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EXAMINING THE CONTEMPORARY TRENDS IN BILATERAL TRADE RELATIONS BETWEEN INDIA AND LAC COUNTRIES

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ABSTRACT

India and the gigantic-region of LAC have turned out to be prominent growth markets. The economic as well as trade alliance amidst India and Latin America and the Caribbean countries demonstrates an encouraging atmosphere at the international platform. Both these giant size economies offer a plenty of prudential materials that can nurture solid mutual beneficial trade and investment straps. By capitalizing their specific toughness, India and Latin American as well as Caribbean countries have the endeavor to set up an influential consortium in trade that encourages opulence, comfortability, harmony, and sustainability in a dynamic world. Different LAC countries like Chile, Colombia, and Argentina have executed mutual bilateral merchant agreements with India to encourage international trade transactions. As both regions allocate disparate, merchant complementarity, populist values, society development, and a clear concourse as well as divergence of dividends, there exists substantial prospects in strengthening the international merchant relations between the region of India and the LAC. This paper analyses the recent vogues in bilateral merchant as well as capital investment motions and designates the elementary executive social overhead capital to spot the prime opportunities for expansion.

Key Words: LAC, Import. Export, Bilateral Trade, Investment, Growth

Introduction

Bilateral merchant relations of LAC Nations with India are stretching at the fastest rate. The differentiation with China and rest of the Asian countries indicates that there persists an enormous prospect for additional augmentation and diversification. Nevertheless, to execute the managerial structure which fabricates such relations needs to evolve consistently. The appearance of Asia like a prominent merchandising enterpriser has been as yet among the greatest remarkable economic advancements of the twenty first centenary. Guided through consolidation amidst the component configurations of Latin American and the Caribbean countries as well as the importing requirements of an enormous resource meagre Asian region, business and capital allocation progression amidst the twine territories have blown up. In such context, the original potential of the LAC countries relationship with India contains yet to be recognized. The robustness of the collaboration can be measured assessing that the consolidated GDP shot up from eight thousand billion dollar in 2018 to nine thousand billion dollar in 2020 and the amalgamated population near about two hundred crores. Even now, the bilateral merchant negotiations amidst LAC Nations and India are ongoing at emerging phase. Further, there exist massive occasions for business, allocating capital, and economic collaboration, which retain formerly prevailed non escalated.

Latin America and India are appearing as prominent magnification turbines of the global economy and must harvest the common advantages of an evolving trade collaboration hand in hand.

Foreverrising hardships in the global economy, multifariousness of trading allies and approach to newly emerging market places has developed into an urgency for LAC Nations as well as India. LAC nations have an accomplished adolescent human resource, and precious stockpiles of agribusiness and valuable natural wealth. This is necessarily regarded as crucial capital formation terminus just because of its growing commercial and fabricating power, and frequent refinements in the ease of doing business. Correspondingly, India keenly provides gigantic occasions for participation in merchant and overseas direct investment for member countries from Latin America.

International trade negotiations amidst LAC nations and India are expanding day by day. In comparison to China and other Asian nation, it is observed that there is still a strong endeavor for more trade magnification and diversification. But, to avail this opportunity, the state and departmental documentation that fabricates these negotiations requires to be emerged favorably. The present study examines the newly emerging vogues in multilateral merchant and capital movement between LAC and India.

Literature Review

There have been innumerable researches on the empirical evidence and theoretical expectations of the bilateral trade flows using time series and panel data forecasting procedures. Most of the studies are at par with the conceptual prediction that GDP, exchange rate, aggregate demand for importable items, and trade openness positively influence the bilateral aggregate trade (Batra; 2004, C.H. Sohn; 2005, Rahman; 2010). On the other hand, Import GDP Ratio significantly affect the bilateral flow of exportable items between the SAARC countries, hence boosting international trade relations within a region, whereas population growth and exchange rate have nominal influence on bilateral flow of exportable items. It has been endorsed that developing nations occupy better advantage when they expand their international trade transactions along with other developing nations rather than accompanying advanced and high income developed nations across the world (Rahman, Shadat and Das;2006, Tansey & Hanson; 2013). Exim Bank of India and American IDB Bank, 2019; documented that the economic ties between LAC and India during less than two decades have evolved at the fastest speed, with merchant at the current scenario being the presenter of the negotiations. Mutual beneficial trade is at the emergent stage; both the regions remain a judicious source of abundant natural ground resources. Indian industries release high-tech fabricating items, and perform as a judicious component for the progress of sophisticated tertiary sector in Latin America and Caribbean region. Confederation of Indian Industry (CII) & FICCI (2020) highlights that India's economic and diplomatic engagement with Latin America has evolved remarkably over the years. The expanding trade relations between the nations of Latin America and India depict the emerging importance of global southern regional cooperation in the global economic landscape. The reason behind this growing trade relations is similarity of the economies of both regions. India's industrial and technological capability compliments the resource abundance economies of Latin America. Multilateral trade among Latin American and Caribbean nations. India can evolve in mercantile transactions, overseas direct investment flows and reciprocal collaboration. No doubt import items from LAC region have been swiftly rising, but these mercantile transactions are focused in a few dominated nations, and is spreading over handful items. Brazil, Venezuela and Mexico offer sixty seven percent of the territory's aggregate exports to India. Economists forecast that the merchandise business transactions among India and LAC countries have the endeavor to approach USD hundred billion by the year 2025 (Viswanathan; 2019).

Proficient Objectives of the Ongoing Analysis

1. To scrutinize the growth pattern of multilateral trade and flow of overseas capital between LAC countries and India under global multilateral trading collaboration

2. To cram the peerless precursors of mutual beneficial bilateral trade balance between LAC and India
3. To investigate the remarkable spillover effect of mutual beneficial bilateral trade transactions on the augmentation accomplishment of the Indian economy

Source of Data Collection and Numerical Analysis

The ongoing analysis includes peripheral statistics published in different government reports that are National Accounts Statistics; Economic Survey; GOI, UNDP, UNCTAD; World Investment Report; current issues. Appropriate data is also obtained from certain official websites of the WTO and World Bank.

So as to compute regular interval rate of increase throughout the years, logarithmic regression curve model is deployed. Log (Dependent variable) = α + β (Time). Here, 'α' is value of intercepted variable in a linear regression 'β' denotes explosive magnification figure consecutive year 'T' denotes the time interval. Time element establishes strategy and general characteristics that have consequence on bilateral trade balance. It accredits figuring of rate of augmentation through time series analysis. Adjusted R^2 reckons impact of span of time on bilateral trade transactions. Estimates of 't' digits denote the extent of reliability. Additionally, the perusal applies ordinary least squares technique to assess /estimate unknown parameters /explanatory independent variables of the mutual beneficial bilateral international trade transactions in a linear regression model. The OLS estimators reveal unbiasedness, best and have least variances on condition that there is no multicollinearity, the errors homoscedastic and are sequentially independent. The following linear regression equation is constructed to examine the combined effect of all explanatory variables on India's bilateral trade flows.

$$ln(Y_{Total\ trade;\ India\ \&\ LAC}) = \alpha + \beta 1ln\ (GDP_{India} * GDP_{LAC}) + \beta 2ln_{\ (Global\ Inflation)} + \beta 3ln\ (Exchange\ Rate_{INR\ to\ \$}) + \beta 4ln\ (World_{GDP\ Gr}) + \beta 5ln\ (FDI_{Inflows\ LAC}) + error\ term$$

In order to examine the extent of domestic demand (GDP minus net exports) which is accomplished by foreign import items, Import Penetration Index is computed. This index examines the basis of particular policy goals targeting self-sufficiency. It highlights country's structure of trade, trade openness and vulnerability to certain kinds of external shocks. This can be computed as follows:

IPI = [∑GDP India - ∑X India to LAC + ∑M India from LAC] *100

The calculated value resides within the interval of zero to hundred. Where, zero symbolizes no trade as well as absolute self-sufficiency. Higher value implies that the entire internal demand is fulfilled by importable items. The economic impact of higher import penetration may affect productivity positively only when it includes the supply chain of high-tech intermediate inputs. On the other hand, export propensity index is computed to scrutinize the magnitude of dependence of domestic entrepreneurs on overseas markets. This may highlight a reliable parameter of sensitivity with respect to outer shocks like fall in international prices or volatility in exchange rates. It is computed by dividing the aggregate bilateral exports of the nation with the gross domestic product of the nation.

EPI = [∑Exp India & LAC / GDP India] *100

The computed value remains in the interval of zero to hundred. Zero means bilateral exports are nil whereas, hundred percent implies the entire production is the export surplus.

Analysis and Results of Bilateral Trade Relations: Conceptualization and Policy Regime

Indian economic and judicious commitment with Latin American nations has stretched appreciably over the previous few decenniums. The enlarging trade relationships amidst LAC nations and India demonstrate the surging significance of southbound cooperation in the worldwide economic outlook. Trade linkages from India to LAC countries have shifted from primitive mercantile trade towards a comprehensive framework of economic growth and development plans on priority basis. Collaboration stretches mercantile trade, capital formation, primary sector, medicine manufacturers, electronic services, amenities of human life, power, precious natural resources, technological developments and enhanced infrastructure. The aforesaid enclosures directly confined to the basic objective of economic prosperity in India and expedient abundance as well as development requirements of LAC region. Aggregate merchandise business of India towards LAC territory consisting of forty-three nations, stayed at USD 34640 million along with exportable items quoted as USD 13510 million and importable items quoted as USD 21130 million during 2019-20. LAC countries occupy enormous buffers of precious natural resources like iron ores, critical minerals, and agricultural primary products. On the other hand, vast sectors like engineering goods, pharmaceuticals, and information technology and textile industries are India's economic strength. Largest domain of the Indian economy in terms of gross domestic product at market prices was approximately dollar three trillion in 2020. However, the entire economy of LAC nations approached to dollar five trillion. During previous decades mutual beneficial trade between Latin America and India has surged to twentyfold, surging from two to thirty-nine billion US dollar during 2000 to 2018. Bilateral trade flows kicked off to take off in the year of 2004 and hovered at forty-five billion US dollar in 2014. Despite a slight decline in 2009 because of global economic slowdown, trade volume surged as to influentially standard yearly rate of twenty eight percent throughout the entire time period of ten years from 2004 to 2014. However, Indian exports to the LAC region surged abruptly and reached at sixteen billion US dollar in 2018. Correspondingly LAC exports increased twenty-three billion US dollar, following the decline in commodity prices particularly of crude oil. In this time evolving companies started to establish successful ventures in respective markets among themselves. Nations have also observed judicial proceedings along with the outline of administrative framework required for authentic collaboration.

The rationale behind this enlarging trade association is resemblance of the economies of both regions. Indian industrial and technological accomplishment supplements the resource abundant giant size economies of Latin American nations. Indian collaboration with Latin American nations has been mainly in the domain of agriculture, automobile, pharmaceutical, textile, Information &Technology and renewable energy resources. Latin American countries export crude oil, precious minerals and agricultural products to India. Accordingly, India exports exclusively value-added products to the LAC nations. Major Indian exports to Latin America include vast varieties of products across different sectors. The pivotal export classifications include:

- *Medicine Manufacturing*: India exports basically low-cost all-inclusive medicines towards Brazil, Mexico and Argentina.
- *Automobiles:* Indian automobile sector is also magnified in Latin American region. Paramount Indian fabricators include Tata Motors, Mahindra & Mahindra and Bajaj Auto export commercial vehicles, cars, two wheelers for people to different Latin American countries.
- *Engineering Goods*: Fabricating of engineering goods such as industrial machines, electrical equipment and construction materials attribute India's exports towards Latin America. Demand for Indian engineering goods are being driven by the infrastructural developments and industrial growth of the nation.
- Textile: These include excellent quality, wide varieties of textile, fancy clothes and readymade garments Indian industry exports to Latin America.
- *Chemicals:* India is said to be the pivotal chemical exporter to Latin America. These chemicals include organic and non-organic which are used by different sectors of the economy.

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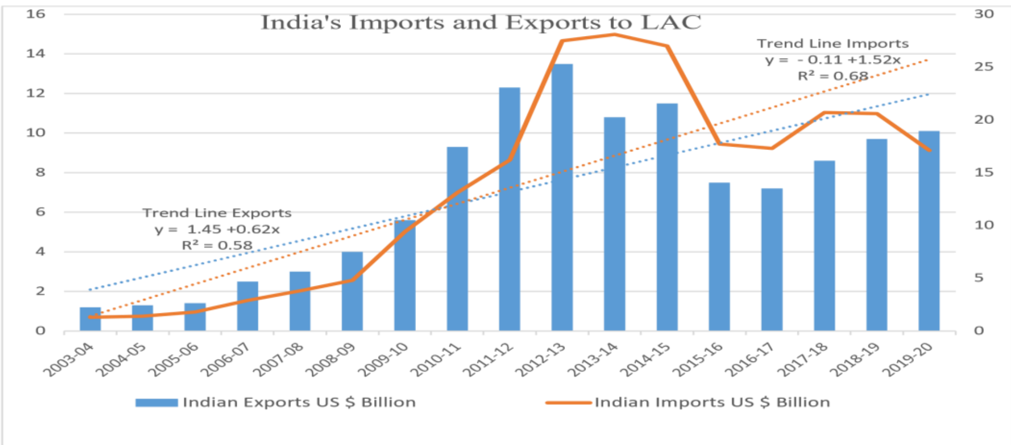
- *IT Services*: Reliable Indian IT firms provide business process outsourcing services in Latin American nations at large scale. Giant size IT Enterprises like Tata Consultancy, Infosys and Wipro have established their projects in Argentina, Brazil and Mexico.

India has been undertaking different trade and investment negotiations and deliberations to magnify its fastest growing economy with LAC countries. These initiatives propose tariff reduction on a number of products and facilitating fierce competitive trade. These agreements also aim to propel collaborative investment flows and offer a foundation for the privileges of investors. The flourishing trade relations between India and Latin American nations demonstrate the significance of southbound collaboration in the global economy. In the domain of Asian region, India is turning out as a dominant trading place for LAC countries. Exports towards Indian region have been exceeded in comparison to Korea and Japan, however lagging afterwards the above mentioned bonafide members of the Association of Southeast Asian Nations (ASEAN) collectively. This is to be seen incredibly till 2008, India reckoned far away in the periphery of those Asian terminus merchandise for LAC region, however after that achieved higher level because of the sheer rise in rudimentary oil export magnitude. Indian exports to LAC are generally focused with regard to terminus. Giant size nations such as Mexico and Brazil fetched twenty nine percent and twenty eight percent of exports from Indian region during 2018. Countries like Chile and Colombia come after six and seven percent.

The merchandising negotiations among LAC nations and India is about a rising trend as depicted through Figure 1. Managed by oil deals in 2018-19 Venezuela handed over to India twenty one percent of its overseas exports and Bolivia and Dominican Republic followed with eight percent and six percent of their overseas transactions, specifically of precious gold. With respect to fourteen LAC nations India promulgates its exports apportion more than one percent. However, during 2001it was only confined to Argentina. Conversely the relative apportion of LAC imports from Indian origin has increased to more than one percent during the above stated interval. Three specific nations of LAC domain namely, Uruguay, Nicaragun, and Colombia reveal the largest importable items apportion, purchasing basically ferrous metal, clothes, as well as specific synthetics.

Figure 1: India's Import and Export Items to LAC



Source: IMF – Database (DOTS)

Figure 1

depicts that India's imports always remained higher than its exports to LAC countries due to which India's trade balance also remained negative. There is an ample potential of trade expansion between LAC and India through product diversification. Exports of LAC region towards India are basically confined to raw materials which include primary mineral products, fuels and energy accounting for seventy five percent of total exports. Agri-products succeed nineteen percent and fabricators exclusively

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elucidated nine percent. This edifice is clashing with the configuration of LAC region's exports to the remaining countries across the globe. Except Mexico that establishes the territorial expertise platform because of its manufacturing collaboration towards America, primary as well as raw materials placed at forty percent each, while industrial manufactures follow with twenty two percent. This is evident to observe that during previous decades exports from LAC region towards global economy have displaced to agri-products. However, importable items of India from LAC region have been basically determined by raw materials and crude oil. For the moment exported items from Indian origin towards LAC region are strongly controlled by giant size fabricators that recorded eighty five percent of aggregate exports to LAC region accompanied by uprooted materials with apportion of eleven percent. The configuration of exportable items from India towards global market, though occupied by giant size fabricators, is highly heterogeneous. The industrial manufacturers elucidate fifty one percent of total shipments, extractive products for thirty five percent, and agricultural products for fourteen percent. This trade pattern symbolizes that LAC nations and India have strong capability to collaborate with each other as both trading partners competing at the international platform. Concentrating on a few precious tradable products indicate that bilateral trade between India and LAC nations is nevertheless meagre. It is evident with respect to LAC region, in which dual items mainly crude oil and base metal reported more than fifty percent of aggregate exports towards India, and the uppermost five products account for eighty percent. The majority of whom are uprooted material. Exports of rock oil given primarily by the LAC nation of Brazil, Mexico and Venezuela report for a shocking forty two percent of the aggregate exports. Copper, represents thirteen percent of aggregate exports, is largely delivered by LAC countries of Brazil, Peru, and Chile. Raw gold offered by Dominican Republic, Bolivia, and Peru chases twelve percent of the aggregate raw gold sold. With respect to agri-products edible oil represents eleven percent share, given mainly through Argentina as well as Brazil and Paraguay. manufacturing products exclusively stand at three percent to the value of exports.

Actually, for different LAC nations exports to India are generally restricted to just a few predominant items. Crude oil explained hundred percent of sales to India from Venezuela and sixty five percent from Mexico. Precious Gold reported for hundred percent sale from Bolivia and seventy percent sale from Peru. Similarly, ninety four percent and eighty six percent of exports from Paraguay and Argentina independently, same happens to edible oil exports. Indian shipment to LAC countries additionally heterogeneous box of items, alongside the peak level ten products reporting one third of aggregate exports to LAC territory. Manufacturing products visible, alongside automobiles illustrated eighteen percent. In second place, medicines or chemical compounds account for four percent to total exports to LAC, where Brazil represents twenty seven percent, Chile eleven percent, and Venezuela seven percent. Among extractive manufactures, only unwrought aluminum.

The intensity of trade flows elaborates the emergence of the multilateral trade balance. Trade surplus of LAC nations with India arrived at nine billion US dollar. But the pure conclusion was actually operated alongside the vogue of rising crude oil ship in India that consequently magnified alongside frequent oscillations of black gold prices. In reality, non- uprooted cross border commercial exchanges considerably stabilized, alongside LAC countries depicting rising redundant primary commodities, and India one of the abundant in manufacturing output. Table 1 and Figure 2 depict the bilateral trade statistics between LAC and India in US $ billion.

Table 1: Bilateral Trade Statistics (LAC & India) in US$ Billion

Year	Export	Import	Total Trade	Trade Balance
2003-04	1.2	1.3	2.5	-0.1
2004-05	1.3	1.4	2.7	-0.1
2005-06	1.4	1.8	3.2	-0.4
2006-07	2.5	2.9	5.4	-0.5

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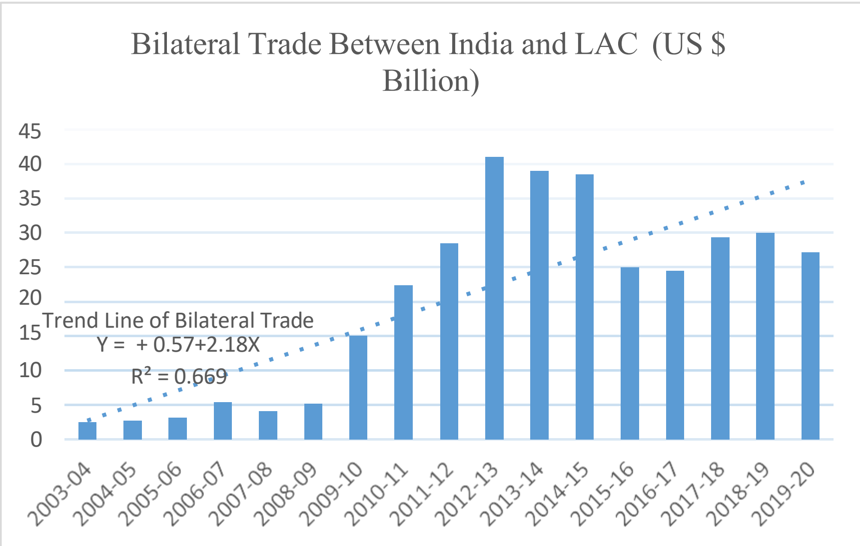
2007-08	3	3.8	4.1	-0.8
2008-09	4	4.8	5.2	-0.8
2009-10	5.6	9.4	15	-3.8
2010-11	9.3	13.1	22.4	-3.8
2011-12	12.3	16.2	28.5	-3.9
2012-13	13.5	27.5	41	-14.0
2013-14	10.8	28.1	39	-17.3
2014-15	11.5	27	38.5	-15.5
2015-16	7.5	17.7	25	-10.2
2016-17	7.2	17.3	24.5	-10.1
2017-18	8.6	20.7	29.3	-12.1
2018-19	9.7	20.6	30	-10.9
2019-20	10.1	17.1	27.2	-7.0
CAGR %	1.15	1.21	1.195	-1.361

Source: IMF, Database – Trade Statistics

Figure 2: Trade Relations between India and LAC



Source: IMF, Database

So as to scrutinize the important influences of reciprocal mutual exchange of commodities between India and LAC ordinary least square regression model has been applied. The outcome of the model is consistent with the hypothetical conjecture that gross domestic product of the country affects the bilateral trade positively and significantly. Bilateral trade flows and GDP growth possess a vigorous, generally positive, and bolstering interrelation. Hovering GDP normally replenishes augmented volume of trade transactions. However, expanded trade volume encourages economic growth via competency and market enlargement. Global trade liberalization, usually reckoned as the aggregation of imports & exports over GDP, repeatedly depicts that countries with elevated trade integration delights swiftly, more harmonized economic growth, especially through the swap of goods and transitional resources. Whereas, inflation and exchange rate affect mutual beneficial international trade negatively. The regression coefficient of the product of GDP of India and LAC turned out to be positive and significant as envisaged. It authenticates that larger the size of the economy more will be the trade of India with LAC nations. One percent increase in the product of both India's and LAC's GDP results in 1.23 percent expansion of the reciprocal mutual exchange of goods amidst the LAC countries and India. The estimates of exchange rate and global inflation turn out to be significant and have negative signs as envisaged. One percent rise in exchange rate leads to 1.8 percent decline in the bilateral trade

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transections. Similarly, one percent rise in global inflation reduces bilateral transections by 0.72 percent. Apart from that estimates of global GDP growth and inflow of foreign direct investment inflow to LAC turn out to be positive. It implies that these variables affect the bilateral trade transections positively.

The explanatory power of independent variables depicted by R^2 turns out to be 0.73 as shown in Table 2. This indicates that the regression model explains the seventy three percent of the variations in the bilateral trade flows. Value of 'F' statistics suggests that model better explains meaningful variations in the data that are statistically significant. The 'Durbin Watson' (DW) Test reveals ideal result of no autocorrelation in regression residuals.

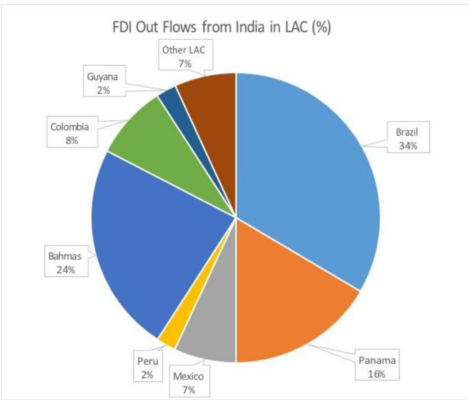
Table 2: Regression Results of Bilateral Trade Flows

Explanatory Parameters	Parameters of Regression Line	Standard Error of Estimate	Values of 't' Test	Level of Significance
Constant (α)	-4.422*	1.798	-2.5	0.03
$GDP_{India}*GDP_{LAC}$	1.224*	0.32	3.8	0.002
$Global_{Inflation}$	-0.717*	0.204	-3.5	0.004
Exchange Rate $_{INR\ to\ \$}$	-1.801*	0.533	-3.4	0.005
World $_{GDP\ Gr}$	0.133	0.161	0.82	0.424
FDI Inflows LAC	0.804	3.54	0.16	0.874
N	20			
'F' Statistics	64.35			
R^2	0.731			
Adjusted R^2	0718			
'DW' Statistics	1.944			

*Significant at 1%

Like multilateral trade links, overseas direct investment surge amidst India and LAC region is on rising trend comparable to other Asian countries. It constructs a precise representation of the bilateral investment relations. Indian investment to LAC is directed to Brazil (33.5%). Other nations like Bahamas twenty four percent, Panama seventeen percent, Colombia eight percent and Mexico seven percent, however the remaining LAC beneficiaries taken together more than ten percent. Sector-wise, almost the entire Indian investments remained confined to building and fabrication twenty nine percent, producing twenty four percent, the banking and finance marketplace fifteen percent. Some handful success business stories reveal that the operative potentialities of Indian enterprises in LAC are augmenting at the fastest rate. Figure 3 depicts the FDI outflows from India to LAC, where the concentration of Indian FDI is only of Brazil followed by Bahmas and Panama.

Figure 3: FDI Outflows from India to LAC



Source : World Development Report; 2020

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Import penetration is the dependency of one particular nation on imports to fulfil its domestic demand. On the other hand, export propensity index reveals how much exports to the aggregate production of the country are exported to the specific country. Table 2 depicts that the value of export propensity index of India with LAC is fluctuating between 0.17 percent to 0.74 percent showing that India had exported a big chunk of total production. Since the EPI of India turns out to be more than the EPI of LAC suggesting that India's export market is flourishing in the domain of LAC. It symbolizes that India's exports to LAC is more than the exports of LAC to India. However, the import dependency index of India is found to be less than the LAC which shows that India's import propensity is less than the LAC. Both EPI and IDI indices of India with LAC and vice versa are on rising trend indicating that bilateral trade flows between India and LAC are growing.

Table 3: Export Propensity and Import Dependency Index of India - LAC

Year	EPI(India- LAC)	IDI(India- LAC)	EPI(LAC –India)	IDI(LAC- India)
2003-04	0.198	6.045	0.062	20.895
2004-05	0.184	7.063	0.058	24.023
2005-06	0.171	8.168	0.062	28.998
2006-07	0.266	9.346	0.085	33.916
2007-08	0.247	12.09	0.095	39.922
2008-09	0.334	11.90	0.104	46.352
2009-10	0.418	13.25	0.216	43.450
2010-11	0.554	16.58	0.243	53.756
2011-12	0.676	17.92	0.264	61.115
2012-13	0.738	17.89	0.443	61.620
2013-14	0.581	18.21	0.450	62.111
2014-15	0.564	20.02	0.434	61.815
2015-16	0.357	20.78	0.335	52.638
2016-17	0.314	22.71	0.336	51.245
2017-18	0.325	26.22	0.362	56.857
2018-19	0.359	26.73	0.369	55.507
2019-20	0.356	28.13	0.313	54.428
CAGR (%)	1.40	1.11	1.13	1.10

Source: IMF, Database – Direction of Trade Statistics (DOTS)

The surge of LAC's overseas direct investment has been seen across the world, because of the emergence of the large multinational corporations in this region. The aggregate inflows from LAC in India accumulated at five hundred million US dollar, revealing a nominal less than one percent of aggregate moving inside overseas direct investment, and a reliable aggregate moving inside overseas direct investment, and a reliable contribution of LAC region's worldwide outer overseas direct investment. Mexico and Chile have recorded a big chunk of LAC region's direct investment flow to India, accompanied by Brazil. Despite these significant shares, a number of emerging success stories reveal that compatible LAC firms have already handled to tackle diverse entering restrictions flourished in the Indian economy. Figure 4 shows the focus of FDI outflows from India to LAC is only towards construction work followed by manufacturing and business services.

Figure 4: FDI Outflows from India to LAC Sector Wise

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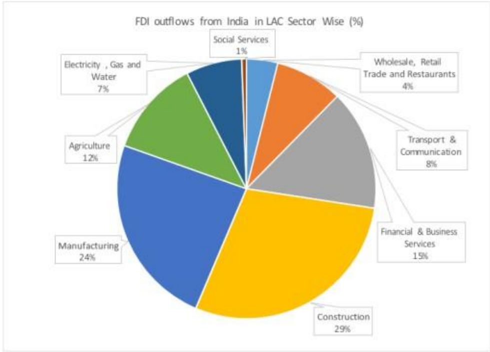

Source: World Development Report; 2020

India has already established its sovereignty as an authentic development consort by providing capacity-building infrastructural facilities, digital operative system, and collaboration in public health services, natural calamities and disaster management. Business operations of Indian Companies have been expanding successfully in Latin America. Indian entrepreneurs have swiftly toughened their existence across LAC countries, endorsing the territory as a judicious landing place for overseas capital accumulation. Stretching physical power, mass-production, technical advancement, lifesaving medicines, and precious minerals, Indian enterprises are utilizing LAC region's unique resource endowment platform, market operations, and business relations to hold up worldwide trade transactions.

India's giant size multinational company Birla Group is prominent enormous Indian origin individual enterprises in the territory of Latin America. By way of merger & takeovers in Brazil, the Company has already established comprehensive networks in metallic element, thermal black, and artificial silk string, demonstrating worldwide mentorship position in different manufacturing sectors and submerging alone enormously inside Latin American's fabricating ecological system. In the periphery of physical power domain, Reliance Industries of Indian origin has demonstrated organic chemical compounds pursuits in specific nations like Colombia, and Peru. Deliberative intension of India on procuring precious solid material and metal has moreover hastened investment venture task. On the other hand, electronic services and information and technology industries have established a comprehensive functional structure in the domain of Latin American territory. Enterprises like Hindustan Computers Limited, Tata Consultancy Services, Digital Transformation Company Tech Mahindra, Wipro, and Infosys steer logistic service hubs in LAC nations of Brazil and Mexico, helping vast majority of people in the region while utilizing these localities as near coastal hubs for North American markets. Indian major Pharmaceutical Companies like Sun Pharmaceutical and Dr. Reddy's Lab have also capitalized in production and dispensation services throughout the Latin American region. This kind of capital investments hold up territorial medical care delivery sequences and augment gateway to economical lifesavings essential pharmaceuticals. In the sphere of fabrication, large enterprises like RSB Automotive and JK Tyres Ltd. have built services at Mexico, reaping comparative benefit of national collaboration with United States distribution channels. This kind of investment permits enterprises of Indian origin to collaborate squarely worldwide self-propelled production networks as taking care of both territorial and global market place.

LAC's Business Operations in India

Business establishments and corporate linkages between India and LAC nations are expanding day by day. Business and investment links amidst LAC countries and India have toughened consistently, authenticated by evolving two-way capital flows and the augmenting existence of multinational entrepreneurs from the nations of both the regions. However, outcome varies across different segments of the economy. Commercial engagements enthusiastically project judicious partnership in energy, production, technology, medical services, and precious minerals. Several companies from Latin

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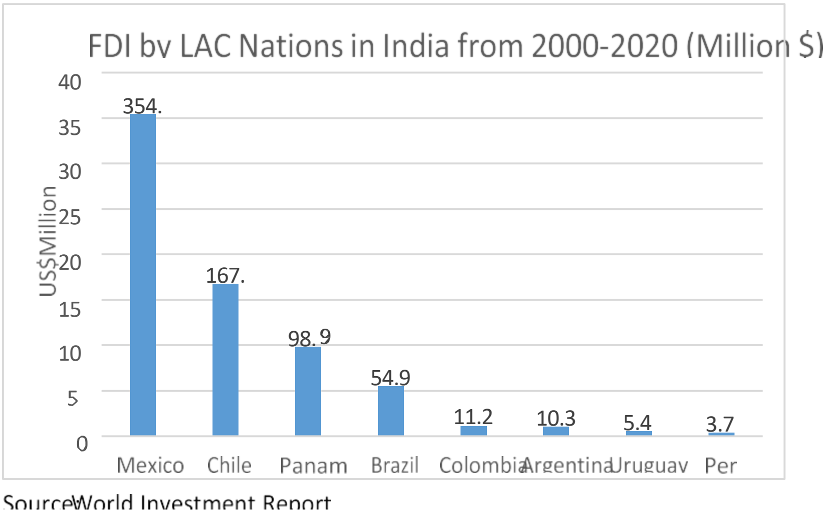
America have established their unique existence in India, particularly over renewable energy, transportation, agri-business, and consumer market sectors. Commercial linkages from the territory have moreover intensified by administrative efforts. Recently, Brazil's one of the premier elite business organization and ecosystem linkages enterprises LIDE built up its new chamber in India, elaborating further collaborative efforts to encourage multilateral business and investment negotiations. Figure 5 shows FDI by LAC nations in India, in which the highest share is found from Mexico and Chile followed by Panama and Brazil.

Figure 5: FDI by LAC Nations in India from 2000-20 in US $ Million



General Accomplishments of Latin American's Entrepreneurs in India

Marcopolo SA a prestigious Brazilian heavy vehicle fabricator running two giant size plants with productive potential of manufacturing twelve thousand public buses in a year in collaboration with Tata Motors in India.

RESEMIN Company established in Peru, now a world's third largest manufacturer of subsurface drilling machinery, spreading its dominance in India after executing contracts with Indian enterprises Gainwell Commosales and American engineering equipment manufacturer company of Caterpillar Inc. Softtek is a global information technology and software engineering Company founded in Mexico stepped in India after the takeover of a global IT consulting company Systech Integrator. This kind of policy decision empowered Mexican company to revamp its operational network to provide a wide spectrum of digital services through software packages.

SalaryFits a Brazilian company as a global HR-tech and fin tech podium enables employees by equating their earnings on the spectrum of impartial and unbiased financial tools e.g. loan protection insurance, credit insurance, and mortgage protection Insurance in India.

Potential Domains of Bilateral Trade Cooperation between India and LAC Region

Particular products having higher export potentialities from LAC nations to India are; Crude sunflower / soybean edible oil / seeds, Super fine bleached rice, single crystalized sugar, glue bind wooden fiber, raw metal such as Gold not for monetary purpose, raw elements of copper, heavy motor vehicles, Motorbikes, Piston engine, precious metal Jewelry, slip resistant pottery, ceramic tiles, and iron ore.

(a) **Agriculture, Food Security and Food Processing:** Primarily LAC nations import cereals from the United States of America and Canadian market. Indian economy is reliable among a few dominant overseas traders of food grains and could extensively traverse a logistic hub in the domain of LAC geographical territory to additionally toughen its bilateral business transactions. LAC's geographical region is five times more than India's region. There is enormous occasion for India to replace its high-priced import items like edible oil and nutrient pulses from southeast and African nations at higher price. Further advanced export potentialities can be traversed with regard to avocado and olive oil, putting back the conventional edible oil being presently imported India from LAC.

(b) **Eco-friendly Agricultural Practices:** Indian farming sector can replenish the improved cultivation practices as being experienced in LAC region via sharing technical knowledge of cost-effective techniques to preserve the perishable agricultural produce through refrigerated transport system that reduces the possibilities of perishable produce being destroyed, and technology to vanish bacteria and arrangement of climate change resistance environment.

(c) **Biotechnology:** Both LAC and India can strengthen efforts to collaborate scientific and technological arrangements, seeking additional benefits from Indian biotechnological advancements that boost the research to create genetic engineering commodities , procedures and innovations to encourage operational competence, factor optimization, affordable sustainable agricultural practices, nutritional food security, economical health facilities, conservation of environment friendly renewable energy resources.

(d) **Healthcare and Pharmaceuticals**: Collaborating for better health in future bilateral trade in healthcare medical instruments between India and LAC nations has been rising appreciably. Now India is becoming a major exporter to LAC nations in medical services. Near about twenty-five Indian medicinal drugs companies occupy fifteen producing facilities and sixty- five marketing hubs in LAC nations. Both trading partners have robust biotechnological, ecological and environmental surroundings of excellence, where ample scope exists to strengthen bilateral business collaboration in medicinal services alongside LAC nations.

(e) **Electrical and Auto Motives**: India's exports of auto parts, motor cycles, automobiles, and motor vehicles to LAC are on rising trend which highlights an immense occasion before LAC countries to additionally expand their bilateral business integration with India.

(f) **Mutual Investments in India**: Indian automobile Industries have enhanced their existence and installed fabricating units in LAC countries namely Caribbean Chile, Guatemala, Ecuador Peru, Colombia, Paraguay, and Costa Rica. These nations have evidenced to exist as major business places for Mahindra & Mahindra among LAC countries. The accumulation of enriched lithium reserves in the specific region of LAC, would permit the augmentation of mutual links amidst the twine localities in this sphere and permit reduction in carbon emission (greenhouse gases emissions) targets to be met. Due to the presence of giant size Indian enterprises Auto manufacturers in the region of LAC nations especially in Brazil, Mexico and Argentina, have an immense potentiality of energy transition in automobiles.

(g) **IT and Electronics:** India exports electronic items worth US$ three million to the nations of LAC indicating that there remain huge prospects to expand bilateral business of electronic items amidst India and LAC region. No doubt in exporting IT services to LAC nations like Brazil, Indian giant size, IT companies were first of all entered the LAC region. Correspondingly, the LAC region was exporting IT and telecom services worth US$ twelve billion in 2020, expanding their domain of bilateral Trade flows.

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(h) E-waste: Electronic waste within thirteen nations of the LAC region increased by fifty percent out of which only three percent was cautiously recovered and handled during 2010-19. Correspondingly, India created three billion kilogram of electronic scrape, arising out of that only ten percent recovered for reclamation. In this way, both the trade partnering regions may work together to apparatus an appropriate technique for invulnerable removable of electronic waste.

Conclusion and Policy Implications

Trade performance of India with LAC countries keeps up a dual planned target of augmenting market access for Indian manufactured export items whereas building up supply-chain toughness with the help of resource abundant regions. India has escalated its bilateral trade and investment diplomacy in LAC countries by promoting negotiations with major trading partner countries like Peru, Chile, and Mexico, and exhibiting new tracks for trade linkages. These initiatives reveal a comprehensive plan to magnify trade relations among changing globalized trade regime. With enhancing trade relations, boosting agreements, solid diplomatic existence, and profound sectoral cooperation, India and LAC countries associations steps into a judicious and systematic chapter. India looks for diversified export market, rationally acquire precious reserves, and encourage common targets and challenges before developing and newly emerging nations. LAC region is commenced to abide by a major trading collaborator in India's future multilateral trade, and diplomatic policy formulation program. During last twenty years, economic relations amidst India and LAC countries have evolved rapidly. However, multilateral commercial relations are still in an embryonic phase, the economic region sets as a judicious source of precious natural assets for India. Indian companies offer modern manufactured items and, notably work as a crucial collaborator for the enhancement of the sophisticated tertiary sector in LAC region. The bilateral trade transaction costs between the two giant size economies are almost nearer to restrictive level and declining them could boost a substantial trade transaction. The wide spread physical space gap between the two geographical regions is an unavoidable constraint, however business transaction expenses are also operated through rigid commercial negotiations and meagre transportation linkage. Widespread business and overseas investment negotiations among LAC countries and India are taking place, where comprehensive sequence of dismantling trade barriers expand volume of trade transactions and create conducive atmosphere for the discovery of new business opportunities.

The few Indian Business Success Stories in LAC include the following:

(a) Mahindra & Mahindra: It is navigating to LAC nations along with Indian reliability at the worldwide fabrication platform. Items made in India are continuously being embraced all over global market. The motor vehicle industry is one of the dominant industries in India's flagship program. Mahindra Auto Company's excursion in LAC region started during 1990 alongside consignments to Paraguay and continuously burgeoning its existence over the landmass. Now most of the famous nation of LAC have become the dominant marketplaces of the company accompanied by near about one lakh vehicles in transit.

(b) Glen Mark: As cosmopolitan focal point at Argentina, its existence in the domain of LAC nations began through shipping commodities to the nations of Caribbean region. Currently their existence inside the territory of LAC is comprehensive. Glen mark has already established its giant size pharmaceutical fabricating plants in LAC region and acts as its worldwide marketplace.

(c) Godrej Group: This enterprise augmenting through judicious planning of gradual accumulation and by takeovers in the LAC region. Its consumer items entered Argentina by acquiring two nationwide beauty product enterprises during 2010.

(d) **Mahindra Comviva:** Connecting the World economy through providing mobility, digital, and financial services. It also provides artificial intelligence motivated client expertise resolution to communication industry in the LAC region.

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