



40th Charter Day of SAARC

For Prelims: [South Asian Association for Regional Cooperation](#), [South Asian Free Trade Area](#), [National Knowledge Network](#), [European Union \(EU\)](#), [Association of Southeast Asian Nations](#), [Belt and Road Initiative](#), [BIMSTEC](#)

For Mains: South Asian regionalism, India's role and contributions to SAARC, Economic and Political cooperation.

[Source: HT](#)

Why in News?

On 8th December 2024, the [South Asian Association for Regional Cooperation \(SAARC\)](#) marked its **40th Charter Day**. This day is commemorated annually to honor the establishment of **SAARC**.

What is the South Asian Association for Regional Cooperation?

- **Origins of SAARC:** Regional cooperation in South Asia was first discussed at the Asian Relations Conference (1947), the Baguio Conference (1950), and the Colombo Powers Conference (1954).
 - The SAARC concept took shape in 1980 when Bangladesh's President Ziaur Rahman proposed regional cooperation to promote peace and stability.
 - SAARC was officially established on **8th December 1985, in Dhaka**, Bangladesh, with **7 founding members:** Bangladesh, Bhutan, **India**, Maldives, Nepal, Pakistan, and Sri Lanka.
 - Afghanistan joined as the 8th member in 2007.
- **Objectives:**
 - Promote welfare and improve quality of life in South Asia.
 - Accelerate economic growth, social progress, and cultural development.
 - Strengthen self-reliance and mutual trust among member states.
 - Enhance collaboration in economic, social, cultural, technical, and scientific fields.
 - Cooperate with other developing countries and international organizations.
- **Key Principles:** Sovereign equality, territorial integrity, non-interference, and consensus-based decision-making.
- **Significance of SAARC:** SAARC comprises **3% of the world's land area**, 21% of the world's population and 5.21% (USD 4.47 trillion) of the global economy, as of 2021.
- **Scope of Cooperation:** SAARC's agenda includes the [South Asian Free Trade Area \(SAFTA\)](#), established in 2004 and effective from 2006, aimed at reducing [tariffs](#) and promoting free trade in South Asia.
 - The **SAARC Agreement on Trade in Services (SATIS)** came into force in 2012, to enhance **intra-regional investments and liberalize trade in services**.

SAARC

South Asian Association for Regional Cooperation



- **Members:** 8
- **Estd. by signing SAARC Charter in Dhaka (Dec 1985)**
- **HQ:** Kathmandu, Nepal
- **9 Permanent Observers to SAARC:** Australia, China, EU, Iran, Japan, S. Korea, Mauritius, Myanmar and US
- **Comprises 3% of the world's area, 21% of the world's population and 3.8% of the global economy**
- **Agreements under SAARC:** SAPTA, SAFTA, SATIS, SAARC University

AFGHANISTAN

- ▣ It is India's gateway to the oil and mineral-rich Central Asian republics.
- ▣ Salma Dam in Afghanistan is aka Afghanistan-India Friendship Dam.
- ▣ From 2002 to 2021, India spent USD 4 bn in development assistance in Afghanistan, building high-visibility projects (highways, hospitals, Parliament building, rural schools, and electricity transmission lines).
- ▣ Afghanistan becoming a safe haven for terrorism is direct threat to India's national security.

NEPAL

- ▣ Shares border with 5 Indian states (Uttarakhand, Uttar Pradesh, West Bengal, Sikkim and Bihar)
- ▣ Bharat Gaurav Tourist Train connecting India's Ayodhya and Nepal's Janakpur
- ▣ Major Issues: Territorial Disputes (Kalapani, Limpiadhura and Lipulekh)
- ▣ Military Exercise: Surya Kiran (Army)

BHUTAN

- ▣ India is Bhutan's largest trade partner.
- ▣ Mutually Beneficial Hydropower Cooperation: Mangdechhu, Kholongchhu, Chukha hydropower Projects.
- ▣ India's grant assistance to Gyalzung Project.
- ▣ Integration of Bhutan's DrukRen with India's National Knowledge Network

PAKISTAN

- ▣ Indo-Pak diplomatic relations are quite limited with periodic attempts to improve relations often failing.
- ▣ India revoked Pakistan's Most Favoured Nation (MFN) status following the Pulwama terrorist attack (2019).
- ▣ Indus Water Treaty 1960 is often cited as one of the most successful intl. treaties in South Asia.
- ▣ Major issues: Cross-border terrorism, Kashmir issue, CPEC affecting India's Sovereignty

BANGLADESH

- ▣ Shares the longest border of over 4,096 km with India.
- ▣ Largest trading partner in South Asia.
- ▣ Water Sharing Agreements: Kushiara river (2022), Ganga Water Treaty (1996).
- ▣ Major Issues: Teesta River Water Dispute.
- ▣ Military Exercises: SAMPRITI-X (Military Training), Bongosagar (Naval).

MALDIVES

- ▣ India is Maldives 2nd largest trading partner.
- ▣ Exercises with India - Ekuverin, Dosti, Ekatha and Operation Shield.
- ▣ Greater Male Connectivity Project by an Indian company is the largest-ever infra project in Maldives.
- ▣ Major Issues:
 - ▣ Maldives an important 'pearl' in China's String of Pearls.
 - ▣ Increasingly Maldivian drawn towards Pak-based terrorist groups.
 - ▣ India being projected as the bully and a big brother - 'India Out' Campaign

SRI LANKA

- ▣ India is Sri Lanka's third largest export destination.
- ▣ India is the first country to officially back Sri Lanka's debt restructuring programme at IMF.
- ▣ Major Issue: Fishermen crossing maritime boundary.
- ▣ Important Exercises: Mitra Shakti (Army), SLINEX (Naval)



What is the Relevance of SAARC in Today's Context?

- **Platform for Dialogue:** Despite its dysfunction, SAARC remains the one of the few platforms where **South Asian countries, including India and Pakistan, can engage in dialogue.**
 - Periodic summits provide opportunities to address pressing regional issues, such as **climate change and poverty,** even if **no concrete outcomes emerge.**
- **Shared Regional Solutions:** Issues like **cross-border terrorism,** and **pandemics** demand a

collective regional response.

- SAARC has previously coordinated initiatives, such as the establishment of a [Covid-19 Emergency Fund](#), highlighting its utility during crises.
- **Potential for Economic Integration:** With a combined GDP of over **USD 4 trillion** and a population of nearly **1.8 billion**, South Asia has significant untapped potential.
 - SAARC's frameworks, such as **SAFTA** and the **SAARC Agreement on Trade in Services**, can still be revitalized to enhance trade and economic cooperation.
- **Avoiding Overdependence on External Frameworks:** Ignoring SAARC may force member nations to rely heavily on external platforms like **ASEAN** or China-led initiatives such as the **BRI**.
 - SAARC provides a means for South Asia to control its developmental trajectory.

What is India's Contribution to SAARC?

- **SAARC Summits:** India has hosted three out of the eighteen SAARC Summits: the 2nd summit in Bengaluru (1986), the 8th summit in New Delhi (1995), and the 14th summit in New Delhi (2007).
- **Technological Cooperation:** India has extended its [National Knowledge Network \(NKN\)](#) to countries such as Sri Lanka, Bangladesh, and Bhutan, fostering educational and technological exchange.
 - Additionally, India launched the [South Asian Satellite \(SAS\)](#) in 2017, providing satellite-based services to SAARC countries.
- **Currency Swap Arrangement:** In 2019, India approved the incorporation of a ['Standby Swap' in the Currency Swap Arrangement for SAARC members](#), amounting to USD 400 million, aimed at enhancing financial cooperation.
- **Disaster Management:** India hosts the Interim Unit of the [SAARC Disaster Management Center](#) in Gujarat.
 - This center provides policy advice, technical support, and training for disaster risk management across SAARC countries.
- **South Asian University (SAU):** India is home to the **South Asian University, established through an Inter-Governmental Agreement** at the 14th SAARC.
 - It provides world-class education and research opportunities for students and scholars from SAARC nations.

Role India Can Play in Strengthening SAARC

- **Leadership Role:** As the largest economy, India constitutes over **70% of the area and population among the SAARC nations** and is strategically connected to almost all the member nations.
 - Initiatives like the **SAARC satellite and support for infrastructure development underscore** India's commitment.
- **Proposed Measures:** India must continue offering unilateral concessions, such as **duty-free access for least developed SAARC nations**.
 - Smaller nations should reciprocate by leveraging **India's growth for their own development** rather than **perceiving it as a threat**.
 - Strengthen regional connectivity projects like the [BBIN Motor Vehicle Agreement](#) and integrate them with global value chains.
 - It is essential for India to counter China's growing influence in South Asia, while managing the **"Big Brother" perception among smaller neighbors**.
 - Utilizing platforms like [QUAD](#) and **Indo-Pacific partnerships** can help counterbalance external pressures and ensure regional cooperation.
 - India also can utilize BIMSTEC to engage with South and Southeast Asian nations, **bypassing Pakistan**.
 - **Promote People-to-People contact** through Scholarships, cultural exchanges, and tourism-focused initiatives.

What are the Key Challenges Facing SAARC?

- **Political Tensions and Bilateral Conflicts:** [India and Pakistan](#) dominate SAARC in terms of [Gross Domestic Product \(GDP\)](#) and population, but their strained relations, including issues like [terrorism and territorial disputes](#), have hindered cooperation.
 - Pakistan's refusal to address cross-border terrorism led to India boycotting the 19th SAARC Summit in 2016, resulting in its postponement.
 - The 18th SAARC summit was held in Kathmandu in 2014, and its outcome was a **36-point Kathmandu declaration**.
 - Many member states, including [Bangladesh, Afghanistan, and Pakistan](#), face political instability and governance issues that disrupt long-term regional planning.
- **Low Economic Integration:** Intra-regional trade in SAARC is a mere **5% of its total trade**, compared to **65% in the [European Union \(EU\)](#)** and **26% in [Association of Southeast Asian Nations](#)**.
 - Limited implementation of the SAFTA and lack of product diversification have stymied economic growth.
- **Asymmetric Development:** India's dominance often leads to the "**Big Brother Syndrome**," causing mistrust among smaller nations.
 - Smaller member states often perceive **India as overly dominant, leading to resistance against Indian initiatives**. This perception discourages collective action and **fosters reliance on external powers like China**.
 - Nepal, Bhutan, and Maldives struggle with infrastructure deficits and limited resources.
- **Institutional Weaknesses:** SAARC's charter requires **unanimous agreement** for decisions, **enabling any member to veto progress** on critical issues.
 - Pakistan has frequently used this mechanism to block agreements like the **SAARC Motor Vehicles and Railways pacts**.
 - Observers like **China, the EU, and the US lack clarity on their roles**, limiting external support.
 - The exclusion of **contentious bilateral matters limits SAARC's ability** to address underlying causes of regional tensions. This provision undermines the organization's relevance in resolving disputes.
- **External Influences:** China's growing presence through the [Belt and Road Initiative \(BRI\)](#) and its strategic investments in Sri Lanka, Bangladesh, and Pakistan complicates intra-SAARC dynamics.
 - The [China-Pakistan Economic Corridor \(CPEC\)](#) and [Hambantota port](#) developments amplify China's influence.

Way Forward

- **Promoting Economic Cooperation:** Accelerate the operationalization of the SATIS.
 - Expand initiatives like the **SAARC Development Fund** to support regional projects in infrastructure, healthcare, and education.
 - **Resolving Political Conflicts:** Mediation mechanisms within SAARC could help address bilateral tensions. Promote **Track-II diplomacy** involving academia, business leaders, and civil society.
 - Track II diplomacy is an informal, non-governmental approach to resolving conflicts through dialogue and workshops to reduce tension.
 - Prioritize issues like **disaster management, education, and public health**, which are **less politically sensitive**.
- **Leveraging Sub-regional Groupings:** Initiatives like [BBIN \(Bangladesh, Bhutan, India, Nepal\)](#) and [BIMSTEC \(Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation\)](#) can complement SAARC's objectives and foster trust.
- **Combating Non-traditional Security Threats:** Strengthen regional cooperation on counter-terrorism, disaster management, and enhance **intelligence-sharing frameworks among member nations**.
- **Reform Institutional Mechanisms:** Replace the **consensus-based decision-making model with weighted voting** to prevent a single country from blocking progress.
 - Strengthen the SAARC Secretariat with greater autonomy and financial resources.
- **Encouraging Youth Participation:** Utilize South Asia's demographic dividend by fostering student exchanges, scholarships, and youth-centric development programs through the South Asian University and other regional platforms.

Conclusion

SAARC remains a crucial platform for regional cooperation despite challenges like political tensions and low economic integration. India's growing leadership can strengthen the organization's potential. To realize its full potential, **SAARC must focus on enhancing economic cooperation, resolving political conflicts, and fostering sub-regional partnerships.**

Drishti Mains Question:

Discuss the role of SAARC in promoting regional cooperation in South Asia. What challenges hinder its effectiveness in achieving economic integration?

UPSC Civil Services Examination, Previous Year Questions (PYQs)

Mains:

Q. "Increasing cross-border terrorist attacks in India and growing interference in the internal affairs of several member-states by Pakistan are not conducive for the future of SAARC (South Asian Association for Regional Cooperation)." Explain with suitable examples. (2016)

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