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### **An Economic Overview of BIMSTEC Countries: (1997-2011)**

**Amit Bikram Chowdhury**

Doctoral Research Scholar, Department of Humanities and Social Sciences, National Institute of Technology, Agartala, India

**Debasis Neogi**

Associate Professor; Department of Humanities and Social Sciences, National Institute of Technology, Agartala, India

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#### **Abstract**

The Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) brings together Nepal, Bhutan, Bangladesh, Srilanka, Myanmar, Thailand and India for cooperation in Trade, Industry and sectors of mutual interest. It aimed to establish a unique link between South Asia and South East Asia. The seven BIMSTEC countries are widely different with respect to size, level of development and economic structure. This article investigates the economic situation in each BIMSTEC country during the 1997-2011 periods. In general, the economic performance of the BIMSTEC economies is influenced by three major sets of factors, namely external impacts, policy responses, and structural factors. The present paper aims to investigate the macro-economic indicators and analyse their effects on economic performance of each BIMSTEC country during the 1997-2011 period. The paper highlights the nature of trade in the different sectors among the BIMSTEC countries. This paper also tries to analyse business prospect in this region. The overview of the region provides an indication of the possibility of expansion of trade in future.

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**Keywords:** International trade, business prospect, inflation, unemployment, business prospect

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Corresponding author's details:

Name: Amit Bikram Chowdhury

Email address: [amitphd12@gmail.com](mailto:amitphd12@gmail.com)

## Overview

The BIMSTEC involves the countries of two regions, South and South-East Asia. The name BIMSTEC an acronym consists of the first letters of the countries involved, (B) Bangladesh, (I) India, (M), Myanmar, (S) Srilanka and (T) Thailand. In the later Nepal and Bhutan was also included. The membership of the BIMSTEC would become more speckled geographically. The BIMSTEC agreement aimed to create a free trade zone where tariffs would be abridged to zero by 2012 (MoI, 2011). The two least developed countries of the forum namely Bangladesh and Myanmar was given added time to drop their tariff rates to zero level by the year 2017. It is a fact that economic growth is a basic requirement for peace and tranquillity in the region. The gross domestic product of BIMSTEC countries were 750 billion U.S. dollars in 2007 and the trade volume ranged between 33 to 59 billion dollars under the BIMSTEC free trade area scheme (Burma Political Economy, 2007). India's intra-regional trade with BIMSTEC countries increased from 4.12% in 2001 to 6.61% in 2003. According to the ministry of commerce, promoting rapid tariff liberalisation in the BIMSTEC region have increased India's exports to BIMSTEC countries. India's export to BIMSTEC countries have increased to 74% in 2003 (Sen, 2006).

Macroeconomic indicators are statistics that point in the direction of the current eminence of the economy of a state

depending on a particular vicinity of the economy (industry, labour market, trade etc.). Macro Economics engrosses looking at a country's economy as a whole. Key Macroeconomic indicators involve:

1. GDP growth rate (annual %)
2. Inflation (annual %)
3. Agriculture, value added (% of total GDP)
4. Industry, value added (% of total GDP)
5. Service, value added (% of total GDP)
6. Unemployment rate.

The GDP growth rate appraises how fast the economy is breeding. Technically it is the percentage swell or shrink of GDP (Gross Domestic Product) Compared to the previous quarter. The GDP growth rate is single-minded by retail expenditures, Government expenses, exports and inventory heights. Mount in imports will negatively impinge on the economic growth. The GDP growth rate is the most important indicator of economic escalation. Once the GDP growth rate slows down, the business reduces investing further in new purchases, in expansion of business and also in hiring new employees. It waits for the revival of the economy. This, in turn, has further adverse impact on the economy.

Inflation is an economic marker that gauges the collapse in purchasing power of a currency. This is calculated through assorted types of price indices including the Consumer Price Index and Producer Price Index (measuring prices set by producers

for their output), using data get hold of by the government. Inflation is in general the percentage increase in these numbers, although it is nearly not viable to assess literally due to changes in consumer penchants. Usually inflation is rooted by an increase in the money supply, which escorts to price increases.

The share of agriculture in GDP can be used as an indicator to overview the economic situation of a country. Agriculture plays a critical role in the entire life of a given economy. Agriculture is the stamina of economic system of a given country. In addition to providing food and raw material, agriculture also provides employment opportunities to very large percentage of population. Agricultural products like sugar, tea, rice, spices, tobacco, coffee etc. constitute the major items of exports of countries that rely on agriculture. The growth of agricultural sector contributes to marketable surplus. Many people engage in manufacturing, mining as well as other non-agricultural sector as the nation develops. Construction of irrigation schemes, drainage system as well as other such activities in the agricultural sector is important as it provides larger employment opportunities.

The progress of a country's is to great extent is measured by its industrial development. A growing industrial sector is crucial to greater economic development and takes in a number of areas as a country develops. In particular, industries can make significant contribution to achieve social and economic objectives such as labour absorption, income distribution, rural development, poverty eradication and balanced economic growth.

The service sector is becoming increasingly important in the economies of developed and developing countries. For the manufacturing sector, the service sector, especially knowledge-intensive and business services, is being increasingly recognised as important levers for growth and development of the economy.

The unemployment rate is another major indicator of economic development. The social stability of a nation also depends on the degree at which the economy can generate and provide jobs to those seeking work. The phenomenon of unemployment is also the root cause of wide spread poverty.

**Table 1: GDP growth (annual %)**

Year	India	Bangladesh	Bhutan	Myanmar	Nepal	Srilanka	Thailand
1997	4.04	5.38	5.37	5.65	5.04	6.40	-1.37
1998	6.18	5.22	5.91	5.86	3.01	4.69	-10.51
1999	8.46	4.86	7.98	10.94	4.41	4.30	4.44
2000	3.97	5.94	6.93	13.74	6.24	6.47	4.75
2001	4.94	5.27	8.20	11.34	4.82	-1.54	2.16

2002	3.90	4.41	10.72	12.02	0.11	3.96	5.31
2003	7.94	5.25	7.66	13.84	3.94	5.94	7.13
2004	7.84	6.27	5.89	13.64	4.68	5.44	6.34
2005	9.28	5.95	7.12	12.63	3.12	6.24	4.60
2006	9.26	6.62	6.84	14.34	3.71	7.66	5.09
2007	9.80	6.42	17.92	11.45	3.41	6.79	5.04
2008	3.89	6.19	4.66	10.63	6.10	5.95	2.48
2009	8.23	5.74	6.72	10.98	4.53	3.53	-2.32
2010	9.55	6.06	11.76	12.53	4.81	8.01	7.81
2011	6.85	6.70	5.57	13.87	3.88	8.25	0.07

**Source:** World Bank

In 1997 GDP growth rate of India was 4.04%. For Bangladesh it was 5.38%. From table 1 we find that GDP growth rate of Bhutan, Srilanka, Nepal and Myanmar was almost same in 1997. Whereas in Thailand it was -1.37%. Thailand experienced a negative GDP growth rate in 1997. From table 1 we find that in 1998 India's GDP growth rate has increased from 4.04% to 6.18%. In 1998 Bangladesh, Bhutan and Myanmar's GDP growth rate has not increased much. The GDP growth rate of Nepal, Srilanka and Thailand has decreased in 1998. In 1999 India's GDP growth rate was 8.46%. India's GDP growth rate has increased in 1999 from 1998. The GDP growth rate of Bangladesh has decreased from 5.22% to 4.86% in 1999. In 1999 the GDP growth rate of Bhutan, Myanmar, Nepal and Thailand has considerably increased from 1998. In 2000 the GDP growth rate of India and Bhutan has decreased whereas in other BIMSTEC countries it has increased. In 2001 the GDP growth rate of India was 4.94%. The GDP growth rate of Bangladesh has decreased

from 2000 to 2001. The GDP growth rate of Bhutan has increased from 6.93% to 8.20% in 2001. The GDP growth rate of other BIMSTEC countries has decreased in 2001. In 2002 the GDP growth rate of India was 3.90%. The GDP growth rate of Bangladesh has decreased to 4.41% in 2002 from 5.27% in 2001. In 2002 except Nepal other BIMSTEC countries' GDP growth rate has increased. In 2003 only Bhutan's GDP growth rate has decreased whereas other BIMSTEC countries' GDP growth rate has considerably increased. In 2004 India, Myanmar and Srilanka have not achieved any increase in their GDP growth rate. In 2005 India's GDP growth rate has increased from 7.84% to 9.28%. Other BIMSTEC countries' GDP growth rate has not increased so much in 2005. In 2006 India's GDP growth rate was 9.26%. The GDP growth rate of Bangladesh, Myanmar, Srilanka has increased in 2006 while other BIMSTEC countries' GDP growth rate has decreased. The GDP growth rate of India has increased from 2006 to 2007. Bhutan's GDP growth rate has increased from 6.84%

in 2006 to 17.92% in 2007. The other BIMSTEC countries have experienced a negative GDP growth rate in 2007. In 2008. India's GDP growth rate has dramatically fallen to 3.89%. The other BIMSTEC Countries' GDP growth rate has considerably decreased in 2008. In 2009 India's GDP growth rate has increased considerably. Thailand has experienced a negative GDP growth rate in 2009. Except Bhutan and Myanmar other BIMSTEC

countries' GDP growth rate has decreased in 2009. In 2010 India's GDP growth rate was 9.55%. Bangladesh Bhutan, Myanmar, Nepal, Srilanka and Thailand's GDP growth rate was 6.06%, 11.76%, 12.53%, 4.81% 8.01% and 7.81% respectively in 2010. In 2011 India has seen a downswing in its GDP growth rate. Except Myanmar other BIMSTEC countries' GDP growth rate has decreased in 2011.

**Table 2: Inflation (Annual %)**

Year	India	Bangladesh	Bhutan	Myanmar	Nepal	Srilanka	Thailand
1997	6.47	3.09	12.48	33.79	7.27	8.92	4.06
1998	8.01	5.27	10.50	35.82	4.10	9.21	9.23
1999	2.87	4.65	7.43	22.64	8.88	4.16	-4.03
2000	3.65	1.85	2.28	2.46	4.47	7.27	1.34
2001	3.18	1.58	5.26	24.84	11.01	13.66	2.06
2002	3.71	3.19	4.88	41.50	3.93	11.81	0.81
2003	3.88	4.52	3.08	20.49	3.07	5.14	1.32
2004	5.93	4.24	3.79	3.53	4.16	8.80	3.12
2005	4.23	5.07	5.85	8.78	6.48	10.41	4.48
2006	6.42	5.17	5.41	12.85	6.99	11.27	5.24
2007	5.75	6.78	3.11	15.85	7.60	14.02	3.45
2008	8.66	8.78	5.69	17.84	5.61	16.32	3.93
2009	5.96	6.52	4.84	16.32	15.90	5.87	1.94
2010	8.48	6.47	5.91	18.36	15.23	7.29	3.66
2011	7.99	7.53	5.65	16.56	10.43	7.84	4.22

Source: World Bank

In 1997 the annual inflation rate was 6.47% in India. Bangladesh, Bhutan, Myanmar, Nepal, Srilanka and Thailand's annual inflation rate was 3.09%, 12.48%, 33.79%, 7.27%, 8.92%, and 4.06% respectively in 1997. In 1998 the annual inflation rate was 8.01% in India. It has increased from 1997. In 1998 except Bhutan and Nepal

other BIMSTEC countries' annual inflation rate has decreased. In 1999 only Nepal has seen an increase in their annual inflation rate from 1998. Other BIMSTEC countries' annual inflation rate has decreased in 1999. In 2000 the annual inflation rate of India was less than 5%. The annual inflation rate of Myanmar has dramatically decreased in

2000 from 1999. Only Srilanka and Thailand have seen an increase in their annual inflation rate in 2000. In 2001 the annual inflation rate was 3.18% in India. Bangladesh, Bhutan, Myanmar, Nepal, Srilanka, and Thailand's annual inflation rate was 1.58%, 5.26%, 24.84%, 11.017%, 13.66%, and 2.06% respectively in 2001. In 2002 the annual inflation rate was 3.71% in India. Bangladesh, Bhutan, Myanmar, Nepal, Srilanka and Thailand's annual inflation rate was 3.19%, 4.88%, 41.50%, 3.93%, 11.81% and 0.81% respectively in 2002. In 2003 the annual inflation rate was 3.88% in India. Bangladesh, Bhutan, Myanmar, Nepal, Srilanka and Thailand's annual inflation rate was 4.52%, 3.08%, 20.49%, 3.07%, 5.14%, and 1.32% respectively in 2003. In 2004 the annual inflation rate was 5.93% in India. Bangladesh, Bhutan, Myanmar, Nepal, Srilanka and Thailand's annual inflation rate was 4.24%, 3.79%, 3.53%, 4.16%, 8.80%, and 3.12% respectively in 2004. In 2005 the annual inflation rate was 4.23% in India. Bangladesh, Bhutan, Myanmar, Nepal, Srilanka and Thailand's annual inflation rate was 5.07%, 5.85%, 5.85%, 8.78%, 6.48%, 10.41%, and 4.48% respectively in 2005. In 2006 the annual inflation rate was 6.42% in

India. Bangladesh, Bhutan, Myanmar, Nepal, Srilanka and Thailand's annual inflation rate was 5.17%, 5.41%, 12.85%, 6.99%, 11.27% and 5.24% respectively in 2006. In 2007 the annual inflation rate was 5.75% in India. Bangladesh, Bhutan, Myanmar, Nepal, Srilanka and Thailand's annual inflation rate was 6.78%, 3.11%, 15.85%, 7.60%, 14.02% and 3.45% respectively in 2007. In 2008 the annual inflation rate was 8.66% in India. Bangladesh, Bhutan, Myanmar, Nepal, Srilanka and Thailand's annual inflation rate was 8.78%, 5.69%, 17.84%, 5.61%, 16.32% and 3.93% respectively in 2008. In 2009 the annual inflation rate was 5.96% in India. Bangladesh, Bhutan, Myanmar, Nepal, Srilanka and Thailand's annual inflation rate was 6.52%, 4.84%, 16.32%, 15.90%, 5.87% and 1.94% respectively in 2009. In 2010 the annual inflation rate was 8.48% in India. Bangladesh, Bhutan, Myanmar, Nepal, Srilanka and Thailand's annual inflation rate was 6.47%, 5.91%, 18.36%, 15.23%, 7.29% and 3.66% respectively in 2010. In 2011 the annual inflation rate was 7.99% in India. Bangladesh, Bhutan, Myanmar, Nepal, Srilanka and Thailand's annual inflation rate was 7.53%, 5.65%, 16.56%, 10.43%, 7.84% and 4.22% respectively in 2011.

**Table 3: Agriculture, value added (% of GDP)**

Year	India	Bangladesh	Bhutan	Myanmar	Nepal	Srilanka	Thailand
1997	25.88	25.78	31.20	58.93	41.43	21.87	9.45
1998	25.79	25.45	29.53	59.05	39.91	21.11	10.78
1999	24.65	26.18	27.27	59.91	41.29	20.67	9.39
2000	23.12	25.51	27.39	57.24	40.82	19.90	9.02
2001	23.00	24.10	26.13	57.07	37.20	20.05	9.13

2002	20.75	22.73	26.34	54.53	38.09	14.28	9.43
2003	20.77	21.75	25.19	50.62	37.07	13.23	10.41
2004	19.03	21.04	24.92	48.35	36.67	12.54	10.31
2005	18.81	20.14	23.18	47.29	35.86	11.82	10.27
2006	18.29	19.61	22.14	46.86	34.13	11.34	10.77
2007	18.26	19.24	19.23	46.81	33.07	11.68	10.68
2008	17.78	19.01	18.98	45.68	32.22	13.38	11.56
2009	17.72	18.73	18.75	44.78	33.16	12.69	11.46
2010	17.74	18.59	17.50	43.28	36.53	12.81	12.39
2011	17.22	18.29	15.94	42.94	31.75	12.09	12.36

Source: World Bank

In 1997 the share of agriculture in GDP was 25.88% in India. Bangladesh, Bhutan, Myanmar, Nepal, Sri Lanka, and Thailand's share of agriculture in GDP was 25.78%, 31.20%, 58.93%, 41.43%, 21.87% and 9.45% respectively in 1997. The share of agriculture in GDP has increased from 1997 to 1998 in India. In 1998 except Myanmar the share of agriculture in GDP in other BIMSTEC countries has decreased. In 1999 the share of agriculture in GDP was 24.65% in India. Bangladesh, Bhutan, Myanmar, Nepal, Sri Lanka and Thailand's share of agriculture in GDP was 26.18%, 27.27%, 59.91%, 41.29%, 20.67% and 10.78% respectively in 1999. The share of agriculture in GDP has decreased from 1999 to 2000 in India. In 2000 only Bhutan has seen an increase in the share of agriculture in GDP. In 2001 the share of agriculture in GDP was 23.00% in India. Bangladesh, Bhutan, Myanmar, Nepal, Sri Lanka and Thailand's share of agriculture in GDP was 24.10%, 26.13%, 57.07%, 37.20%, and 9.13% respectively in 2001. In 2002 the share of agriculture in GDP was 20.75% in

India. Bangladesh, Bhutan, Myanmar, Nepal, Sri Lanka and Thailand's share of agriculture in GDP was 22.73%, 26.34%, 54.53%, 38.09%, 14.28% and 9.43% respectively in 2002. In 2003 the share of agriculture in GDP was 20.77% in India. Bangladesh, Bhutan, Myanmar, Nepal, Sri Lanka and Thailand's share of agriculture in GDP was 21.75%, 25.19%, 50.62%, 37.07%, 13.23% and 10.41% respectively in 2003. In 2004 the share of agriculture in GDP was 19.03% in India. Bangladesh, Bhutan, Myanmar, Nepal, Sri Lanka and Thailand's share of agriculture in GDP was 21.04%, 24.92%, 48.35%, 36.67%, 12.54% and 10.31% respectively in 2004. In 2005 the share of agriculture in GDP was 18.81% in India. Bangladesh, Bhutan, Myanmar, Nepal, Sri Lanka and Thailand share of agriculture in GDP was 20.14%, 23.18%, 47.29%, 35.86%, 11.82% and 10.27% respectively in 2005. In 2006 the share of agriculture in GDP was 18.29% in India. Bangladesh, Bhutan, Myanmar, Nepal, Sri Lanka and Thailand's share of agriculture in GDP was 19.61%, 22.14%, 46.86%,

34.13%, 11.34% and 10.77%. respectively in 2006. In 2007 the share of agriculture in GDP was 18.26% in India. Bangladesh, Bhutan, Myanmar, Nepal, Srilanka and Thailand's share of agriculture in GDP was 19.24%, 19.23%, 46.81%, 33.07%, 11.68% and 10.68% respectively in 2007. In 2008 the share of agriculture in GDP was 18.26% in India. Bangladesh, Bhutan, Myanmar, Nepal, Srilanka and Thailand's share of agriculture in GDP was 19.01%, 18.98%, 45.68%, 32.22%, 13.38% and 11.56% respectively in 2008. In 2009 the share of agriculture in GDP was 17.72% in India. Bangladesh, Bhutan, Myanmar, Nepal,

Srilanka, Thailand the share of agriculture in GDP was 18.73%, 18.75%, 44.78%, 33.16%, 12.69%, and 11.46% respectively in 2009. In 2010 the share of agriculture in GDP was 17.74% in India. Bangladesh, Bhutan, Myanmar, Nepal, Srilanka and Thailand's share of agriculture in GDP was 18.59%, 17.50%, 43.28%, 36.53%, 12.81% and 12.39% respectively in 2010. In 2011 the share of agriculture in GDP was 17.22% in India. Bangladesh, Bhutan, Myanmar, Nepal, Srilanka, Thailand the share of agriculture in GDP was 18.29%, 15.94%, 42.94%, 31.75%, 12.09% and 12.36% respectively in 2011.

**Table 4: Industry, value added (% of GDP)**

Year	India	Bangladesh	Bhutan	Myanmar	Nepal	Srilanka	Thailand
1997	26.41	25.14	33.78	10.17	22.86	26.89	40.16
1998	25.74	25.81	32.90	9.85	22.49	27.54	39.63
1999	25.37	25.15	35.64	8.99	21.80	27.28	40.93
2000	26.11	25.28	35.99	9.69	22.13	27.28	41.99
2001	25.17	25.94	37.90	10.58	17.79	26.80	42.14
2002	26.23	26.41	38.60	13.00	18.09	28.01	42.43
2003	26.04	26.26	39.36	14.25	18.14	28.42	43.63
2004	27.92	26.60	37.74	16.20	17.85	28.6181	43.39
2005	28.13	27.22	37.28	18.20	17.69	30.18	43.96
2006	28.84	27.90	38.98	17.35	17.19	30.64	44.34
2007	29.03	28.37	45.37	19.87	17.09	29.91	44.73
2008	28.28	28.51	44.47	19.34	17.33	29.37	44.05
2009	27.56	28.65	43.17	16.73	16.27	29.67	43.33
2010	27.11	28.45	44.55	18.86	15.63	29.42	44.65
2011	26.40	28.20	43.91	20.67	15.33	29.90	41.15

Source: World Bank

In 1997 the share of industry in GDP was 26.41% in India. Bangladesh, Bhutan, Myanmar, Nepal, Srilanka and Thailand's Share of industry in GDP was 25.14%,

33.78%, 10.17%, 22.86%, 26.89% and 40.16% respectively in 1997. In 1998 India's share of industry in GDP has decreased marginally. Except Srilanka other



BIMSTEC countries share of Industry in GDP has decreased in 1998. In 1999 the share of Industry in GDP was 25.37% in India. Bangladesh, Bhutan, Myanmar, Nepal, Srilanka and Thailand's Share of industry in GDP was 25.15%, 35.64%, 8.99%, 21.80%, 27.28% and 40.93% respectively in 1999. In 2000 the share of industry in GDP was 26.11% in India. The share of industry in GDP for other BIMSTEC countries was almost similar as compare to the 1999. In 2001 the share of Industry in GDP was 25.17% in India. The share of Industry in GDP in Bangladesh, Bhutan, Myanmar, Nepal, Srilanka and Thailand's was 25.94%, 37.90%, 10.58%, 17.79%, 26.80% and 42.14% respectively in 2001. In 2002 the share of industry in GDP has increased in India, Bangladesh, Bhutan, Myanmar, Nepal, Srilanka, Thailand from 2001. In 2003 except India and Bangladesh other BIMSTEC countries share of industry in GDP has increased from 2002. In 2004 except Bhutan and Bangladesh other BIMSTEC countries share of industry in GDP has increased from 2003. In 2005

except Bangladesh other BIMSTEC countries share of industry in GDP has increased from 2004. In 2006 the share of industry in GDP in Myanmar, Nepal, Thailand has decreased from 2005. In 2007 the share of industry in GDP in Myanmar, Nepal, Thailand has decreased from 2006. In 2008 the share of industry in GDP in Bangladesh, Nepal, has increased from 2007 while in other BIMSTEC countries the share of industry in GDP has decreased from 2007. In 2009 the share of industry in GDP was 27.56% in India. It has decreased from 2008. Bangladesh and Srilanka have also experienced a growth in the share of industry in GDP in 2009. The share of industry in GDP has decreased in 2009 for the remaining BIMSTEC countries. The share of industry in GDP in India has decreased in 2010 from 2009. In 2011 the share of industry in GDP was 26.40% in India. In Bangladesh, Bhutan, Myanmar, Nepal, Srilanka and Thailand the Share of industry in GDP was 28.20%, 43.91%, 20.67%, 15.33%, 29.90% and 41.15% respectively in 2011.

**Table 5: Service Sector, value added (% of GDP)**

Year	India	Bangladesh	Bhutan	Myanmar	Nepal	Srilanka	Thailand
1997	47.70	49.07	35.01	30.90	35.70	51.23	50.39
1998	48.47	48.73	37.57	31.09	37.60	51.35	49.59
1999	49.98	48.67	37.08	31.09	36.90	52.05	49.68
2000	50.76	49.20	36.62	33.07	37.05	52.82	48.99
2001	51.83	49.96	35.96	32.35	45.01	53.14	48.72
2002	53.02	50.86	35.06	32.46	43.82	57.71	48.13
2003	53.18	51.98	35.45	35.12	44.78	58.34	45.96
2004	53.05	52.36	37.33	35.44	45.47	58.84	46.30
2005	53.06	52.63	39.53	35.88	46.44	57.99	45.77

2006	52.87	52.48	38.88	36.68	48.67	58.02	44.88
2007	52.71	52.38	35.39	36.86	49.83	58.40	44.59
2008	53.93	52.48	36.54	37.87	50.45	57.25	44.39
2009	54.72	52.61	38.08	37.56	50.57	57.64	45.20
2010	55.14	52.96	37.94	38.87	47.84	57.76	42.96
2011	56.37	53.51	40.15	39.95	52.92	58.00	46.48

**Source:** World Bank

In 1997 the share of service sector in GDP was 25.88% in India. For Bangladesh, Bhutan, Myanmar, Nepal, Sri Lanka, Thailand the share of service sector in GDP was 49.07%, 35.01%, 30.90%, 35.70%, 51.23%, 50.39%. In 1998 the share of service sector in GDP has increased from 1997 to 1998 for India. Except Bangladesh and Thailand other BIMSTEC countries the share of service sector in GDP has increased in 1998. In 1999 the share of service sector in GDP was 49.98% in India. Bangladesh, Bhutan, Myanmar, Nepal, Sri Lanka, and Thailand's share of service sector in GDP was 48.67%, 37.08%, 31.09%, 36.90%, 52.05%, 49.68% in 1999. In 2000 except Bhutan and Thailand other BIMSTEC countries the share of service sector in GDP has increased. In 2001 the share of service sector in GDP was 51.83% for India. Bangladesh, Bhutan, Myanmar, Nepal, Sri Lanka and Thailand's share of service sector in GDP was 49.96%, 35.96%, 32.35%, 45.01%, 53.14% and 48.72%. In 2002 except Bhutan, Nepal and Thailand other BIMSTEC countries the share of service sector in GDP has increased. In 2003 the share of service sector in GDP was 53.18% in India. Bangladesh, Bhutan, Myanmar, Nepal, Sri Lanka and Thailand's

share of service sector in GDP was 51.98%, 35.45%, 35.12%, 44.78%, 58.34% and 45.96%. In 2004 only India has seen a decrease in the share of service sector in GDP. In 2005 the share of service sector in GDP was 53.06% in India. For Bangladesh, Bhutan, Myanmar, Nepal, Sri Lanka, Thailand the share of service sector in GDP was 52.63%, 39.53%, 35.88%, 46.44%, 57.99%, 45.77%. In 2006 the share of service sector in GDP was 52.87% for India. For Bangladesh, Bhutan, Myanmar, Nepal, Sri Lanka, Thailand the share of service sector in GDP was 52.48%, 38.88%, 36.68%, 48.67%, 58.02%, 44.88%. In 2007 the share of service sector in GDP was 52.71% for India. For Bangladesh, Bhutan, Myanmar, Nepal, Sri Lanka, Thailand the share of service sector in GDP was 52.38%, 35.39%, 36.86%, 49.83%, 58.40%, 44.59%. In 2008 the share of service sector in GDP was 53.93% for India. For Bangladesh, Bhutan, Myanmar, Nepal, Sri Lanka, Thailand the share of service sector in GDP was 52.48, 36.54, 37.87, 50.45%, 57.25%, and 44.39% in 2008. In 2009 the share of service sector in GDP was 54.72% for India. For Bangladesh, Bhutan, Myanmar, Nepal, Sri Lanka, Thailand the share of service sector in GDP was 52.61%, 38.08%,

37.56%, 50.57%, 57.64%, 45.20%. In 2011 the share of service sector in GDP was 56.37% for India. For Bangladesh, Bhutan,

Myanmar, Nepal, Srilanka, Thailand the share of service sector in GDP was 53.51%, 40.15%, 39.95%, 52.92%, 58.00%, 46.48%.

**Table 6: Unemployment rate**

Year	India	Bangladesh	Bhutan	Myanmar	Nepal	Srilanka	Thailand
1997	4.94	2.52	1.67	3.56	3.72	11.29	1.54
1998	4.57	2.57	1.34	3.78	3.87	10.52	1.56
1999	4.29	2.51	1.96	4.07	1.89	9.17	4.35
2000	4.65	3.38	1.89	4.05	6.54	8.85	4.19
2001	4.73	3.39	2.11	4.03	7.26	7.57	3.59
2002	5.86	3.32	3.67	4.01	6.26	7.92	3.34
2003	6.43	4.34	2.78	4.02	6.14	8.82	2.41
2004	5.59	4.39	2.52	4.27	5.97	8.47	2.17
2005	5.12	4.30	2.38	4.31	5.23	8.32	2.08
2006	4.65	2.51	3.27	4.76	4.99	7.72	1.85
2007	4.69	2.55	3.75	5.32	4.97	6.65	1.52
2008	5.82	2.53	4.56	5.34	4.21	6.34	1.38
2009	9.34	5.19	4.35	5.78	3.45	6.48	1.39
2010	9.44	5.16	4.21	5.89	3.87	5.92	1.56
2011	8.97	5.00	4.78	6.12	1.98	4.87	1.04

**Source:** World Bank

From table 6 we find that in 1997 the unemployment rate in India was 4.94%. In 1998 the unemployment rate in India was 4.57%. In 1997 the unemployment rate of Bangladesh, Bhutan, Myanmar, Nepal, Srilanka and Thailand was 2.52%, 1.67%, 3.56%, 3.72%, 11.29% and 1.54% respectively. In 1999 the unemployment rate of Bangladesh, Bhutan, Myanmar, Nepal, Srilanka and Thailand was 2.57%, 1.34%, 3.87%, 10.52% and 1.5% respectively. In 1999 the unemployment rate in India was 4.29%. In 1999 the unemployment rate in India was 4.57%. In 1999 the unemployment rate of Bangladesh, Bhutan, Myanmar, Nepal, Srilanka and

Thailand was 2.51%, 1.96%, 4.07%, 1.89%, 9.17% and 4.35% respectively. In 2000 the unemployment rate in India was 4.65%. It has increased from 1999. In 2000 only Nepal has seen a high increase in their unemployment rate from 1999. In 2001 except Myanmar, Srilanka and Thailand other BIMSTEC countries unemployment rate has increased. In 2002 the unemployment rate in India was 5.86%. In 2002 the unemployment rate of Bangladesh, Bhutan, Myanmar, Nepal, Srilanka, Thailand was 3.32%, 3.67%, 4.01%, 6.26%, 7.92% and 3.34%. In 2003 the unemployment rate in India was 6.43%. In 2003 the unemployment rate of Bangladesh,

Bhutan, Myanmar, Nepal, Sri Lanka and Thailand was 4.34%, 2.78%, 4.02%, 6.14%, 8.82% and 2.41%. In 2004 the unemployment rate in India was 6.43%. In 2004 the unemployment rate of Bangladesh, Bhutan, Myanmar, Nepal, Sri Lanka and Thailand was 4.34%, 2.78%, 4.02%, 6.14%, 8.82% and 2.41%. In 2005 the unemployment rate in India was 5.12%. In 2005 the unemployment rate of Bangladesh, Bhutan, Myanmar, Nepal, Sri Lanka and Thailand was 4.30%, 2.38%, 4.31%, 5.23%, 8.32% and 2.08%. In 2006 the unemployment rate in India was 4.65%. In 2006 the unemployment rate of Bangladesh, Bhutan, Myanmar, Nepal, Sri Lanka and Thailand was 2.51%, 3.27%, 4.76%, 4.99%, 7.72% and 1.85%. In 2007 the unemployment rate in India was 4.69%. In 2007 the unemployment rate of Bangladesh, Bhutan, Myanmar, Nepal, Sri Lanka and Thailand was 2.55%, 3.75%, 5.32%, 4.97%, 6.65% and 1.52%. In 2008 the unemployment rate in India was 5.82%. In 2008 the unemployment rate of Bangladesh, Bhutan, Myanmar, Nepal, Sri Lanka and Thailand was 2.53%, 4.56%, 5.34%, 4.21%, 6.34% and 1.38%. In 2009 the unemployment rate in India was 9.34%. In 2009 the unemployment rate of Bangladesh, Bhutan, Myanmar, Nepal, Sri Lanka and Thailand was 5.19%, 4.35%, 5.78%, 3.45%, 6.48% and 1.39%. In 2010 the unemployment rate in India was 9.44%. In 2010 the unemployment rate of Bangladesh, Bhutan, Myanmar, Nepal, Sri Lanka and Thailand was 5.16%, 4.21%, 5.89%, 3.87%, 5.92% and 1.56%. In 2011 the

unemployment rate in India was 8.97%. In 2011 the unemployment rate of Bangladesh, Bhutan, Myanmar, Nepal, Sri Lanka and Thailand was 5.00%, 4.78%, 6.12%, 1.98%, 4.87%, 1.04%.

From 2005 to 2011 the GDP growth rate (annual %) of Myanmar was the highest among all the BIMSTEC countries. In spite of being the largest country in mainland Southeast Asia, Myanmar has one of the lowest population densities in the region. Fertile lands, significantly intact agricultural potential and a rich base of natural resources are the major wealth of the country. According to World Bank, the main share of Myanmar's GDP (43 percent) is derived from agriculture, livestock, fisheries and forestry. This sector generates about 54 percent of employment and provides livelihoods for more than 70 percent of the population (Myanmar Overview, 2013). The annual inflation rate was also very high in Myanmar from 1997-2011. The main cause of inflation in Myanmar is Budget deficit. The demand for resources by the state far beats the state's capability to raise taxation revenue that is the consequence of which the state finances its expenses by the simple expedient of printing money is the verity of inflation in Myanmar. Myanmar has a double exchange rate system akin to Cuba. Double exchange rate illustrates a depreciation tendency in a long term. Inflation has emotionally involved depreciation and monetization of fiscal deficit which root inflation and result in long-lasting depreciation. For the period

between the end of 2002 and early 2005, double exchange rate led to grow in spite of inclining inflation ([www.ukessays.com](http://www.ukessays.com)). In the 1960s and the early 1970s, the agriculture sector, which was the largest sector in terms of GDP share of Thailand, was the engine of rapid economic growth and provided the main source of foreign exchange earnings for the development of the non-agricultural sector. Growth of manufacturing output began to accelerate during 1986 to 1990, when Japanese firms relocated labour-intensive exporting plants in Thailand. While financial liberalization helped sustain the growth of the non-agricultural sector in the 1990s, agriculture was adversely affected ([ftp.fao.org](http://ftp.fao.org)). The share of agriculture in GDP of Thailand has decreased over the years. A declining share for agriculture in GDP is a usual consequence of economic progress. This chiefly owes to higher income elasticities of demand for non-agricultural goods and services. As their incomes grow, consumers swell their consumption of manufactured goods and services faster than their consumption of food ([books.google.co.in](http://books.google.co.in)). Thailand's increasingly diversified manufacturing sector is the largest contributor to growth. Industries registering rapid increases in production have included computers and electronics, furniture, wood products, canned food, toys, plastic products, gems, and jewelry. High-technology products such as integrated circuits and parts, hard disc drives, electrical appliances, vehicles, and vehicle parts are now leading Thailand's growth in exports.

With stronger exports and a rise in inflationary pressure, the Bank of Thailand started to tighten its monetary policy in mid-July 2010 after having followed a low interest rate policy since April 2009 ([globaledge.msu.edu](http://globaledge.msu.edu)). In Myanmar telecommunications and internet access is also very limited. About 75 percent of the population lacks access to electricity, and the consumption of electricity is one of the lowest in the world – 20 times less than the world average. Existing power infrastructure can only meet about half of the current demand, resulting in frequent blackouts and rationing of the electricity supply ([www.worldbank.org](http://www.worldbank.org)). That is the reason that Myanmar has a low share of industry in GDP. The unemployment rate of India was very high from 1997 to 2011. This is due to increase in population growth rate.

From the above analysis it can be stated that the economic situation of BIMSTEC countries is very promising. So the corporates across the world may take added interest in respect of the South-East Asian region. For an example, the share of agriculture in GDP for Myanmar is very high. So the corporate can initiate trade in agricultural goods with Myanmar. Similarly, the share of industry in GDP for Thailand is very high. So the trade with corporate based in Thailand in manufactured items will surely be beneficial. The rate of inflation is moderate in the BIMSTEC countries except that in Myanmar. Thus, a conducive economic

environment will help in expansion of trade and business across the group. The GDP growth rate of India, Bangladesh, Sri Lanka have shown a steady growth rate. Except Myanmar the other BIMSTEC countries have improved political situation. There is much scope for investment by the corporate in this region. Moreover the share of service sector in GDP has also increased for these countries. This indicates better opportunity for trade in services. The availability of huge labour force is also an added advantage for the corporates to expand business specially the manufacturing part in this region. Use of cheap labour will definitely reduce the cost of production. At the same time increased business activity in this region will generate adequate employment opportunity. This will lead to rapid growth of GDP of the countries. The overall economic environment will also be stable and more business opportunities will emerge. Thus there is possibility of this region of south and South-East Asia to emerge as a strong business hub in near future.

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