CHAPTER VII

SUMMARY OF FINDINGS, CONCLUSION AND SUGGESTIONS
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The study is carried out at the time when multilateralism is at cross roads facing unprecedented difficulties to chalk out a plan of action for addressing international trade issues forcing nations to tread alternative path of regionalism and bilateralism. There are divergent views on the role and impact of regionalism-building block, stumbling block, complementary, feasibility- and the debate is not resolved yet. The countries that were pursuing multilateral trade policies as a matter of principle are also turning towards regionalism not to lose out in the new policy milieu reducing the inertia required for resolution at the multilateral trade negotiations. The study focused on the development of Regionalism as a methodology to achieve trade liberalization and free trade as against the backdrop of the difficulties faced by Multilateralism. The broad objective of the study is to understand and analyse the economic impact of regional grouping on the trade flow of the members and nonmembers and its resultant impact on the welfare of the participating nations. The study systematically looked into the regional integration efforts in Association of South East Asian Nations (ASEAN), a prominent RTA in emerging Asia and how it influences trade and investment flow in Asia and rest of the world.

India is one of the fastest growing economies in the world today emerging as an important driver of world growth. With rapidly growing large middle class market, large pool of cheap human resources and acquired competencies in some industries and services make India an attractive partner for trade and investment by many countries. India after initial hesitation is exploring the path of Regional Trade Agreements with many countries to improve its trade performance. India initiated 'Look East Policy' knowing well the importance of East Asia, particularly ASEAN in shaping the regional
development and future growth prospects. In August 2009 India and ASEAN signed a FTA with the aim of removing tariffs by 2020 and achieving greater cooperation in trade, investment and services. In this context, the study identified the complementary sectors and commodities for enhanced trade between India and ASEAN. The possible trade effect of India-ASEAN FTA is estimated by constructing different models in the Gravity equation framework. Based on the parameters of the best fit model trade potential between India and ASEAN is calculated. As regional cooperation moves from shallow engagements to deeper integration, members experience dynamic gains from FDI, economies of scale, regionalization of production, MNC activities and productivity gains. This made the study to analyse the inflow of FDI in to ASEAN countries after the establishment of ASEAN and the lessons India can lean in the context of India-ASEAN FTA.

7.1 Summary of Findings

The study is divided in to seven chapters. The first chapter introduces the research topic and delineates the research problem to be investigated in the study. The objectives of the study, significance of the research issue, methodology used in the study, chapter scheme and limitations of the study are outlined here.

The second chapter titled ‘Regional Trade Agreements – Theoretical and empirical developments’ systematically reviewed the theoretical evolution and empirical advancements in the area of regional economic integration in general and RTAs in particular. A careful review of the literature has showed that there is no unanimity on the theoretical and empirical aspects of trade creation/diversion effect, specification of the empirical models and the impact of RTAs on the multilateral trade liberalization. It is important to conduct more studies using different methodologies to resolve these issues.
Also Asia is fast emerging the centre of gravity of world economic activity and ASEAN is the most dynamic RTAs in Asia. India has signed an FTA with ASEAN for trade in goods as part of the comprehensive economic cooperation. It is observed from the literature survey that not many studies have been done on the economic impact of India ASEAN Free Trade Agreement and the sectors and products affected by it. Survey of literature revealed that there are number of methodological and measurement problems encountered in the impact studies of Regional Trade Agreements. These include functional forms, considering zero bilateral trade, heteroscedasticity, fixed effect model versus random effect model, endogeniety problem and use of log form. More studies are required to address these problems and compare the results. The review of literature divulged that there is research gap in the study area and it needs to be covered with substantive studies.

The third chapter of the study titled 'Economic and Trade profile of ASEAN and India' brought out the economic structure and trade performance of ASEAN countries and India. The chapter provided broad trend in world trade in the recent past, growth of number of Regional Trade Agreements (RTAs) and their trade share, economic and trade profile of ASEAN countries and India ASEAN trade performance and trade relations. A careful study on the flow of international trade and the composition and direction of trade across regions and grouping revealed that world trade is entering to the difficult stage of recession after growing impressively for six years. Even though world trade is growing more than world output rate, the growth is not uniform across the regions. As the number of Regional Trade Agreements increased, intra regional trade account for a higher share of world trade compared to inter regional trade resulting in formation of fiercely competing trade blocs.
ASEAN is a vibrant trade bloc in Asia with lower tariffs, export orientation and trade facilitation. But there is diversity in size, population, level of development, trade liberalisation, and economic and financial stability among ASEAN members. ASEAN-6 countries are dominant players of ASEAN trade contributing majority of exports and imports. Intra-regional trade share in ASEAN is increasing steadily but much smaller than EU and NAFTA and higher than Mercosur and ANDEAN. The top ten commodity group account 72.1 percent of the ASEAN export and 75.3 percent ASEAN import for the year 2006. Brunei and Cambodia export less diversified products and exports of Thailand, Singapore and Malaysia are more diversified. Cambodia and Lao PDR import small variety of products. USA, Japan, European Union (25) and China are the major trade partners of ASEAN. Tariff levels are much lower in ASEAN compared to India.

India is experiencing trade dynamism in the post 2002 period. Manufacturing sector provides maximum export and within the manufacturing sector, the four product categories namely Engineering Goods, Chemicals and related products, Gems and Jewellery and textiles and readymade garments are the major items of export. USA is India's important export partner even though its share is coming down in recent years. UAE, China, Singapore and UK are the other important countries India export its products. Petroleum, crude and products single largest item of import. China has emerged as the most important source of import for India. ASEAN India trade was growing steadily in the nineties except during East Asian crisis period. The trade between ASEAN and India grew at double digit rate in the recent years.

Chapter four, five and six form the core of the study and analysed the research objectives. Chapter 4 titled 'Trade Complementarity between India and ASEAN' constructed trade indices for India and ASEAN to measure the intensity and comparative advantage between sectors and product groups between these economies. The results showed that
India’s export intensity as well as import intensity is above one for most of the years. This means India’s exports and imports are intense with ASEAN countries compared with its trading pattern with rest of the world. The natural trading partner theory reveals countries tend to trade more with neighbors and close proximate partners. ASEAN’s Export Intensity Index is higher than Import Intensity Index as it exports more to India compared to its imports. Country wise look at the trade intensity shows, India’s export Intensity is above one for Indonesia, Malaysia, Myanmar, Singapore, Thailand and Vietnam. India’s Import intensity is very low with Brunei, Cambodia, Lao PDR, Philippines, and Vietnam reflecting the small quantum of imports it is having with these countries. The intra ASEAN Trade Intensity Index is high for all the years. This means ASEAN intra regional trade is significantly higher compared with ASEAN’s share in world trade.

Revealed Comparative Advantage (RCA) for major categories of commodities is constructed for India and ASEAN countries to identify the trade complementarities and similarity. Commodity wise, Agricultural Commodities in India got a high RCA and can export to Brunei, Cambodia and Singapore who have disadvantage in this product category. Food products are part of agricultural products and follow the same pattern as that of agricultural products. For Fuel and Mining products Brunei, Indonesia and Vietnam have comparative advantage and can trade with India. India’s RCA for fuel is weak and can import petroleum products from Brunei, Indonesia and Vietnam who are the oil exporters of ASEAN or from Malaysia and Singapore who refine crude oil and export.

India’s RCA for Manufacture is high and there is a possibility in trade with Indonesia and Vietnam who got low comparative advantage. India has large deposit of Iron ore and major exporter of Iron and Steel to other countries. All the ASEAN countries having weak comparative advantage in Iron and Steel and there is a trade complementarity.
between them and India. India's export of Chemical products are increasing and reveals a high comparative advantage. RCA for Chemicals is weak for Brunei, Cambodia, Indonesia, Malaysia, Philippines and Vietnam and low for Singapore and Thailand. This complementarity in trade structure gives opportunity for India to export more Chemical products to ASEAN countries. Similarly, India got high RCA in Pharmaceutical products and export them to weak RCA ASEAN countries.

With regard to Machinery and Transport equipment, India's RCA is weak and can import them from high RCA ASEAN countries such as Malaysia, Philippines and Singapore. The core competence of East Asian countries is in Office and Telecom Equipments in which the newly industrializing ASEAN countries such as Malaysia, Singapore, Philippines and Thailand have a strong comparative advantage and export large quantities to different parts of the world. For Electronic Data Processing and Office Equipment the same pattern continues with Malaysia, Philippines, Singapore and Thailand exhibiting strong comparative advantage. For Telecom, Malaysia has a strong comparative advantage whereas Indonesia, Singapore and Thailand got low RCA. For Integrated Circuits and Electronic Components, Malaysia, Philippines, Singapore and Thailand are having strong comparative advantage. ASEAN countries do not enjoy comparative advantage in Automotive sector as Japan and recently South Korea dominating the Asian market. The same is true with India and there is limited possibility of trade between India and ASEAN in Automotive sector. India has a strong comparative advantage in Textiles and got a favorable trading environment with ASEAN as most of the countries got weak comparative advantage. But with regard to clothing there is similarity in trade structure as most of the ASEAN counties have strong comparative advantage similar to India.

In order to get comparative advantage in specific products, RCA is calculated for HS-2 level classification. Of the 24 agriculture related HS-2 digits commodities, 9 categories
showed trade complementarity between India and ASEAN. These include Edible vegetables and certain roots (HS-07), Edible fruit and nuts; peel of citr (HS-08), Prod.mill.indust; malt; starches (HS-11); Oil seed, oleagi fruits; miscall gr (HS-12), Animal/veg fats & oils & their clea (HS-15), Prep of meat, fish or crustaceans (HS-16), Residues & waste from the food indu (HS-23) and Tobacco and manufactured tobacco (HS-24). The highest RCA for India in agricultural products is in Vegetable plaiting materials; veg (HS14) and Coffee, tea, mats and spices (HS-09) and for ASEAN is Animal/veg fats & oils & their clea (HS15) and Prep of meat, fish or crustaceans (HS-16). The highest absolute difference in RCA is for Vegetable plaiting materials; veget (HS-14) and Coffee, tea, mats and spices (HS-09).

For Chemical products the trade complementarity is present in Salt; sulphur; earth &ston; plaste (HS-25), Ores, slag and ash (HS-26), Mineral fuels, oils & product (HS-27), Tanning/dyeing extract; tannins (HS-32) and Explosives; pyrotechnic prod; match (HS-36). For other manufactured products, the complementarity is present in Rubber and articles thereof (HS-40), Raw hides and skins (HS-43) and Articles of leather; saddlery/harne (HS-43). India’s strong comparative advantage in Textiles and related products include Silk (HS-50), Cotton (HS-52), Other vegetable textile fibres; pap (HS-53), Man-made filaments (HS-54), Carpets and other textile floor co (HS-57) Art of apparel & clothing access (HS-61), Art of apparel & clothing access (HS-62). India enjoys comparative advantage in many mineral products compared to ASEAN countries. These include Iron and steel (HS-72) Articles of iron or steel (HS-73), Copper and articles thereof (HS-74) and Zinc and articles thereof (HS-79) in which India got high RCA against ASEAN. ASEAN has strong RCA for Electrical machinery, equipments, parts thereof (HS-85) and high RCA for Nuclear reactors, boilers, machinery (HS-84) against India and export lot of items to India.
In order to get trade complementarity at a more disaggregate level, RCA is calculated for HS-4 level of classification. The top five highest RCA for India in the HS-4 digits are Glass inners for vacuum flasks, Cooking or heating apparatus, Oil-cake and other solid residues, Keyboard pipe organs; harmoniums and other organic compounds. The top five highest RCA for Malaysia in the HS-4 digits are Accordions and similar instruments, Felt hats and other felt headgear, Palm oil and its fractions, Vegetable materials of a kind used and Articles of apparel and clothing. The top five highest RCA for Philippines in the HS-4 digits are Natural sponges of animal origin, Photocopying apparatus incorporatin, Coconut (copra), palm kernel or baby dolls representing only human being and Tin plates, sheets and strip. The top five highest RCA for Singapore in the HS-4 digits are Oxygen-function amino-compounds, Glands and other organs for organo, Light-vessels, fire-floats, dredger, Prepared unrecorded media for sound and Bituminous mixtures. The top five highest RCA for Thailand in the HS-4 digits are Natural rubber, balata, gutta-perch, Manioc, arrowroot, salep, Jerusalem, Vulcanised rubber thread and cord, Rice and Unused postage, revenue or similar.

Chapter-5 is titled as ‘Trade Creation and Trade Potential between ASEAN and India: A Gravity Model Analysis’. The Gravity Model framework was used to measure the trade creation/diversion in ASEAN and the trade potential between India and ASEAN. Three Models namely Basic Model, Augmented Model and Extended Model were used in the study. Each Model has two variations with Model-1 using GDP as economic mass variable where as Model-2 used Population as economic mass variable. Each model used five different estimation methods namely Pooled OLS Method, Maximum Likelihood Estimation Method (MLE), Fixed Effect with Vector Decomposition (FEVD), Between Effect Model (BE) and Random Effect Method (RE).
Comparison of results of Model-1 and Model-2 in all three categories showed that, Population data is better representing the economic mass and due to which Per capita income is getting better coefficients in all models. Results of Pooled OLS Model returning parameters with expected signs and highly significant coefficients. But it is not accounting the individual characteristics of countries which are very important in determining bilateral trade flows. The results of BE method are closer to Pooled OLS method and MLE results are closer to Random Effects Method.

In Random effects model also, important parameters are significant and holding expected signs with a positive ASEAN dummy. But there is possibility of explanatory variables correlated to individual specific effects and the random effect model then becomes inefficient. The Hausman Taylor Estimation method employed to overcome endogeneity problem did not yield better results.

Comparison of results across the models revealed that the augmented Gravity Model-2 is best suited for the study with better parameters, signs and explanatory power. The Hausman Specification test carried out also validate this. Also the coefficient of ASEAN dummy is positive and highly significant with highest value in this model.

India’s trade potential is calculated using Augmented Model-2. India’s trade potential with Indonesia is already exploited and the actual trade exceeds potential trade in the recent years. India’s actual trade with Malaysia and Thailand exceeded the potential trade for the year 2006 and 2007. But India has unmet trade potential with Philippines and Singapore. The trade potential is highest with Philippines. India’s export potential is positive with ASEAN countries except Indonesia. The highest export potential is with Singapore followed by Malaysia, Philippines and Thailand.
Speed of Convergence method takes into account dynamic structure of the data in the estimation of trade potential and an improvement over point estimation method. India is having trade convergence with Philippines as actual trade is growing faster than potential trade. The other countries such as Indonesia, Malaysia, Singapore and Thailand, the potential trade is growing rapidly compared to actual trade and there is trade divergence. With regard to exports, except Indonesia there is speed of converge between India and ASEAN-5. On the imports side there is speed of convergence with Philippines and others are showing divergence.

The study carried out a partial equilibrium simulation exercise using WITS database and software. Simulation results showed that complete elimination of tariffs by India (100 percent cut) on account of and India-ASEAN FTA, the biggest gains in terms of exports will be achieved by Indonesia, followed by Malaysia, Singapore and Thailand. In percent terms, the highest export gains will be achieved by Vietnam (86.52 percent), Philippines (70.75 percent), Thailand (60.36 percent) and Lao PDR (42.43 percent).

India’s imports from ASEAN countries will increase as a result of tariff cut done as a part of RTA (4.075 billion US dollars) and there will be decrease in tariff collection to the tune of 3.228 billion US dollars. A reduction in tariff increases the consumer welfare and the total consumer surplus out of tariff cut was to the tune of 756.206 million. The total trade creation of India-ASEAN FTA is 4.075 billion US dollars and the total trade diversion is 0.1 million. The very little trade diversion (0.1 million) and a substantial trade creation makes the RTA mutually beneficial and economically viable. The tariff rate cut makes the simple customs duty to decline to 12.52 percent.

The sixth chapter titled ‘Impact of RTA on FDI inflow: A case of ASEAN-5 and its implications on India’ studied the FDI implications of ASEAN regional cooperation. Study found that after the establishment of ASEAN FTA there is a steady increase in FDI
inflow in to ASEAN from rest of the world except during East Asia Crisis period. A country wise comparison of FDI inflow showed Singapore is the major recipient of FDI from the rest of the world for the period 1995 to 2007, Malaysia, Thailand and Indonesia are the other ASEAN countries receiving noticeable FDI inflow. The less developed members of ASEAN namely Brunei, Cambodia, Laos and Myanmar had negligible share in FDI inflows and their share remained stagnant for the said period. Japan, USA, UK and Netherlands are the important source of FDI for ASEAN. The share of Intra regional FDI share is increasing and became second important source of FDI after Japan. Thailand, Malaysia Singapore and Indonesia are the major recipients of Intra regional FDI inflow from ASEAN. Nearly three-fourth of the intra ASEAN FDI is coming from Singapore and acting as a major driver of economic development in the ASEAN region.

A Gravity Model approach is used to model FDI inflow in to ASEAN countries. Three different Models namely Basic Model, Augmented Model-1 and Augmented Model-2 were used for the study. Estimation techniques such as Pooled Ordinary Least Squares (POLS), Fixed Effect with Vector Decomposition (FEVD) and Random Effects Model were employed on above three models.

The results of the pooled OLS method showed that all variables except host GDP are significant at 5 percent significance level. The coefficient of RTA dummy is positive and significant at 1 percent level of significance. FDI inflows in to a country also depends the infrastructural, institutional and tax structure of the economy. In Basic Model, ASEAN dummy is significant only in Pooled OLS and Fixed Effect but not significant in and Random Effect Method. But coefficient of distance got positive sign in Fixed Effect. In Augmented Model-1, coefficients and signs of important parameters are on expected lines. In Augmented Model-2, ASEAN dummy is significant but negatively signed.
Among the alternate models developed in the study, Augmented model-1 yields better parameters and signs for the explanatory variables. Fixed Effect with Vector Decomposition (FEVD) proved to be better method of estimation compared to other methods with better parameters and established relationships. Hausman Specification test validates this. A positive and highly significant ASEAN dummy emphasized that ASEAN regional integration positively influenced FDI inflow in to the region. Based on the results, we can construe that India-ASEAN FTA can help in attracting more FDI in to India.

7.2 Conclusion

Based on the various findings outlined above, the study makes certain valid conclusions as follows.

Firstly, emergence of Regional integration has become the most important trade development in the recent past with large number of regional, bilateral and trilateral agreements. The ASEAN regional integration has succeeded in improving trade performance of ASEAN countries. The simultaneous engagement of regionalism and multilateral trade liberalization by ASEAN did not adversely affect multilateral trading environment. India is one of the highest tariff country in the world and trade liberalisation and tariff reduction through FTA will do more good to the world trade than otherwise.

Secondly, inferences from the trade indices computed for understanding the trade structure between India and ASEAN revealed that there are complementary sectors and products available for enhancing trade cooperation between the trading partners. ASEAN countries are in different stages of economic development and India can have trade cooperation with some of them in all product categories. While India can export food grains to small and developed countries of ASEAN, it can import edible and other
agricultural products from other ASEAN countries. India enjoy advantage in minerals whereas they can import crude oil from ASEAN. India had advantage in some manufactured items like chemicals, Iron and Steel, Jems and Jewellery and can export them to many ASEAN countries. ASEAN has comparative advantage in Electrical and Electronic components and India can import them from ASEAN. With regard to Textiles and Clothing there is intense competition between ASEAN and India to increase market share. Reduction of tariffs will have a short term impact on India’s exports but can consolidate in the medium term through productivity gains and efficiency.

Thirdly, implementation of Free Trade Agreement between India and ASEAN can create trade between the countries. This is demonstrated in the Gravity model used in the study. There is positive and highly significant coefficient for ASEAN dummy which clearly shows a positive influence of the FTA on bilateral trade. The result is reiterated in the simulation exercise. The simulation result showed that there is a significant trade creation, negligible trade diversion and a considerable improvement in welfare for the people through consumer surplus.

Fourthly, the study showed that there is unmet trade potential existing between India and ASEAN countries. India has unmet trade potential with Philippines and Singapore, export potential with Malaysia, Philippines, Thailand and Singapore and import potential with Philippines, Singapore and Thailand. India is having trade convergence with Philippines as actual trade is growing faster than potential trade. The other countries such as Indonesia, Malaysia, Singapore and Thailand, the potential trade is growing rapidly compared to actual trade and there is trade divergence.

Fifthly, based on the results obtained in the study, Regional Economic Integration positively influences the FDI flow in to the country. There is a steady increase in FDI
inflow in to ASEAN except during the period of East Asian Crisis. Gravity model used in
the analysis is also substantiating this point. Traditional Gravity variables such as GDP,
PCI, Distance and RTA dummy along with Institutional, Infrastructural and Policy
enabling variables are influencing FDI flow in to a RTA member country. India can learn
lessons from this as it strives to attract FDI for its economic development. India’s GDP
and PCI income is growing rapidly these years and east Asia is closer to it geographically.
A FTA with necessary reforms in Institutional and policy environment can attract large
FDI flow in to the country.

Sixthly, regionalism is here to stay and countries need to know how to cope with it.
Regionalism offers certain advantages which multilateralism cannot offer. These include
low transaction cost, deeper integration, option to choose partners, tailor made
agreements to give large scale benefit to partners and strategic and geo political
advantage. Also the clout generated out of regionalism can be used for further multilateral
negotiations. Asia is emerging as a third axis of global economic power centre after EU
and NAFTA. ASEAN is the center of Asian regional consolidation. ASEAN plus
agreements and resultant Asian Economic Community are steps in this direction. Through
India-ASEAN FTA, India can integrate with the ASEAN economies which can give long
term gains in competency, efficiency and productivity.

7.3 Implications of the study

The study has far reaching implications, not only to the policy makers in India but the
policy makers of ASEAN countries and the world at large. India is coming out of the
protected economic environment and engagement with ASEAN can gives important
lessons for its economic restructuring. ASEAN has developed competencies in many
fields and India can benefit out of it. To integrate with ASEAN market effectively India
need to reform its economic, institutional and infrastructural bottlenecks. ASEAN also
gains from India’s size and human resources. No big international player can ignore in the
decades to come. A resurgent Asia with ASEAN, India and China will affect the world
output growth and the global demand and supply of commodities. The study based on the
analysis highlighted the importance of having greater cooperation between India and
ASEAN.

Regional Trade agreements are a reality in the post WTO trade regime as it provides
certain advantages to the members. Experiences from regional trade liberalization can
offer important lessons to WTO on certain difficult negotiating issues. The results from
the study show ASEAN created trade after initiating regional integration measures. This
implies prospective members of can enhance trade potential by forging a RTA. The study
revealed both India and ASEAN can gain from RTA as there are complementarity sectors
between them. Also there are problematic areas with India’s trade structure resembling
that of less developed economics of ASEAN such as Vietnam, Cambodia, Myanmar and
Laos. There are some sectors and product groups such as agricultural commodities and
textiles that will be affected by clash of interest. ASEAN may gain more than India
immediately from the agreement, as their MFN tariff rates are much smaller than India
and comparable to the developed world. India can gain in the medium and long run period
with service sector, labour intensive sector and high skilled engineering sector
contributing more to the trade with increase in FDI flow and transfer of technology. Also
integrating with ASEAN helps India to harmonise its policies with East Asian partners
that is necessary for a broad Asian Economic Community. Forging strategic and critical
FTAs along with broad liberalization can reduce any adverse impact of regionalism. India
requires large FDI to unleash its economic potential. East Asian countries and China

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demonstrated to the world that right mix policies could attract large FDI flows. The study shows forging FTA with key partners can increase FDI flow in a country.

7.4 Suggestions

i. India – ASEAN FTA should be implemented in a staggered manner to reduce adverse effects on India's agricultural sector.

ii. The negative list should reflect the Indian reality and great attention should be given in finalizing the list particularly the Agricultural sector as it can affect the livelihood of millions of population.

iii. Negotiations should start immediately on Service sector, FDI and other important areas where India got maximum potential.

iv. Well chalked out domestic reform in Infrastructural, Institutional and Policy environment to give efficiency and competency to Indian exporters.

v. Trade facilitation measures to reduce transaction costs of Indian exporters.

vi. A rehabilitation and restructuring program for the affected sections of the population due to India- ASEAN FTA.

vii. Creating Standards and Quality for products and services which are compatible to ASEAN market and easy accessibility of information about the market for fully exploring the ASEAN market.

viii. India should engage broader multilateral trade liberalization along with Free Trade Agreements to minimize adverse impacts of RTA.

ix. India should take active leadership in regional affairs which is important for gainful outcomes at multilateral negotiations.
7.5 Limitations and scope for further research

The study has its share of limitations which are beyond the control of the researcher. The study mainly relied on the gravity framework of analysis and the other prominent method namely Computable General Equilibrium method is not attempted for want of data and software. Also non linear regressions models are not attempted in the study. The study did not consider the new age provisions of RTAs which include imperfect market structure, scale economy and intra industry trade. The study considered only five original members of ASEAN and the new members who have joined at later periods are excluded from the analysis for lack of complete information. Existing bilateral trade agreements are also not considered in assessing the impact of India- ASEAN RTA. Also truncated models were not used to consider zero values in the FDI model. There is scope for further research using Computable General Equilibrium models, non-linear regression models and more comprehensive study considering the 'new age provisions' of RTA.