



ORIGINAL RESEARCH PAPER

Management

ECONOMIC DIPLOMACY IN ACTION: THE EVOLVING TRADE RELATIONSHIP BETWEEN INDIA AND SINGAPORE

KEY WORDS: India-Singapore trade, Bilateral Trade, Economic Diplomacy

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ABSTRACT

To give information and analysis on the commercial interaction between India and Singapore. It covers a wide range of topics, including trade flows, investment, economic cooperation, the services industry, and professional mobility between the two nations. The PDF also includes regression models and statistical analysis to help you understand the trade relationship's connection and relevance. Overall, the research seeks to shed light on the nature and dynamics of India-Singapore trade cooperate.

INTRODUCTION-

The evolution of trade relations between Singapore and India can be attributed to their mutual commitment to promoting economic growth and development in the area. This collaboration is evidence of both countries' economic vibrancy and will to capitalize on one another's advantages. The trading relationship between India and Singapore has its roots in colonial times, when India was ruled by the British and Singapore was a British trading station. The basis for the current trade relations between the two nations was established by this historical link. However, trade links between India and Singapore did not really take off until the post-independence era, namely in the late 20th century. The signing of the Comprehensive Economic Cooperation Agreement (CECA) in 2005 is one of the main reasons that commerce between Singapore and India has grown. An important factor in the growth of bilateral trade and investment has been this historic agreement. Both nations agreed to reduce tariffs, ease trade in services, and foster an investment-friendly climate under the terms of the CECA. As a result of this agreement, trade and economic cooperation have risen dramatically. Bilateral trade between India and Singapore has increased dramatically in recent years. Singapore is one of India's primary commercial partners in the Association of Southeast Asian Nations (ASEAN). The volume of commerce between the two countries has steadily increased. In 2020-21, India's exports to Singapore were predicted to be worth \$7.6 billion, while Singapore's imports were estimated to be worth \$16.2 billion. Singapore's trade balance is normally positive, owing mostly to India's high demand for electronics, equipment, and refined petroleum products. Singapore has piqued the interest of Indian enterprises looking to access the Southeast Asian market due to its status as a worldwide center of finance and commerce. Due to its excellent location, business-friendly climate, and advanced infrastructure, Singapore is a preferred destination for Indian firms to establish regional offices and investment vehicles. India, on the other hand, mostly exports textiles, machinery, and medicines to Singapore. Singapore's open and modern economy provides a huge market for these Indian items. Singapore, as a re-exporting center, provides an entrance point for Indian commodities into the larger ASEAN market and beyond. The services industry plays a key role in Singapore-India economic connections. By adopting CECA, both countries have made major commitments to improve professional mobility and develop trade in services. Significant prospects for Indian professionals have been discovered in Singapore, particularly in the financial services and information technology (IT) areas. As a result of this collaboration, an increasing Indian expat community has emerged in Singapore. To improve their economic ties, the two countries have taken part in a variety of cooperation initiatives and partnerships. Ascendas-Singbridge Group, a Singapore-based real estate development and management

corporation, has cooperated with Indian enterprises to establish IT parks and industrial zones in India. Furthermore, Singapore and India have collaborated extensively in the financial services business. Singapore is an important offshore financial hub for Indian corporations and investors, offering a wide range of financial services and commodities.

Litratue Review

Suranjan Das and Subhadeep Bhattacharya conclude that The in-depth analysis of the India-Singapore relationship, including economic, geopolitical, and cultural aspects. It emphasizes the two countries' reciprocity and their respective duties in maritime security. Singapore regards India as an important partner in this respect, while India sees Singapore as a trustworthy and non-threatening security ally in the area. The paragraph stresses their collaboration in numerous international venues as well as the need of deepening their connections, particularly in light of emerging regional dynamics such as Pakistan's 'Vision East Asia' and Singapore's participation with South Asia and the Trans-Pacific Partnership. The demand for a balanced approach and not insisting on exclusive relationships highlights the paragraph's conciliatory tone.

Das, S., & Bhattacharya, S. (2020) conclude the passage provides a thorough summary of Singapore's and India's connection throughout history, shedding light on the geopolitical environment and the variables that have shaped their relationships. It does a good job of charting their engagement's path from divisions during the Cold War to their current point of strategic and economic unity. A useful background is provided by the historical context of Cold War politics and India's allegiance to the Soviet Union in contrast to Southeast Asia's connections to China and the United States. It emphasizes the mistrust between them that characterized their early relationship because of Singapore's reservations as a smaller state and India's backing of the regime that the Vietnamese had installed. The passage highlights the critical turning point that occurred in the early 1990s when the Cold War ended and Singapore's liberalizing economy complemented India's "Look East" strategy, paving the way for a more cooperative cooperation. Overall, this review of the literature captures the intricate dynamics of the relationship between Singapore and India, highlighting the two countries' historical divergence, current convergence, and need to overcome any obstacles in order to guarantee the bilateral relationship's stability and prosperity.

Theva, Y. S. O., & Mukherji, R. (2015) conclude that From the Cold War era to the post-1997 era, this paragraph provides a thorough literature assessment of the geopolitical and economic aspects of bilateral ties between Singapore and India. It emphasizes how this connection has been shaped by ideational shifts and the transformational power of political

leaders. In terms of geopolitics, the assessment emphasizes the crucial roles that figures like Goh Chok Tong, Atal Bihari Vajpayee, and Narasimha Rao played. They realized that India's presence in Southeast Asia is crucial to preventing isolation and preserving international significance, which made their confluence of views and objectives significant. In the end, it presents a complex picture of the relationship's development by highlighting the interaction between security and trade connections and how they impacted the bilateral relationships.

Low, L. (2003, April) A thorough assessment of the literature on Singapore's approach to bilateral Free Trade Agreements (FTAs) and its methods for resolving the "spaghetti bowl" effect—which is caused by disparate Rules of Origin (ROOs)—is provided in this paragraph. It highlights Singapore's distinct economic structure, which is mostly dependent on foreign capital, international companies, and complex cross-border trade.

OBJECTIVE

To study the trade relation between India and Singapore.

HYPOTHESIS

There is no significant relation between India and Singapore

Hypothesis test

Model Summary					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.866a	.749	.718	32956351.87724	1.270

a. Dependent Variable: Total_India_Export
 b. Predictors: (Constant), India_Export_to_Singapore

ANOVA						
Model		Sum of Squares	df	Mean Square	F	sig
1	Regression	259458704447011	1	259458704447011	23.889	.001b
	Residual	868896903245358	75	1086121129056696.900		
	Total	346348394771549	76			

a. Dependent Variable: Total_India_Exports
 b. Predictors: (Constant), India_Export_to_Singapore

Interpretation-

India's exports to Singapore have a positive correlation. According to the model summary, the predictor variable accounts for 74.9% of the variation in India's exports to Singapore, with an R-squared value of 0.749. With a p-value of 0.001, the ANOVA table further indicates the significance of the regression model.

This suggests that there is a statistically significant correlation between Singapore's imports and India's exports. However, it is impossible to ascertain the precise nature or intensity of the association without more information.

Model Summary					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	
1	.943a	.888	.875	36696876.53836	

a. Predictors: (Constant), India_Import_From_Singapore

ANOVAa						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	85811664375734608.000	1	85811664375734608.000	63.722	.000b

Residual	107732859813873534.000	1346660747671691.800		
Total	965849503571908144.000			

a. Dependent Variable: Total_India_Import
 b. Predictors: (Constant), India_Import_From_Singapore

Interpretation-

That the model predicts the total import from Singapore to India with a high degree of accuracy. With an R-squared value of 0.888, the import from Singapore serves as the predictor variable, accounting for 88.8% of the variation in the overall import. The statistical significance of the link between the predictor variable and the total import is indicated by the p-value of 0.000. All things considered; the model fits the data well.



Reserch Mehology

In 2022–2023, India's exports to Singapore totalled \$11.9 billion USD. Petroleum products (US\$ 4.72 billion), ships, boats, and floating structures (US\$ 1.58 billion), pearls, precious and semi-precious stones (US\$ 0.66 billion), gold and other precious metal jewellery (US\$ 0.63 billion), electric machinery and equipment (US\$ 0.61 billion), etc. are among India's top exports to Singapore in 2022–2023.

Between April and May of 2023–24, India's exports to Singapore were US\$ 1.84 billion. Petroleum products (US\$ 749 million), ships, boats, and floating structures (US\$ 254 million), electric machinery and equipment (US\$ 179 million), organic chemicals (US\$ 100 million), gold and other precious metal jewelry (US\$ 88 million), electronic instruments (US\$ 53 million), etc. are among the top exports from India to Singapore between April and May 2023–24.

CONCLUSION -

In summary, the India-Singapore relationship is a complex alliance that has experienced substantial expansion and development it encompasses a wide spectrum of diplomatic, strategic, and economic objectives. The economies of the two nations have thrived as a result of the expansion of their economic connection, which has been aided by substantial trade agreements, investment flows, and a focus on the services sector. Because of its strategic position and function as a gateway to the ASEAN market, Singapore is an important partner for India, encouraging market access and diversification. While financial services cooperation and diplomatic alliances have strengthened strategic partnerships, collaborations in science and technology have boosted economic growth. Furthermore, their focus on sustainability and green technology demonstrates their dedication to addressing global issues. Trade imbalances and non-tariff obstacles are acknowledged as difficulties, and efforts to reduce them are ongoing. The movement of professionals and students between Singapore and India has benefited in information dissemination and cultural exchange. Most significantly, the capacity of this partnership to weather worldwide challenges like as the COVID-19 outbreak demonstrates how strong it is and will always be. Even as both nations navigate a shifting global landscape, the India-Singapore partnership remains a foundation of regional

economic cooperation and a model of cooperative engagement.

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