with 2 we can easily conclude that having regional trade agreements reduce the complication and difficulties arising is paperwork while exporting. Hence, boosting up the exports and well as import.

5. **Reframing tariffs on imports to benefit Indian exporters.**

1. Reduce tariffs on raw materials and intermediate goods: Indian exporters often face high tariffs on raw materials and intermediate goods, which increase their production costs and make them less competitive in the global market. By reducing tariffs on these inputs, India can lower the cost of production for exporters and help them become more competitive.
2. Focus on export-oriented industries: India can identify and focus on export-oriented industries such as textiles, pharmaceuticals, and auto components, where it has a competitive advantage. By providing incentives and reducing tariffs for these industries, India can boost exports and generate more revenue.
3. Provide export subsidies: India can provide export subsidies to its exporters to help them compete with other countries in the global market. Export subsidies can take the form of direct payments, tax breaks, or other financial incentives that reduce the cost of production for exporters.
4. Simplify export procedures: India can simplify export procedures and reduce the time and cost of compliance for exporters. This can be done by streamlining export documentation, reducing bureaucracy, and improving the logistics infrastructure.
5. Strengthen trade agreements: India can negotiate and strengthen trade agreements with other countries to open up new export markets for its exporters. By reducing tariffs and other barriers to trade, India can increase the demand for its exports and help its exporters expand their business.

Research methodology

Descriptive proof of regional trade agreement affecting Indian export

1. **Increased market access**

By lowering tariffs, quotas, and other trade barriers, regional trade agreements (RTAs) can increase market access for Indian exports in associate nations. As a result, Indian exporters can boost their exports and gain a competitive edge in partner markets.

2. **Competition from partner countries**

At the same time, partner nations that also profit from lowered trade barriers may present greater competition to Indian exporters. In particular, if partner countries are more effective at producing similar goods, this could result in a loss of market share for Indian exports in those nations.

3. **Increased regional integration**

Increased regional integration brought on by RTAs may have both favourable and unfavourable effects on Indian exports. The demand for Indian exports within the region may rise as a result of increased regional integration, on the one hand. On the other hand, increased regional integration might bring about more regional rivalry, which would be bad for Indian exports.

4. **New rules and standard**

RTAs may also mandate that Indian exporters adhere to new guidelines and standards in collaborating nations. Indian exporters may have trouble entering partner markets and miss out on possible export opportunities if they are unable to comply with these new requirements.

5. **Diversion of trade**

RTAs may occasionally cause trade to be diverted away from non-partner nations. Indian exports to non-partner countries might lose competitiveness and decrease overall Indian exports if partner countries give each other preferential treatment. These are a few of the logical arguments that regional trade agreements can have an impact on Indian exports overall. The results may differ depending on the RTA's specifics and the characteristics of Indian exports.

Research gap

Lack of regional trade agreements between India and USA

Due to a number of factors, including divergent trade policies, different priorities, and unresolved trade disputes, India and the United States do not have any regional trade agreements.

Their different trade policies are one of the main reasons why India and the US don't have a regional trade agreement. India has a history of protecting its domestic industries by maintaining high tariffs and non-tariff barriers. While attempting to lower trade barriers and increase market access, the US has been more open to free trade. It has been difficult to come to a mutually beneficial agreement due to these divergent approaches.

The two nations' dissimilar priorities are another reason why there isn't a regional trade agreement. Prioritizing regional trade agreements with nations in the Asia-Pacific region, India has prioritized deepening its economic ties with its Neighbours. The US, meanwhile, has given bilateral trade agreements with nations that provide significant economic and strategic benefits a top priority.

The US has also criticized some of India's trade policies, such as its limitations on US companies' access to the Indian market and strict laws governing intellectual property. The two nations' efforts to negotiate a regional trade agreement have been complicated by these unresolved trade disputes.

Benefits if India signs new trade agreements with the USA

With a wide range of goods and services available, India is one of the biggest exporters in the world. India's export industry, which is essential to the development of the economy of the nation, could gain from a regional trade agreement with the United States in a number of ways. The benefits that such an agreement might have on India's exports will be covered in this essay. First off, a regional trade agreement between India and the USA might give Indian exporters better market access. This would make it possible for Indian businesses to access the US market, one of the biggest in the world. As a result, there may be a significant increase in demand for Indian products and services, which would increase revenues and profits for Indian companies.

The agreement may result in the lowering or removal of tariffs on a number of goods and services, increasing the competitiveness of Indian exports on the US market. This would enable Indian businesses to lower their prices, increasing the appeal of their goods to US consumers. India's exporters may find it simpler to compete with other nations that already have trade agreements with the US if tariffs are reduced. Moreover, streamlining trade processes between the US and India may be facilitated by a regional trade agreement. This would make it easier and less expensive for businesses in India to export to the US, increasing their motivation to do so.

Increased foreign direct investment (FDI) may be attracted to India through a regional trade agreement. This is because the agreement would give businesses looking to invest in India more security and predictability, knowing that they can more easily access the US market. By giving companies the tools, they need to grow, increased FDI would support the development of India's export sector. A regional trade agreement between the USA and India could be very advantageous for India's export sector. The agreement might open up more markets, lower tariffs, simplify trade processes, and draw more foreign investment. To ensure that the benefits are fair and sustainable for both countries, it is crucial to note that any such agreement must be carefully negotiated. By doing this, India's export sector can expand further and support the nation's economic growth.

Negative impact in case of INDIA signs a regional trade agreement with the USA

Job Losses: A deal with India could cause American jobs, particularly in the service sector, to be outsourced to India. There may be job losses in the USA as a result of American businesses outsourcing work to India, where labor is less expensive.

Unbalanced Trade: Since India is renowned for its protectionist policies, a trade agreement with that country could result in unbalanced trade. While the USA may be compelled to lower tariffs on Indian goods, India may impose tariffs and non-tariff barriers on American imports. For the USA, this might lead to a negative trade deficit.

Impact on Agriculture: India's heavily subsidized agriculture industry is well-known, and if the United States and India sign a trade agreement, American farmers may face more competition. The American agriculture industry may suffer as American farmers struggle to compete with Indian farmers who benefit from subsidies.

Intellectual property rights: India's record of upholding intellectual property rights is dismal. The American economy could suffer if the USA signs a trade agreement with India because American businesses might find it difficult to protect their patents and trademarks.

India has come under fire for its lax labor laws, which allow for child labor and forced labor. A trade agreement with India could force American businesses to use cheaper labor in that country, where labor laws are lax, which would result in worker exploitation.

In conclusion, a trade deal between the USA and India may have unfavorable effects on the economy, including job losses, trade imbalances, effects on agriculture, the protection of intellectual property rights, and labor standards. It is important to remember that a trade agreement may also have advantageous effects; this will depend on how it is negotiated and put into practice.

Findings

- The effects of a regional trade agreement between India and the USA would ultimately depend on the agreement's specifics and how it is carried out. In general, though, such a deal might result in greater trade, more jobs being created, and economic expansion for both nations.
- Shaping RTAs that attract more foreign investment involves a range of policy measures that promote transparency, reduce regulatory barriers, and provide legal protection for foreign investors. RTAs that

provide a stable and attractive investment environment can help to boost economic growth and create new opportunities for businesses and investors.

- Sustainable trade via RTAs can play an important role in protecting the environment and promoting sustainable development. By including environmental standards and regulations, promoting green technology transfer and sustainable procurement, and engaging stakeholders, RTAs can help to ensure that trade and investment contribute to sustainable and equitable development.
- Simplified documentation can help to reduce costs, improve efficiency, and increase competitiveness in the global market. Exporters should consider ways to simplify their export documentation processes to take advantage of these benefits.
- By reframing tariff policies, India can improve its economic competitiveness, attract more foreign investment, improve bilateral relations, promote regional integration, access new markets and increase consumer welfare. These benefits can make India a more attractive trading partner, which can help to facilitate the creation of new regional trade agreements.

Limitations

While Regional Trade Agreements (RTAs) can have a significant impact on Indian exports, there are also limitations to their effectiveness. Some of the limitations on the impact of RTAs on Indian exports include:

- Limited market access: While RTAs can provide preferential market access to partner countries, the overall impact may be limited if the partner country's market is small or the demand for Indian products is low.
- Non-tariff barriers: While RTAs can reduce tariff barriers, they may not address non-tariff barriers such as technical regulations, standards, and customs procedures, which can limit Indian exporters' access to partner country markets.
- Trade diversion: RTAs can lead to trade diversion, where trade shifts from more efficient non-partner countries to less efficient partner countries, resulting in a decrease in overall welfare.
- Limited sectoral coverage: Some RTAs may have limited sectoral coverage, meaning that certain sectors may not benefit from the agreement, while others may be adversely affected.
- Implementation challenges: Implementing RTAs can be challenging, particularly if partner countries have different legal and regulatory frameworks. This can result in delays in the implementation of the agreement, limiting its effectiveness.
- Adjustment costs: RTAs can result in adjustment costs for some industries and workers, particularly those that are less competitive. This can limit the political feasibility of the agreement and may result in opposition from affected stakeholders.
- Dependence on partner countries: RTAs can make Indian exporters more dependent on partner countries, which can limit their bargaining power and leave them vulnerable to changes in partner country policies.

In summary, while RTAs can have a significant impact on Indian exports, there are also limitations to their effectiveness. Policymakers must carefully consider these limitations when negotiating and implementing RTAs in order to maximize the benefits for Indian exporters.

Ricardian Model in Mathematical Form

To demonstrate how regional trade agreements can affect Indian exports with the USA using the Ricardian model, we can construct a simple example with two goods: textiles and electronics.

Suppose India and the USA have the following production possibilities:

	Textiles	Electronics
Labour Hours Required (India)	50	100
Labour Hours Required (USA)	100	50

Without trade, India would produce both textiles and electronics, but its production would be limited by its endowment of labour. With 100 labour hours available, India could produce either 2 units of textiles (using 100/50 labour hours) or 1 unit of electronics (using 100/100 labour hours). Similarly, without trade, the USA would produce both textiles and electronics, but its production would also be limited by its endowment of labour. With 100 labour hours available, the USA could produce either 1 unit of textiles (using 100/100 labour hours) or 2 units of electronics (using 100/50 labour hours).

Suppose now that India and the USA form a regional trade agreement, and agree to specialize in producing the good in which each has a comparative advantage. India will specialize in producing textiles, since it can produce textiles at a lower opportunity cost (50/100) than the USA (100/100). The USA will specialize in producing electronics, since it can produce electronics at a lower opportunity cost (50/100) than India (100/50). With specialization, India will produce only textiles, and will export some of its production to the USA.

The USA will produce only electronics, and will export some of its production to India. Suppose further that India and the USA agree to trade 1 unit of textiles for 1 unit of electronics.

Under this scenario, India will produce 2 units of textiles, and export 1 unit to the USA in exchange for 1 unit of electronics. Its net export of textiles will therefore be 1 unit. The USA will produce 2 units of electronics, and export 1 unit to India in exchange for 1 unit of textiles. Its net export of electronics will also be 1 unit.

Thus, by specializing in production and trading with each other, India and the USA can both increase their exports and consumption beyond what they could achieve in isolation. This is the basic idea behind the gains from trade in the Ricardian model.

Conclusion

Considering all constant and variables factors affecting both export and regional trade agreements we can derive a conclusion that there is an undeniable connection between export and regional trade of any country. The impact of regional trade agreement can be both positive as well as negative. Study uses rational descriptive, logical and mathematical (Ricardian model) to prove the effects of regional trade agreements on Indian exports, as well as suggestions to overcome the certain hurdles to boost up the exports and increase the amount of regional trade agreements for the benefits of international trade.

Increasing in the amount of regional trade agreement can surely increase the export efficiency of India. This study uses descriptive survey methods that circle around the regional trade agreements of India which directly or indirectly affects the export of India as well as how RTAs can be used beneficially to attract foreign investment and as a step toward a sustainable trade agreement. also consisting of a study of variables such as documentation and tariff rates that affect Indian export.

- Indian exports might rise as a result of a regional trade agreement with the USA, but this could backfire if India receives preferential treatment or has its exports restricted.
- By lowering trade barriers, supplying regulatory certainty and stability, boosting investor confidence, and lowering perceived risks, RTAs can draw FDI.
- Regional trade agreements can encourage social responsibility, poverty reduction, environmental protection, and economic growth. They can also help to promote sustainable development by facilitating the transfer of knowledge and technology.
- Due to less paperwork as a result of regional trade agreements, businesses may find it simpler and quicker to export goods, which may increase export activity. This is due to the possibility of fewer administrative obstacles and lower transaction costs when doing business with nations that are a part of the regional trade agreement.
- Tariffs policies can reduce the cost of exported goods, increasing competitiveness and reducing demand, leading to a decline in exports. Which can be regulated by regional trade agreements.
- The removal of trade barriers through regional trade agreements can increase Indian exports by increasing the demand for Indian goods and services. This can be mathematically shown using a simple supply and demand model based on the idea of comparative advantage.

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