

Exploring the Challenges and Opportunities in Establishing a Common Market in South Asia: A Comprehensive Research Analysis

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1. Abstract

South Asia, a region celebrated for its diversity and home to over one and a half billion people, stands at a pivotal juncture. It envisions the creation of a common market, a unified economic space where nations collaborate, trade, and prosper together. While this vision promises economic potential, trade growth, investment, and poverty reduction, it also grapples with historical disputes, political rivalries, trade barriers, and infrastructure challenges. This paper presents a roadmap for South Asia to navigate the journey towards a common market. Policy recommendations include a gradual reduction of tariffs, the simplification of customs procedures, and the promotion of intra-regional trade agreements. Additionally, it advocates for regulatory convergence through standards harmonization and dispute resolution mechanisms. Infrastructure development, focusing on transportation, logistics, energy, and digital connectivity, is crucial. Finally, fostering political and geopolitical cooperation through multilateral dialogues, confidence-building measures, and regional security pacts is essential to ensuring the long-term stability and success of the common market.

2. Introduction:

South Asia, with its cultural diversity, vast geography, and economic significance, captivates policymakers, economists, and scholars. Home to over one and a half billion people, the region is marked by stark contrasts—abundant economic opportunities alongside historical conflicts and enduring challenges.

Addressing these complexities requires a comprehensive approach. Advocating for regulatory convergence, infrastructure development, and fostering political cooperation through multilateral dialogues and regional security pacts are key. This strategy not only tackles immediate economic concerns but also lays the foundation for a more integrated and resilient South Asia on the global stage.

3. South Asia: A Diverse Region in Transition:

South Asia is a vast and complex region that harbors a vision of creating a common market—a unified economic space where nations collaborate, trade, and prosper together. This vision promises to unlock economic potential, stimulate trade, enhance investment, and reduce poverty. Yet it is a vision intertwined with challenges, including historical disputes, political rivalries, trade barriers, and inadequate infrastructure. In this article, we will delve into the multifaceted dynamics of South Asia, exploring both its potential and the obstacles it faces as it strives to evolve into a more integrated and prosperous region.

3.1 Geographic and Demographic Overview:

South Asia, stretching from the main body of the continent to the Indian Ocean, is defined by the Indian Ocean to the south, the Himalayas to the north, and Afghanistan to the west. It is bordered by the Arabian Sea to the west and the Bay of Bengal to the east, with the arid desert region forming its western boundary, where Pakistan shares a border with Iran.

South Asian countries include Sri Lanka, India, Bangladesh, Bhutan, Nepal, Pakistan, and the Maldives. Balancing natural resources with a burgeoning population remains a central challenge in South Asia. With approximately one-and-a-half billion people from diverse ethnic backgrounds, the region's political boundaries are often traced back to its colonial past, primarily under British rule. The legacy of British colonialism has left a lasting impact, contributing to political divisions and conflicts in places like Kashmir and Sri Lanka.

In today's globalized world, South Asian countries are striving to establish a trade network and implement economic policies. While South Asia is not among the world's primary economic core areas, it is emerging as a competitive player in the global marketplace. India, the dominant country in the region, shares physical or marine boundaries with all other South Asian nations.

3.2 Historical Context of South Asian Cooperation

South Asia's intricate history weaves together cooperation and conflict, shaping the region for centuries. Cultural exchange and trade, dating back to ancient times, connected South Asia with Asia and Europe through trade routes like the Silk Road. Despite periods of imperial conquests, such as the Mughal Empire's flourishing era, British colonial rule in the 19th century left lasting political divisions.

The mid-20th century brought decolonization, leading to the partition of India and Pakistan in 1947 and the subsequent India-Pakistan disputes over Kashmir. The South Asian Association for Regional Cooperation (SAARC) emerged in the 1980s to address common challenges.

While progress has been made in regional cooperation, historical animosities and external influences, particularly from the United States and China, have posed challenges. Understanding this complex history is crucial to grasp South Asia's current opportunities and challenges. The region's rich heritage, coupled with contemporary dynamics, underscores its ongoing significance in today's interconnected world.

3.3 The Current State of Regional Integration

A. South Asian Association for Regional Cooperation (SAARC)

SAARC plays a pivotal role in the context of regional integration in South Asia. It serves as a platform for dialogue and cooperation among South Asian nations, with a clear commitment to economic collaboration, trade, and finance. They emphasize the shared vision of deepening economic cooperation, expanding trade, and addressing challenges that hinder regional integration, reflecting a strong desire to create an environment conducive to economic growth.

Despite its significant objectives, SAARC faces challenges stemming from political disputes and conflicts among member states. These issues have, on occasion, overshadowed the organization's economic goals and hindered comprehensive regional integration. Changing realities within SAARC underscore the need for political will and a shift towards resolving these disputes to make significant progress in regional integration.

The South Asian Common Market can draw valuable lessons from SAARC's experiences, emphasizing the importance of political cooperation and diplomacy in the pursuit of economic integration. While SAARC showcases the potential

benefits of regional integration in South Asia, it also underscores the critical need to address political conflicts and challenges.

B. Economic Cooperation Organization (ECO)

The Economic Cooperation Organization (ECO) is a key player in the current state of regional integration in South Asia. With a focus on enhancing economic and trade relations among its member states, ECO, as outlined on its official website, is committed to fostering economic development, reducing trade barriers, and encouraging cooperation within the region. The organization's Secretary-General oversees the implementation of various economic initiatives, demonstrating its dedication to regional collaboration. ECO's objectives align with the broader goals of regional integration in South Asia, reflecting the shared vision of member states to promote economic growth and prosperity. Analyzing the ECO's role provides valuable insights into the region's commitment to economic cooperation and the creation of a conducive environment for development. South Asia can draw inspiration from ECO's endeavors as it progresses toward its own Common Market, shaping the region's economic future.

C. Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC)

BIMSTEC holds a notable place in the current state of regional integration in South Asia. BIMSTEC, as articulated on its official website, is an organization committed to promoting cooperation and connectivity among its member states for sustainable development and economic growth.

The organization, as highlighted in the references, focuses on various key areas, including trade, investment, energy, technology, tourism, and more, which are fundamental to regional integration in South Asia. BIMSTEC's initiatives aim to reduce trade barriers, harmonize regulations, and create an environment conducive to economic cooperation and growth. BIMSTEC, an important institution in South Asia, plays a crucial role in advancing regional integration. Its efforts align with the broader goals of the region, which are to enhance economic development and prosperity through collaboration and connectivity.

Analyzing BIMSTEC's role in the current state of regional integration in South Asia provides insights into the multifaceted efforts within the region. It demonstrates the commitment of South Asian nations to creating a conducive environment for economic prosperity. BIMSTEC's initiatives, as outlined in the

provided references, underscore its pivotal role in shaping the economic landscape of the region. South Asia can draw inspiration from BIMSTEC's endeavors as it advances towards the establishment of its common market, ultimately shaping the region's economic future.

4. The Economic Landscape of South Asia

The economic heartbeat of South Asia is beating with vigor, echoing the region's aspirations and complexities. As we explore the economic trajectory of this dynamic part of the world, it becomes evident that South Asia is poised at the crossroads of ambition and challenge. The economic indicators from the latest report provide us with a snapshot of the region's performance and prospects.

- 1. Robust Growth:** South Asia's real GDP is forecast to register a 5.4% annual growth rate in 2023,¹ showcasing its resilience and potential for economic expansion. This impressive figure reflects the region's determination to transform itself into a global economic force.
- 2. A Multi-Trillion Dollar Economy:** With a GDP of approximately \$4.65 trillion in 2023, South Asia ² is already a formidable economic entity. This figure underscores the magnitude of economic activities taking place in the region and the growing significance of its markets.
- 3. Purchasing Power Parity (PPP):** South Asia's GDP, when evaluated in PPP terms, reaches a staggering \$16.66 trillion, highlighting the region's capacity to purchase goods and services. The per capita PPP, at \$8.84 thousand³, underlines the importance of this adjusted measure in assessing the region's economic influence.
- 4. Global Standing:** South Asia's economic might is reflected in its share of the world's GDP, constituting 9.53%⁴. This underscores the region's role as a significant player on the global stage.
- 5. Demographic Dividend:** With a population of 1.88 billion⁵ South Asia is home to a vast and youthful workforce. This demographic dividend presents both opportunities and responsibilities for the region to harness this human capital for sustained economic growth.

¹ [The World Bank](#)

² [World Economic Outlook](#)

³ [The World Bank](#)

⁴ [IMF](#)

⁵ [IMF](#)

6. **Trade Imbalance:** The current account balance, with a deficit of \$76.225 billion in 2023⁶, indicates the region's heavy reliance on imports. Balancing trade and strengthening exports will be crucial for achieving a more sustainable economic equilibrium.
7. **Fiscal Challenges:** South Asia grapples with fiscal matters as well, with a general government net lending/borrowing of -8.3% and a gross government debt of 77.6% of GDP in 2023.⁷ Managing public finances and debt levels is imperative for long-term economic stability.

5. Need for a Common Market

- A. South Asia stands as the fastest-growing economic region globally, yet the dream of comprehensive regional cooperation remains tantalizingly out of reach. The challenge has deep roots in historical circumstances where vested interests continue to thrive within the existing political economy of conflict, impeding progress toward a unified regional framework. This dilemma is further exacerbated by the propensity for internal issues to eclipse broader regional integration efforts. To address this, it becomes imperative for India and Pakistan, the largest economies in the region, to collaborate closely, serving as a cornerstone for broader South Asian economic cooperation.
- B. The region is divided by security and religious lines, yet it finds a common thread in the humorously referenced "common religion" of cricket. Beyond this, South Asia is brimming with untapped potential in the form of shared resources. For instance, the massive hydroelectric power generation capacity in North-East India, Bhutan, and Nepal, if harnessed, could profoundly benefit the entire region.
- C. South Asia possesses a substantial market capable of exerting considerable influence in global negotiations. By envisioning the connection of this vast market to Southeast Asia through Bangladesh, untold opportunities await exploration. Furthermore, the region is home to a significant concentration of accountants in Sri Lanka and India, potentially transforming it into a global accounting powerhouse. Collaboration in vital sectors such as natural resources, transport, textiles, and energy has the potential to yield immense benefits. While regional cooperation holds immense promise, there are persistent domestic challenges to establishing a common market. For instance, the fragmentation of India into states often hinders global companies' perception of South Asia as a single market. However, India's recent success in implementing the Goods and Services Tax (GST) stands

⁶ IMF
⁷ IMF

as a crucial step in unifying its internal markets and positioning the country as a key player in regional collaboration.

D. India, in particular, plays a pivotal role in fostering regional connectivity. Historically oriented toward the West, India now needs to shift its focus eastward to lead South Asia in creating its own trading arrangements. As the existing global order of free trade encounters obstacles, the urgency for regional integration transitions from an option to a compelling necessity. The call for a common market in South Asia is not merely an aspiration; it represents a pivotal step in shaping the region's economic future and fostering a more united, prosperous, and globally influential South Asia.

6. The Case for a South Asian Common Market: Opportunities for Regional Transformation

The concept of a South Asian Common Market offers a multitude of opportunities that have the potential to reshape the economic landscape of the region. These opportunities, drawn from various sources, including the IMF and ADB, serve as compelling reasons for South Asian nations, including India, Pakistan, Bangladesh, Sri Lanka, Nepal, Bhutan, and the Maldives, to move toward a common market.

6.1 A Single Market and Production Base:

This opportunity involves the creation of a unified market and production base across South Asia, akin to successful global economic blocs. The IMF underscores the importance of eliminating trade barriers, which would enable the free flow of goods, services, and investments throughout the region. Such a single market fosters efficiency by simplifying cross-border trade and promoting the efficient allocation of resources. It encourages the development of regional value chains and specialization, rendering South Asia more competitive in the global market. For instance, the textile industry in Bangladesh, supported by streamlined trade within a common market, could significantly enhance its global competitiveness.

6.2 A Competitive Economic Region:

The establishment of a South Asian Common Market holds the promise of transforming the region into a highly competitive economic zone, following the example set by the ASEAN experience. By reducing trade barriers and harmonizing regulations, South Asia can drive economic growth and attract foreign investment. This approach, in line with ADB insights, can stimulate innovation, enhance the ease of doing business, and encourage entrepreneurship. The resulting competitive

advantage not only boosts the region's economy but also positions South Asia as an attractive destination for global businesses. For instance, India's software and technology services sector, when supported by streamlined regulations within the common market, could become a major global player.

6.3 Equitable Economic Development:

Equitable economic development is a fundamental objective of a common market, as emphasized by the Asian Development Bank. A common market provides the platform to address disparities within and among South Asian nations. Taking cues from the strategies adopted by ASEAN member countries, this approach channels resources toward less-developed regions, promoting infrastructure development, job creation, and improved access to education and healthcare. In this way, South Asia can uplift marginalized communities and foster balanced development. For example, Nepal, with the support of regional cooperation within the common market, could significantly improve its infrastructure and educational access.

6.4 Integration with the Global Economy:

By creating a unified market, South Asia has the opportunity to enhance its integration with the global economy, echoing the experience of ASEAN. The collective strength of a united South Asia can be leveraged to secure advantageous trade agreements and strengthen the region's presence in global markets, much like ASEAN's evolution into a competitive economic bloc. For instance, Sri Lanka, as an active participant in a common market, could leverage its geographical location to become a crucial trading hub between South Asia and the rest of the world.

In sum, the case for a South Asian common market is underpinned by the substantial opportunities it offers. By referencing principles from various sources, South Asian nations, including India, Pakistan, Bangladesh, Sri Lanka, Nepal, Bhutan, and the Maldives, can embark on a transformative journey toward comprehensive regional integration. These opportunities are not mere possibilities; they are compelling reasons for the region to progress toward a common market that fosters economic growth, competitiveness, equity, and integration with the global economy.

7. Challenges in Establishing a Common Market

The endeavor to establish a South Asian Common Market is rife with challenges, each demanding thoughtful consideration and resolution. Drawing insights from the IMF, the primary challenges to overcome on this journey are as follows:

7.1 Emerging Challenges of Free Trade Agreements (FTAs):

South Asia's engagement in Free Trade Agreements (FTAs) with various countries and regions presents both opportunities and challenges. These FTAs often come with complex rules of origin and various compliance requirements that can be difficult for smaller enterprises to navigate. Moreover, the proliferation of bilateral and multilateral FTAs across the region can lead to a complex web of overlapping agreements, causing confusion and inefficiency. To realize the potential of a common market, South Asia must navigate these challenges by streamlining FTAs and ensuring that they contribute to, rather than hinder, broader regional integration. Region-wide Free Trade Agreements (FTAs) are gaining traction in Asia as a means to consolidate numerous bilateral and plurilateral agreements. Proposed initiatives like the East Asia Free Trade Area (EAFTA) among ASEAN+3 and the Comprehensive Economic Partnership for East Asia (CEPEA) among ASEAN+6 aim to confer economic benefits, including increased market access, expansion for specialization, facilitation of FDI activities, and simplified trade regulations. Determining the optimal approach between EAFTA and CEPEA poses challenges, requiring thorough studies to inform policy decisions.

7.2 Institution-Lite Regionalism:

Effective regional integration demands robust institutional frameworks that can oversee and implement agreements, resolve disputes, and provide a clear regulatory framework. However, South Asia faces a challenge in the form of "Institution-Lite Regionalism." While regional institutions exist, their capacity and effectiveness remain limited. For example, the SAARC has struggled to realize its potential due to political differences and a lack of institutional capacity. Addressing this challenge requires strengthening existing regional institutions or potentially exploring the creation of new ones to support the functioning of a South Asian Common Market.

7.3 Connectivity and Infrastructure Gaps:

Effective economic integration within a common market heavily relies on efficient connectivity and robust infrastructure. South Asia faces challenges related to developing transport networks, energy grids, and digital infrastructure. Connectivity gaps, such as inadequate road and rail links and limited access to ports, hinder the smooth movement of goods and services. Moreover, energy deficits and disparities in digital infrastructure can impede economic activities. Resolving these challenges is essential to ensuring that the benefits of a South Asian Common Market are accessible across the entire region, promoting economic growth and competitiveness.

8. Case Studies and Comparative Analysis

In the subsequent sections, an exploration of a series of case studies and a comparative analysis of the South Asian Common Market will be conducted. The aim is to extract valuable insights from the experiences of global economic blocs, including the European Union (EU), the Association of Southeast Asian Nations (ASEAN), and the African Continental Free Trade Area (AfCFTA). These case studies provide a structured framework for comprehending the challenges, opportunities, and potential benefits of economic integration within South Asia.

8.1 European Union (EU)

The European Union (EU) stands as a compelling example of successful regional economic integration through its single market, characterized by the free movement of goods, services, capital, and people. This integration, achieved by systematically removing internal trade barriers, has not only boosted cross-border commerce efficiency but has also nurtured an environment conducive to entrepreneurship and innovation. Harmonizing regulations and standards within the single market has facilitated seamless operations for businesses across borders and provided consumers with a broader array of goods and services. The EU's commitment to fair competition and safeguarding consumer rights underscores its dedication to creating an equitable playing field. As the EU evolved from the European Economic Community (EEC), it exemplifies the potential for South Asia to embark on a similar path toward deeper economic integration. The EU's recent focus on establishing a single digital market is particularly relevant, emphasizing the importance of building an interconnected digital economy that transcends physical boundaries, enabling the smooth exchange of information, services, and digital goods, presenting new opportunities for economic growth and cooperation in the region.

8.2 ASEAN

ASEAN's progress centers on the ambition to create a unified market akin to the European Union, driven by economic prosperity, stability, and global competitiveness. Cooperation amid diversities is a key factor, envisioning a single market with the free flow of goods, services, investment, skilled labor, and capital, promising reduced trade barriers. ASEAN's success is attributed to a strategic phased approach that addresses economic, political, and social dimensions, fostering cross-border trade and attracting foreign investment. The journey underscores the importance of regional stability and unity through diplomacy and dialogue to resolve conflicts, serving as an exemplary model for diverse countries uniting for a common cause. The references provided offer a comprehensive view of ASEAN's efforts, emphasizing the transformative potential of a well-structured common market for the regional economic landscape in South Asia. South Asia can draw valuable insights from

ASEAN's experience, recognizing the significance of political will and commitment for successful economic integration. Additionally, ASEAN's emphasis on legal harmonization and regulatory alignment serves as a practical example for South Asian nations seeking to enhance cross-border trade and attract foreign investment. The successful ASEAN model showcases the transformative power of collaboration and a phased approach in fostering regional economic integration and stability.

8.3 African Continental Free Trade Area (AfCFTA)

AfCFTA represents a pioneering case study in the realm of regional economic integration. At its core, the AfCFTA aspires to unify the African continent into a single market, similar to the objectives of the European Union and ASEAN. Its primary aim is to stimulate economic growth, enhance regional stability, and increase global competitiveness. A pivotal lesson drawn from AfCFTA's progress is the unifying power of collaboration and cooperation in the face of immense diversity across the African continent. The AfCFTA envisions the establishment of a single market characterized by the free movement of goods, services, and investment, a harmonized trade policy, and a conducive business environment. This agenda is not solely economic; it also encompasses political and social dimensions. Legal harmonization and regulatory alignment within the AfCFTA have streamlined cross-border trade and facilitated foreign investment. A crucial aspect that South Asia can derive from AfCFTA's experience is the significance of political commitment and collective effort in surmounting obstacles. Moreover, AfCFTA underscores the importance of regional stability and solidarity, and it employs diplomacy and dialogue to address conflicts and disputes.

8.4 Applying Global Insights to South Asia

As South Asia forges ahead in its pursuit of a common market, it can draw invaluable insights from three influential regional integration models: the European Union (EU), the Association of Southeast Asian Nations (ASEAN), and the African Continental Free Trade Area (AfCFTA). These regional blocs, while distinct in their geographical and socio-economic contexts, offer a collective tapestry of lessons and inspirations that intersect, providing a holistic blueprint for South Asia's journey towards enhanced economic cooperation and regional integration.

a. Shared Goals, Diverse Paths:

While each regional integration model has its unique characteristics, they share a common vision—a unified market that fosters economic growth, enhances regional stability, and increases global competitiveness. The EU's evolution from six

founding members to 27 diverse states, ASEAN's cooperation amidst diversities and disparities, and AfCFTA's journey towards a single African market all illustrate the transformative potential of a well-functioning common market.

b. Harmonization and Legal Alignment:

One recurring theme across these models is the emphasis on harmonizing regulations and legal alignment. This approach streamlines cross-border trade, facilitates foreign investment, and creates a conducive environment for entrepreneurship and innovation. South Asia can take a cue from the systematic elimination of internal trade barriers within the EU, the legal harmonization within ASEAN, and the regulatory alignment within AfCFTA.

c. The Power of Collaboration:

All three models highlight the formidable role of cooperation and collaboration in overcoming diversity and disparities. Whether it's the EU's commitment to eliminating internal trade barriers, ASEAN's focus on political will and commitment, or AfCFTA's diplomacy and dialogue to address conflicts, South Asia can gain insights into the significance of political commitment and collective effort. This is crucial to surmounting regional challenges and fostering cooperation.

d. Digital Connectivity and Information Exchange:

The EU's recent venture into a single digital market underscores the value of an interconnected digital economy that transcends physical boundaries, streamlining information, services, and digital goods. South Asia, with its youthful population and burgeoning digital sector, can find inspiration in the EU's path towards seamless economic integration and digital connectivity.

e. Regional Stability and Unity:

The emphasis on regional stability and unity is another crucial lesson from these models. Whether it's ASEAN's strategic approach, the EU's political commitment, or AfCFTA's diplomatic approach, South Asia can learn that addressing regional challenges requires a concerted effort. It is through diplomacy, dialogue, and a shared commitment that conflicts can be resolved, fostering cooperation and unity.

9. Policy Recommendations and Roadmaps

9.1 Trade Facilitation and Reduction of Barriers

- a. **Better Transit Facilities:** Currently, there are limitations on the provision of transit facilities for the movement of goods, services, and energy through a country's own territory when originating from neighboring nations. Bangladesh, for instance, restricts the use of its territory for transporting goods from North Eastern Indian States to mainland India. Despite possessing substantial natural gas reserves, Bangladesh refrains from engaging in energy trade with India due to insufficient infrastructure and political reluctance. Additionally, the transfer of goods from Kolkata in India to Dhaka in Bangladesh is complicated by the difference in railway gauges—meter-gauge in Bangladesh's border towns and broad-gauge in India. A similar issue arose between India and Pakistan regarding the shipment of gas from Iran through Afghanistan.
- b. **Customs Simplification through National Trade Facilitation Committees:** Streamlining international trade involves intricate coordination and consultation among various stakeholders, and enforcement agencies, and compliance with numerous regulations. Establishing a National Trade Facilitation Committee is essential to propose, discuss, and seek consensus on facilitation measures between commercial entities and government authorities. Resolving Trade Facilitation bottlenecks begins at the National Trade Facilitation Committee, with recourse to the WTO Dispute Settlement Body considered only if a satisfactory resolution is not achieved—a rare exception rather than the norm in South Asia for Trade Facilitation Agreement disputes.

9.2 Infrastructure Development

- a. **Investment in Transportation and Logistics:** High-quality and efficient infrastructure, particularly in transportation, electricity, and telecommunication, is crucial for boosting productivity, enhancing industry competitiveness, and sustaining medium-term growth. In South Asia, however, basic infrastructure services vital for the well-being of the poor, such as access to clean water, sanitation, electricity, and roads, remain insufficient and of subpar quality. Improving access and quality necessitates significant increases in investment spending on operations and maintenance. While governments in the region have limited budgetary capacity, addressing this shortfall involves not only increased public resource allocation but also enhancing efficiency through better administration and governance. Encouraging private sector participation is essential for infrastructure investment, and this requires a supportive regulatory framework and effective public institutions. Our findings indicate that institutional variables, including governance quality, positively impact both overall and private investment in infrastructure. Despite some progress in policy reforms, South Asian countries still

face challenges in attracting private infrastructure investment compared to other regions.

- b. Energy and Digital Infrastructure Projects:** To foster cross-border energy trade, energy efficiency, and renewable capacity initiatives across South Asia, it is recommended to create a cooperative political and economic environment. Key initiatives include implementing binding provisions in follow-on protocols to the SAARC Framework Agreement, developing an Action Plan for Comprehensive Energy Cooperation, and formulating detailed master plans for energy cooperation. Undertaking feasibility studies for cross-border electricity transmission lines and organizing international investment roadshows¹ for sustainable energy projects are crucial steps. Establishing a regional investment forum and coordination institutions, such as a forum of regulators, is advised to support investments in regional energy assets. These measures lay the groundwork for a seamless energy market and collaborative efforts on energy efficiency, smart grid initiatives, fuel cell technologies, clean coal technologies, energy storage, electric mobility, and renewable energy integration in South Asia.

9.3 Political and Geopolitical Cooperation

- a. Multilateral Dialogues and regional security pacts:** India's evolving perspective towards South Asia as a market rather than a security challenge has paved the way for increased security cooperation in the region. However, to further enhance stability and cooperation, particularly within SAARC, it is imperative for India to actively promote multilateral dialogues and agreements for regional security pacts. Economic interdependence alone may not guarantee improved security relations, necessitating a more proactive role from India in fostering multilateral initiatives. This approach will contribute to the development of a comprehensive and effective regional security framework in South Asia.

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