CHAPTER - VII

Summary, Research Analysis, Conclusions and Recommendations

International trade has occupied vital place in the life of developing economies. No economy in the world could sustain without dependence on it. It has become a question of survival for many of the economies of the world. It has been regarded as the engine of growth because many countries of the world like U.K., U.S.A., Japan, Canada, Australia and Sweden, owe their progress and development to the key and positive role played by foreign trade of these conutries.

India, which has a glorified past in international trade, is not doing well. Its trade deficit has reached from a meagre amount of 49 crore in 1950-51 to an all time high figure of Rs. 16640 crore in 92-93. This grave situation has severally affected India's Balance of payment position and she has to rely on undesirable huge debt to mitigate problems, but in long run this strategy could be of much grave consequences and can put the economy in a debt trap position and an such country may hardly remain sovereign. In this critical scenario, the exports and only the enhanced volume of export can salvage the economy. The economic survey 92-93 presented by Finance Minister Dr. Man Mohan Singh in the parliament also emphasised the importance of export growth and called for more vigorous attempts at micro-level to sustain and also strengthen the present momentum in export growth for a lasting solution to the payment problems.

If India is to ever bridge the current account deficit of 6-7 billion. Let alone become a factor market and select range of goods and services with high exports potentials.

Most strategic and prosperous Gulf-region present a good opportunity for India, which has centuries old historical and cultural relations, friendly political co-operation and geographical proximity.

In the Gulf region, six Arab Gulf countries namely Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and United Arab Emirates, to gather formed a regional cooperation body- Gulf Cooperation Council (G.C.C.). India has an adverse balance of trade with these countries individually and collectively as a whole. The trade deficit with these countries is largely due to bulk import of Petroleum. If India by any means could be able to balance its trade with them, India's half the problem of trade deficit could be solved.

In order to achieve this objective, in the present study an attempt has been made to analyze various aspects of India's trade with these countries.

7.1.2 INDIA'S TRADE WITH GULF COUNTRIES

Centuries old India's trade with Gulf countries assumed new significance since oil boom in early seventies. Oil boom generated tremendous wealth and these countries took ambitious development programmes to diversify their economies.

In the total import of G.C.C. countries, India's share account only about two percent while their share of exports made to India is 3.7%. From India's point of view, the share of G.C.C. countries in our total export has risen from 3.2% in 1970-71 to 7.3 in 1991-92. It has recorded an increasing trend for the entire period of study. The export to these countries increased from Rs. 49 crore in 1970-71 to Rs. 3218 crore in 1991-92 giving an overall growth of 5621% over 1970-71. By these facts India's export performance with this region can be termed as commendable.

Share of G.C.C. countries in our total imports has risen tremendously from the meager share of 1.9% in 1970-71 to 18.4% in 1991-92.

India's import rose from Rs 30.4 crore in 1970-71 to Rs. 8786 crore in 1991-92 giving an increase of 288 times over 70-71 India's balance of trade with these countries is increasing adversely since 78-79, the year in which India had the last opportunity to earn a trade surplus. India's trade deficit rose from a meager amount of Rs. 15.34 crore in 71-72 to Rs. 5568 crore in 91-92 giving a 363 fold increase. This huge trade deficit is largely due to heavy imports of POL items from these countries.

India's trade relations with all the six G.C.C. countries are not alike U.A.E, Saudi Arabia and Kuwait are the major trading partners of India while Bahrain, Oman and Qatar occupy a low place in our trade with these countries. In growth rate of, export U.A.E. has performed outstandingly. Export to U.A.E. has grown 300 times. Saudi Arabia has registered 57 times increase in Export over 1970-71. After these two giant share holder of our export, Bahrain, Oman, Qatar and Kuwait have registered 26,48,7 and 7 fold increase respectively over the 1970-71.

In export, U.A.E. alone has a total share of 56% of India's total export to Gulf countries in 91-92 its share has risen consistently from 12.3% in 1970-71. Except this country the share in total Indian export has fallen for each of the remaining countries. Bahrain's share from 9.2% to 3.7%, Kuwait's share from the largest share of 32.3% in 70-71 to a low of only 4%, Oman share from 4.6% to 3.4%, Qatar share from 11.7% to 1.6% and Saudi Arabia's share from 30.9% to 26.9%. The first two countries U.A.E. and Saudi Arabia constitute more than 80% of India's total export to G.C.C. countries.

In import, Saudi Arabia's place comes on first place, U.A.E. is much closer to Saudi Arabia these two countries alone constitute 75% of total imports from G.C.C. countries. After Saudi Arabia and U.A.E. the place of Bahrain, Kuwait, Oman and Qatar come.

7.1.2.1 Composition of Trade

Composition of India's trade with all these countries is some what same as they are having similar economic characteristics. On the side of import from these countries, POL is the major item. Fertilizers, chemicals, non-ferrous metals, metal scrap, pulp and waste paper, sulphur and roasted iron pyrites, nuts and dates, artificial resins and plastic materials, printed books, journal's and periodicals, medicinal and pharmaceutical products are the other items of import.

On export side, India's composition of trade include from the items of direct consumption to high tech capital goods for building their economic and industrial infrastructure. Indian exports include rice, tea, spices fruits and vegetables, leather manufactures, textiles and ready made garment, gems and jewellery, chemicals, machinery instruments, transport equipments, electric goods, electronic goods and other engineering goods, tobacco, cashews, oil meals, meat and meat products, cosmetics, glasswares, furniture and wood products, plastic products, jute manufactures and handicrafts etc.

7.1.2.2 Relative importance

Among all the six G.C.C. countries India's trade relations are not of equal importance. This is largely due to difference in total trade, economic development level, oil wealth and size of population of these countries. India had always adverse balance of trade with Saudi Arabia but with U.A.E., Oman and Qatar, India traditionally had positive balance of trade and with Bahrain and Kuwait balance of trade has not been uniformly either positive or negative in the first decade of the study, But in recent years India has entered into deficit trade balance with each of the six G.C.C..countries.

Bahrain's share in India's total export is at insignificant level viz. 0.22% while its share in India's import is 1.82%. India's share in Bahrain export has rose from 2.3% in 1970 to 10.12% in 1990, But India's share in Bahrain's import has shown a decline from 2.4% in 1970 to 0.92 in 1990.

Kuwait's share in India's export has declined from 1.2% in 1970 to 0.75% in 1990 while in India's import its share has rose form 0.32% in 1970 to 3.41 in 1990.

India's share in Kuwait's export has risen from 0.36% to 6.36% while in import it has declined from 3.8% to 2.01%.

Oman's share in India's total export and import is 0.12 and 1.12% respectively while India's share in Oman's export and import has risen to 2.4% and 2.9% respectively.

Qatar's share in India's total export and import is identical at a low level of 0.13% while India's share in Qatar's export and import is 0.96% and 1.6% respectively.

Saudi Arabia's shares in India's export and import have risen from 1.04% and 1.82% in 1970 to 1.54% and 4.18% respectively in 1990 while India's share in Saudi Arabia export and import have changed from 1.19% and 2.96% in 1970 to 4.8% and 1.28% in 1990 respectively.

U.A.E.'s share in India's export and import have registered notable increase from almost nil to 2.75% and 4.01% respectively while India's shares in U.A.E.'s export and import have also increased from Nil and 2.6% in 1970 to 2.17% and 4.51% in 1990 respectively.

7.1.3 EXPORT MARKETING IN GULF COUNTRIES :

Export Marketing has occupied a significant place in the studies of international trade and marketing. Any country which aim to boost its export has to pay adequate attention to the wide spectrum of export marketing viz marketing research, export pricing, advertising, packings, finance, production of quality goods. adhering to the time schedules, transportation and other related aspects.

Gulf market is highly competitive and need a clear, pragmatic, well coordinated policy regarding export marketing in order to boost its trade share with Gulf countries. Due to lack of proper strategy of export marketing India failed to tap the vast potential of these countries and could not show its capabilities in the Gulf Market. In India, exports have been treated with selling approach. Many studies show that Indian exporting community lacks in marketing skills. They spend negligible amount on marketing research, advertising and making business visits to foreign markets. There is neither systematic planning nor commitment regarding quality, price, delivery and packaging etc.

Peculiarities of Gulf market require special attention to the following problems in order to have a good mix of export marketing strategy.

1. Selection of appropriate agents:

As they are indispensable for doing business in the Gulf market. These agents should be identified and selected very carefully. Chambers of Commerce of respective countries and Business Directories could be consulted.

2.Qualitative Products:

Gulf market is highly quality conscious as the Gulf buyers have the privilege of having best of the world. Quality product can result in more acceptability and repeat orders. Quality products are the bedrock for continuous growth of export to this region. Indian firms should not only maintain quality consistently but also to strive hard to achieve certification of ISO-9000 category from International Institute of standard, Genewa to sustain in the Gulf market.

3. Competitive Export-Pricing:

It is one of the important component of whole export marketing mix. Gulf buyers now have become more price conscious. Pricing has to be made in a dynamic environment keeping in view the behaviour of buyers, cost structure and pricing of counterpart competitors. It has to be reviewed continuously from the feedback of marketing research.

4. Export Finance:

It is needed at all stages of pre-shipment and post-shipment and exporting community should take the advantage of existing machinery as the scenario of Gulf market has changed. Gulf buyers also give orders on credit instead of extending advances for their requirements.

5. Delivery in time:

There is an urgent need to emphasise on this aspect as to ensure consistency and continuity in supply of goods to Gulf market with strict adherence to delivery schedules.

6. Export Packaging:

It should be of good quality, standard design and strong enough to protect the goods against breakage. It should also be attractive enough to appeal the consumer. Standards and assistance of Indian Institute of packaging, Bombay can contribute much in this respect.

7. Visits and Travel:

Personal visits to the Gulf market by the top executives of exporting companies from time to time can pay rich dividend in getting new orders, removal of misunderstandings about the product, redressal of grievances directly, collection of specific information and developing new realistic market strategies.

8. Visits of Foreign Buyers:

There should be an arrangement to invite delegations of Gulf businessmen to assess the rapid strides made by Indian industry. These visit will build good image of the country and Indian exporters will not face any initial resistance to the acceptance of their products.

9. Export Advertisement and Sales Promotion:

These are the key to succeed in stiff global competition. Indian exporter should adopt useful means like advertisements in local newspapers, journals, periodicals and business directories of the Gulf countries, T.V. , radio cinema slides, participation in trade fairs and exhibition are also important means.

10. Dissemination of trade data and commercial intelligence

It is very crucial for successful implementation of export marketing. One exclusive agency for this region should be setup using all latest technology in communication and information field such as computers, electronics and satellite communication system.

11. Trade Fairs and Exhibitions:

They have occupied prominent place in our export marketing in order to boost our export. We should invite Gulf business companies to attend our trade fairs and Indian companies should be encouraged to participate in the trade fairs and exhibitions organised in Gulf countries.

12. Transportation:

For quick delivery, safety of products, freight considerations and insurance purposes, selection of right means of transportation is crucial for better export marketing.

13. Role of Promotional Agencies should be consolidated:

Various promotional agencies like Export Promotion Councils, Trade Board, Commodity Boards, ITPO, FIEO, STC, DGCI&S, ECGCI, EXIM Bank, IIFT, IIP Embassies, High Commissions, Chambers of Commerce should also enhance their active role in promoting export-culture in the country.

14. Continuous marketing research:

In order to have a result oriented strategy regarding export marketing and a good marketing mix could be obtained, there is an urgent and continuous need to undertake marketing research.

15. Professional Approach in Export Marketing:

There is an urgent need to develop a professional approach in export marketing to the task of managing export trade.

7.1.4 TRENDS OF FOREIGN TRADE OF GULF COUNTRIES :

Gulf countries has turned into a major trading centre of the world. Their trade have registered a marvellous growth over the years despite the oil slum in 1986. Their trade were at peak in early years of 1980's. Afterwards also their import trends show an increasing trend and it is expected that these trends will continue in the decade of 90's also.

Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and UAE, all these countries are having trade surplus. For all the six countries major item of export is oil which alone constitute from 70% to 95% of their total exports.

Other items of exports from these countries include fertilizers, organic and inorganic chemicals, products of petro chemicals, non-ferrous metals, metal scrap, sulphur and iron pyrites, pulp and waste paper and dates etc.

Import of these countries is composed of almost every thing from daily consumer goods to the high tech capital goods. Gulf market is a very tempting market for the overseas exporters. The main items of their imports are machinery, transport equipments, food stuffs and live animals, textiles and ready-made garments, chemicals, gems and jewellery, leather goods, handicrafts, cosmetics and toiletries, building materials, electrical goods, electronics, commercial vehicles and number of engineering goods.

Their major trading partners for export and import both include Japan, USA, UK, france, Italy, Netherlands, and other EEC countries, India, S. Korea, Singapore, Australia, China and these countries themselves.

India is also among major trading partners of the region. Its position has been discussed in chapter II. Its share in the export and import of the G.C.C. countries individually and collectively as a whole in dollar terms has been given in the respective tables which can also facilitate to assess India's position with these countries.

India's total trade with this region has increased from $ 104 million in 1970 to $ 3095 million in 1990. India has a surplus of $ 21 million in 1970 which turned into a huge deficit of $ 1059 million in 1990. The export of India rose from $ 62.7 million in 1970 to $ 1018 million in 1990, while import of India increased from $ 41.1 million in 1970 to $ 2077 million in 1990.

India's share in total export of the G.C.C. countries increased from 0.7% in 1970 to 2.5% in 1990 while its share in their imports has registered a decline from 3.1% in 1970 to 2% in 1990.

Gulf countries present a profitable target for the overseas exporters by way of great scope of export. Their oil will continue to play a major role in international business.

They have also great potential in the form of joint ventures in the various fields like petrochemicals, chemicals, fertilizers, aluminium, textiles, agricultural and processed food products, engineering goods, leather goods, shipping, insurance, banking, tourism, education, housing and training facilities etc.

India has a good scope in agriculture as these countries are trying to develop their agriculture in order to reduce their dependence on other countries. India could play a vital role in assisting their agricultural development projects in the fields of rural development, irrigation, drainage, agricultural machinery and implements and agro-based industries. This potential should be tapped fully.

Other fields having good prospects include automobile tyres, paints and varnishes, soft drinks, galvanizing steel plants, sugar refinery, gasturbines, office equipments, air-conditioning units, geological and mineral surveys and exploration, power projects, telecommunication projects, dairy products and drugs and pharmaceuticals etc.

7.1.5 INDIA'S EXPORT PROSPECTS IN GULF COUNTRIES :

India can enhance its trade share with Gulf countries by making full use of existing export prospects and potentialities in products, services, project exports, joint ventures and third country collaboration.

THRUST Products having good export potential include capital goods, consumer durables, electronics and computer soft ware , gems and jewellery, iron and steel, leather and leather products arms and ammunitions, textiles, clothing and ready-made garments, fresh fruits and vegetables, processed food products, engineering goods, meat and meat products, marine products, tea, spices, rice, jute and manufactures and railway equipments. Other items of export include coffee, tobacco, sugar, handicrafts, antique items, decorative and gift items, chemicals, drugs, pharmaceuticals, hospital equipments, gas turbines, machinery of cement, textiles and sugar industries, diesel engines and parts, generators, air conditioners, air compressors, transformers, commercial vehicles, building materials and transport equipments etc.

India can improve trade relations by offering better services in the following areas also.

Manpower export field still presents a good scope despite so many hurdles if specific skills to match the job requirements and changing needs of the countries are met.

Banking More opening of overseas branches in the Gulf countries by Indian banks could yield good result keeping in view of the presence of millions of Indian workers in the Gulf.

Insurance As an important economic activity, it also presents good scope of cooperation. Life Insurance Corporation of India had already started work in Bahrain and UAE by establishing joint ventures.

Tourism Promotion of tourism in both side could give best fruits and this sector can easily be developed keeping in view of the vast scope of development of tourism in India and Gulf.

Health, Education, Shipping, Exploration of oil, Geological surveys, Housing, Rural Development and Training facilities provide good scope of services in Gulf countries through which India can earn huge amount of foreign exchange.

Project exports, Consultancy Services, Joint ventures and Third country collaboration need special treatment as these activities can easily check the mounting trade deficit. These activities are suffering from various problems like stiff competition from developed countries, inability and inexperience, lack of marketing approach, lack of financial strength, bottlenecks and domestic shortage, procedural delays, lack of information and incomplete projects etc. Despite all these problems India has well initiated in these areas. India's performance can be improved by adopting consortium approach, strengthening cooperation with developing and developed countries, marketing approach, price competitiveness, diversification, financing and through better management and supportive role of government.

* Policy of Gulf countries to give preference of local companies, encourage to establish more joint ventures in various areas.

These activities of project export, consultancy services, joint ventures and third country collaboration can solve the acute problem of increasing trade deficit. They can also project a good image as a live partner in the economic development of the Gulf region.

7.1.6 IMPORT PROSPECTS FROM GULF COUNTRIES :

7.1.6.1 Products :

Gulf countries offer many products at very competitive price and with comparative cost advantage. Oil as cheap source of energy will continue to be main item of import from these countries in years to come. Gulf countries have also started producing many petrochemicals by establishing sophisticated large scale plants using modern technology. India can import Petro chemicals like ethylbenzene, alpha- olifines, EDC, Fertilizers, sulphur Non-ferrous metals like copper, gold, aluminium and crude-minerals metalliferrous ores, metal scrap, pulp and waste paper, roasted iron pyrites, dates and nuts, pearls and semi precious stones, chemicals, artificial resins and plastic materials etc. are the other products of import having good prospects and with comparative cost advantage.

7.1.6.2 Aid and Investment :

India has not attracted much aid, grants, loans and investment from Gulf countries. It has been much benefited by huge remittances from the Indian workers. India received $31 billion through individual remittances and $575 million through aid between 1976 to 1990. NRI deposits have reached to Rs. 21976 crore in 91-92. India's total aid from Gulf countries was at very low level in both the terms of authorization and utilisation. Gulf's share in India's total external assistance has also decreased from 2.08 in 1980-81 to a negligible share of only 0.6% in 90-91. Though India has completed various projects financed by various development funds of these countries.

Investment on commercial basis from Gulf countries has been a non-starter due to different lending and investing priorities of Gulf countries and India's restrictive foreign investment regime. But now with a more liberalized foreign investment policy, India could expect a bright future in this area also through establishing joint ventures in various fields, if serious efforts are made and factors inhibiting investment are checked.

7.2 Research Analysis and Findings :

This research analysis pertains to six countries of the Gulf region. The period of research analysis covers data for five years i.e. 1987-88 to 1991-92. For these five years almost all data are available whereas for earlier years complete range of data are not available to ensure a uniform comparative research analysis, in view of this, the study is restricted to a five year analysis. The main source of the data has been Directorate General of Commercial Intelligence and Statistics (DGCI&S) Calcutta, however the latest journals particularly the Reports on Currency and Finance of RBI and Economic Surveys of Govt. of India for various years have been liberally used to providing a better research analysis. The sample, therefore has been chosen on the basis of availability of data. The main aim of the study is to identify the trends in foreign trade with the sample countries and this objective is being achieved because the trend is known to us after this research analysis is over. The study also intends to test the following hypotheses :

1. that India's export performance with G.C.C. countries has been commendable.
2. that Indian export community is lacking in marketing approach in business with the Gulf region.
3. that India has not done well in the areas of project export, consultancy, joint ventures, tourism and other services.
4. that Gulf investment in to India has been a non-starter.

discussions in the relevant chapters are made earlier but to achieve the major objective of the study to identify the trends of trade with six G.C.C. countries, the data analysis for these countries in a consolidated form is presented here. This research analysis, country wise, and findings thereon will facilitate testing of hypotheses as well. The research analysis is based on consolidated Master tables, related with direction and composition of India's trade with these countries, which have been given in appendices I and II. Separate country-wise tables also have been supplemented in the research analysis itself.

7.2.1 Bahrain :

Table 7.1

Direction of Trade with Bahrain

(Rs. in crore)

Year	Export	Import	B/T
1987-88	36.7	55.6	-18.9
1988-89	39.2	234.1	194.9
1989-90	87.5	274.4	-186.9
1990-91	63.9	462.3	-399.4
1991-92	120.0	853.5	-733.5

Source : D.G.C.I. & S.

India's trade with Bahrain is increasing continuously. Export to Bahrain were Rs. 36.7, 39.2, 87.5, 63.5 and 120 crores in years 1987-88, 88-89, 89-90, 90-91 and 91-92 respectively while in the same periods the imports were Rs. 55.6, 234.1, 274.4, 462.3 and 853.5 crores. The net trade balance in all the years was negative. The value of trade deficit for these five years was Rs. 18.9 crore, 194.9, 186.5, 399.4 and 733.5 crore.

TABLE 7.2

COMPOSITION : MAJOR ITEMS OF EXPORT AND IMPORT : BAHRAIN

(Rs. in crore)

S.NO.	Commodity	87-88	88-89	89-90	90-91	91-92
I - EXPORT						
1.	Agricultural & food Products of which	27.35	18.24	31.75	30.12	82.32
	tea	1.45	1.48	1.48	2.83	4.47
	rice	11.07	4.85	13.24	11.52	13.05
	fruits & vegetables (fresh & processed)	4.37	4.22	6.87	6.92	10.99
	meat	2.79	2.76	3.81	3.35	7.05
	spices	0.90	0.66	0.90	0.86	1.79
2.	Textiles & readymade garments	1.82	2.45	5.58	9.31	26.06
3.	Machinery, Transport equipments & other engineering goods	1.04	2.13	3.27	3.80	8.70
4.	Leathers	0.28	0.24	0.40	0.70	1.40
5.	Handicrafts	0.64	0.45	0.69	0.53	1.56
II - IMPORT						
1.	Chemicals	4.50	15.74	4.25	32.47	84.94
2.	Non-ferrous Metals	24.11	13.17	16.99	5.80	9.41
3.	Metal Scrap	13.01	8.27	7.33	8.53	13.89
4.	Sulphur & roasted iron pyrites	-	-	-	-	18.34
5.	Pulp & waste paper	-	-	-	-	2.43

Source : D.G.C.I. & S.

The composition of India's export include agricultural and food products, textiles and readymade garments, machinery, transport equipments, leathers and handicrafts etc. Agricultural products alone constituted 73% of total export in 1987-88 this ratio slightly moved lower to 69% in 91-92, the ratio of textiles and garment rose from 5% in 87-88 to 22% in 91-92. Machinery and transport equipment share in total export also rose from 3% in 1987-88 to 7% in 1991-92.

In import, the major items are chemicals, non-ferrous metals, metal scrap, sulphur and roasted iron pyrites besides POL.

7.2.1.1 Major findings :

i. During the five year study export registered a growth of more than 224%.

ii. Growth in import was 1425%.

iii. The trade deficit rose from Rs 18.9 crore in 87-88 to Rs. 733.5 crore in 1991-92 giving a 39 fold increase.

iv. Export of agricultural products has great potential as it constitutes around 70% of the total exports to this tiny state. Other goods having good export potential are textiles and readymade garments, machinery, transport equipments and other engineering products.

v. In import of non-oil items larger share goes to chemicals and then to metal scrap, sulphur and iron pyrites and non-ferrous metals.

7.2.2 Kuwait :

India's trade with Kuwait is also on an increasing scale except for the year 1990-91 in which Kuwait was struggling for its own survival due to invasion and annexation by Iraq and then spread of the Gulf war.

Table 7.3

Direction of Trade with Kuwait

(Rs. in crore)

Year	Export	Import	B/T
1987-88	106.0	472.0	-366.0
1988-89	144.0	522.0	-378.0
1989-90	198.0	1160.0	-962.0
1990-91	74.0	363.0	-289.0
1991-92	129.0	822.0	-693.0

Source : D.G.C.I. & S.

India's export, import and balance of trade were Rs. 106 crore, 472 crore and -366 crore in 1987-88 respectively. The export and import both increased in subsequent two years of 1988-89 and 89-90 in which they were Rs. 144 crore, Rs. 522 crore in 88-89 and Rs. 198 crore and Rs. 1160 crore in 89-90 respectively. In 1990-91 the export and import both decreased to the level of Rs. 74 crore and Rs. 363 crore but in the year 91-92 it again rose to Rs. 129 crore and 822 crore respectively.

TABLE 7.4

COMPOSITION : MAJOR ITEMS OF EXPORT & IMPORT : KUWAIT

(Rs. in crore)

S.NO.	Commodity	87-88	88-89	89-90	90-91	91-92
<u>I - EXPORT</u>						
1.	Agricultural & food Products	66.91	78.58	84.98	32.50	52.30
	of which					
	tea	7.63	4.81	6.65	4.02	4.12
	rice	32.34	36.15	38.16	13.07	18.86
	fruits & vegetables (fresh & processed)	10.78	12.72	17.97	6.44	6.57
	meat	2.01	3.55	5.46	2.94	6.75
	spices	2.04	4.16	3.47	0.90	1.58
2.	Gems & Jewellery	14.29	19.30	22.41	5.85	8.32
3.	Textiles & readymade garments	8.59	16.84	26.52	14.11	17.32
4.	Machinery, Transport equipments & other engineering goods	3.42	6.35	10.73	5.26	31.53
5.	Leathers	0.35	0.69	2.02	0.85	1.26
6.	Handicrafts	1.36	2.42	3.31	1.08	1.61
<u>II - IMPORT</u>						
1.	Chemicals	8.52	3.43	3.35	7.14	-
2.	Metal scrap	1.01	3.75	7.55	4.04	0.88
3.	Sulphur & roasted iron pyrites	17.87	18.47	16.27	8.62	-

Source : D.G.C.I. & S.

Composition of export and import with Kuwait is also same as of Bahrain. In export, agricultural and food product tops all the products with the share of 63% and 41% in 1987-88 and 91-92 respectively. Increased share has gone to machinery, transport equipments and other engineering products from 3% to 24%.

In imports, the oil continue to dominate. Other items of import are chemicals, metal scrap, sulphur and roasted iron pyrites etc.

7.2.2.1 Major Findings :

1. Export increased only by 21.6% for the entire five years. It increased from Rs. 120 crore in 1987-88 to Rs. 129 crore in 1991-92.
2. Import registered a growth of 74%.
3. The trade deficit increased from Rs. 366 crore in 1987-88 to Rs. 693 crore in 91-92, slightly less than two times.
4. Agricultural and food products continue to be No. 1 thrust sector but engineering goods have also enhanced their potentials by capturing 24% share in 1991-92 from a mere 3% in 1987-88.

7.2.3 Oman :

Oman is a country with whom India used to earn trade surplus by making more exports for several year. In this recent five years also India's export is higher than its imports for the first four years. In 1987-88, India's

Table 7.5

Direction of Trade with Oman

(Rs. in crore)

Year	Export	Import	B/T
1987-88	84.3	81.0	+3.0
1988-89	75.6	6.0	+69.6
1989-90	89.1	5.6	+83.5
1990-91	101.5	73.9	+27.6
1991-92	108.8	114.1	-5.3

Source : D.G.C.I. & S.

exports, import and trade balance were Rs. 84.3 crore, Rs. 80.7 and Rs. 3.6 crore respectively. In the subsequent three years India's exports were Rs. 75.6 crore, 389.14 crore and Rs. 101.46 crore. While corresponding imports were Rs. 6.37 crore, Rs. 5.60 crore and Rs. 73.87 crore. In the year 1991-92 India entered into a deficit trade with this country also. In this year India's exports, imports and trade balance stood as Rs. 108.75 crore, 114.11 crore and Rs. -5.36 crore respectively.

TABLE 7.6

COMPOSITION : MAJOR ITEMS OF EXPORT & IMPORT : OMAN

(Rs. in crore)

S.NO.	Commodity	87-88	88-89	89-90	90-91	91-92
I - EXPORT						
1.	Agricultural & food Products	51.80	35.60	34.31	39.22	49.97
	of which					
	tea	3.80	4.02	4.74	5.03	2.21
	rice	35.47	16.50	16.35	15.01	12.25
	fruits & vegetables (fresh & processed)	1.09	1.57	1.58	1.36	3.24
	meat	6.33	6.15	5.51	8.07	15.57
	spices	-	-	-	-	-
2.	Gems & Jewellery	0.53	1.08	1.10	1.75	3.45
3.	Textiles & readymade garments	6.26	7.96	14.62	19.90	40.86
4.	Machinery, Transport equipments & other engineering goods	6.39	9.15	10.42	13.13	14.51
5.	Leathers	0.50	0.60	0.80	1.16	3.31
6.	Handicrafts	1.77	4.49	3.58	2.37	3.96
II - IMPORT						
1.	Chemicals	-	-	-	-	0.78
2.	Non-ferrous metals	0.39	-	0.39	3.08	24.0
3.	Metal scrap	2.55	0.32	3.41	0.36	-
4.	Fruits,Dates & Nuts	1.07	0.84	1.14	0.95	0.6

Source : D.G.C.I. & S.

In export, agricultural and food products dominate the other items. Share of these products were 61% and 45% in 87-88 and 91-92 respectively. Share of textiles and readymade garments has gone up from 7.4% in 87-88 to 37.5% in 1991-92. The share of machinery and other engineering goods has also increased from 7.6% in 1987-88 to 13.3% in 1991-92.

In import, oman is not a major trading partner. In recent years India used to import oil from this country also. In addition to oil import India also import other items in smaller quantities like non-ferrous metals, chemicals, fruits and nuts etc.

7.2.3.1 Major Findings :

1. Export rose from Rs. 84.3 crore in 1987-88 to Rs. 108.8 crore in 1991-92 giving a growth rate of 29%.
2. Import increased from Rs. 81 crore to Rs. 114.1 crore giving a growth of 40.7%.
3. India's trade surplus of Rs. 3 crore in 1987-88 turned into deficit of Rs. 5.3 crore in 1991-92.
4. Agricultural products hold first position the share of textiles and readymade garments has also increased tremendously from 7.4% in 87-88 to 37.5% in 1991-92.

7.[illegible].4 Qatar :

India's trade with Qatar has been on a low profile and its rank is lowest among all the six G.C.C countries but in recent years, India has also entered in to deficit with this small country due to oil import.

Table 7.7

Direction of Trade with Qatar

(Rs. in crore)

Year	Export	Import	B/T
1987-88	17.1	38.0	-20.9
1988-89	21.7	51.4	-29.7
1989-90	29.2	25.8	+3.4
1990-91	30.9	48.0	-17.1
1991-92	46.9	85.6	-38.7

Source : D.G.C.I. & S.

India's export to this country rose from Rs. 17.1 crore in 1987-88 to Rs. 46.9 crore giving an increase of 174.3% over the five years India's import from this country increased from Rs. 38 crore in 87-88 to Rs. 85.6 crore in 1991-92 registering a growth of 126.3%. Trade deficit rose from Rs. 20.9 crore in 1987-88 to Rs. 38.7 crore in 1991-92.

TABLE 7.8

, COMPOSITION : MAJOR ITEMS OF EXPORT & IMPORT : QATAR

(Rs. in crore)

S.NO.	Commodity	87-88	88-89	89-90	90-91	91-92
I - EXPORT						
1.	Agricultural & food Products of which	8.20	7.35	10.52	13.72	15.67
	tea	2.15	1.95	2.95	3.61	4.86
	rice	1.59	1.56	1.47	2.89	2.18
	fruits & vegetables (fresh & processed)	2.74	2.32	3.00	2.63	3.36
	meat	0.54	0.72	0.35	0.98	1.02
	spices	0.40	0.72	0.41	0.25	0.31
2.	Gems & Jewellery	1.24	5.18	5.16	0.58	5.14
3.	Textiles & readymade garments	1.74	1.75	3.47	6.46	13.61
4.	Machinery, Transport equipments & other engineering goods	2.58	2.54	4.21	3.38	5.62
5.	Leathers	0.15	0.11	0.18	0.20	2.23
6.	Handicrafts	0.27	0.16	0.37	0.34	0.53
II - IMPORT						
1.	Chemicals	7.57	12.24	6.60	17.58	58.52
2.	Fertilizers	2.29	-	-	-	-
3.	Sulphur & roasted iron pyrites	4.31	5.87	4.93	10.11	9.30

Source : D.G.C.I. & S.

In composition of export, agricultural and food products constitued 48% and 33% in 1987-88 and 1991-92 respectively. Which shows potentililies of these products. The shares of textiles and readymade garments, machinery and engineering products and gems and jewellery have also gone up during the period.

7.2.4.1 Major Findings :

1. Export and import registered the growth rates of 174.3% and 126.3% respectively.
2. India also entered in to the trade deficit with this small country.
3. Agricultural and food products, textiles and readymade garments and engineering products have good potential.

7.2.5 Saudi Arabia :

India's trade with the largest country of the region has been on an increasing trend in all the spheres of trade viz. value and volume of imports and exports. India's

Table 7.9

Direction of Trade with Saudi Arabia

(Rs. in crore)

Year	Export	Import	B/T
1987-88	296.0	765.0	-469.0
1988-89	323.0	1894.0	-1571.0
1989-90	429.0	1448.0	-1019.0
1990-91	418.0	2899.0	-2481.0
1991-92	865.0	3578.0	-2713.0

Source : D.G.C.I. & S.

export to this country has been increasing continuously. During the recent five years also it increased from Rs. 296 crore in 1987-88 to Rs. 865 crore in 1991-92 giving a growth rate of 192%. Imports from this country has been increasing at a much faster rate. Import increased from Rs. 765 crore in 1987-88 to Rs. 3578 crore in 1991-92 registering a growth rate of 368%. India suffered most from Saudi Arabia as far as the trade deficit is concerned. Trade deficit with this country has risen from Rs. 469 crore in 1987-88 to Rs. 2713 crore in 1991-92.

TABLE 7.10

COMPOSITION : MAJOR ITEMS OF EXPORT & IMPORT :SAUDI ARABIA

(Rs. in crore)

S.NO.	Commodity	87-88	88-89	89-90	90-91	91-92
I - EXPORT						
1.	Agricultural & food Products of which	163.70	195.20	273.74	257.74	488.13
	tea	12.40	10.92	16.65	27.80	27.90
	rice	72.70	103.54	163.30	143.28	277.72
	fruits & vegetables (fresh & processed)	17.73	20.02	26.61	24.67	35.75
	meat	2.27	3.57	4.37	7.56	11.37
	spices	13.57	14.17	11.67	8.05	11.83
2.	Gems & Jewellery	3.83	3.29	2.49	0.79	2.18
3.	Textiles & readymade garments	31.17	27.28	48.10	53.37	123.67
4.	Machinery, Transport equipments & other engineering goods	24.65	33.14	36.00	39.70	89.86
5.	Leathers	1.19	1.56	2.58	3.06	8.71
6.	Handicrafts	11.75	12.24	13.81	9.37	27.25
II - IMPORT						
1.	Chemicals	23.52	142.49	103.79	124.10	167.13
2.	Fertilizers	-	-	-	-	48.62
3.	Non-ferrous metals	3.68	1.75	9.04	21.78	183.94
4.	Metal scrap	1.31	2.74	6.26	12.42	10.63
5.	Sulphur & roasted Iron Pyrites	79.34	61.35	81.96	97.39	92.8
6.	Pulp & waste paper	-	-	-	-	15.34
7.	Fruits, Dates & Nuts	0.10	0.10	0.17	0.10	0.24
8.	Artificial Resins & Plastic Products	-	-	-	-	159.80

Source : D.G.C.I. & S.

In major items of exports to this country, agricultural and food products also hold first position as in the case of other countries. The share of these products has marginally increased from 55% in 1987-88 to 56.4% in 1991-92 for this country. This constant increased ratio is largely due to bulk import of basmati rice for which the Saudi Arabia is a major importing country. Other items of export having good potential include textiles and readymade garments and machinery and engineering goods. Exports of readymade garments and textiles have increased by 300% in the five years (from Rs. 31 crore to Rs. 123.7 crore) while increase in engineering goods is around 260%. In the import side, Saudi Arabia is the largest oil exporter of India. It alone fullfil India's more than 30% of total POL imports which is about 30 million tonnes per year. Other items of imports include products of petro-chemicals, chemicals, non-ferrous metals, metal scrap, sulphur and roasted iron pyrites, artificial resins and plastic products etc.

7.2.5.1 Major Findings :

1. Saudi Arabia has been the major trading partner of India among all the six G.C.C. countries for the entire period. It still lead in total trade, import and trade deficit.
2. Export to Saudi Arabia has increased by 192% while import rose by 368% in last five years.
3. Agricultural and food products are more than half of the total exports destined to Saudi Arabia. Other items having tremendous prospects include textiles and readymade garments and machinery and engineering products.

7.2.6 United Arab Emirates :

India's trade relations with U.A.E. has grown enormously. It has occupied number one position in exports among all the six G.C.C. countries.

Table 7.11

Direction of Trade with U.A.E.

(Rs. in crore)

Year	Export	Import	B/T
1987-88	314.0	763.0	-449.0
1988-89	426.0	871.0	-445.0
1989-90	710.0	1448.0	-738.0
1990-91	780.0	1900.0	-1120.0
1991-92	1790.0	3078.0	-1288.0

Source : D.G.C.I. & S.

Exports made to U.A.E. has increased from Rs. 314 crore in 1987-88 to Rs. 1790 crore in 1991-92 giving a growth of 470%. Export to this country is increasing year by year. Export for last five year stood as Rs. 314 crore, 426 crore, 710 crore, 780 crore and 1790 crore. Import trend is also going up. Import for these years were Rs. 763 crore, 871 crore, 1448 crore, 1900 crore and 3078 crore. Growth in imports for the five year stood at the level of 303%. The trade deficit with this country has also increased from Rs. 449 crore in 1987-88 to Rs. 1288 crore in 1991-92.

TABLE 7.12

COMPOSITION : MAJOR ITEMS OF EXPORT & IMPORT : U.A.E.

(Rs. in crore)

S.NO.	Commodity	87-88	88-89	89-90	90-91	91-92
I-EXPORT						
1.	Agricultural & food Products	143.71	158.32	192.90	213.41	376.38
	of which					
	tea	15.95	14.31	20.95	30.12	46.19
	rice	24.21	21.15	30.10	25.65	56.40
	fruits & vegetables (fresh & processed)	37.72	44.89	54.26	67.97	93.81
	meat	26.60	29.66	41.04	44.72	55.11
	spices	7.82	15.92	12.10	5.27	21.18
2.	Gems & Jewellery	28.53	50.5	84.48	62.39	278.91
3.	Textiles & readymade garments	64.44	118.61	290.37	312.28	665.14
4.	Machinery, Transport equipments & other engineering goods	25.01	34.32	3.50	83.01	195.65
5.	Leathers	1.13	2.47	3.01	5.08	13.65
6.	Handicrafts	2.88	3.86	6.65	5.65	16.33
II - IMPORT						
1.	Chemicals	19.02	29.62	5.21	14.13	29.21
2.	Fertilizers	-	-	-	-	10.70
3.	Metal scrap	4.91	14.86	34.50	49.85	57.16
4.	Sulphur & roasted iron pyrites	7.90	12.68	21.76	30.71	8.31
5.	Pulp & waste paper	-	-	-	-	28.26

Source : D.G.C.I. & S.

In export, products of textiles and readymade garments have achieved astonishing success. Export of these items rose from Rs. 64.44 crore in 1987-88 to Rs. 665.14 crore in 1991-92 giving an increase of 932% Share of this item in entire export to this country has also risen from 8.5% in 87-88 to 37% in 1991-92. Export of gems and jewellery has increased from Rs. 28.53 crore in 1987-88 to Rs. 278.91 in 1991-92 with a growth of 893%. Agricultural and food products have registered an increase of 162%. export of these products have increased from Rs. 143.7 crore in 1987-88 to Rs. 376.38 crore in1991-92. Other items having good potential and prospects include machinery, transport equipments and other engineering goods, leather goods and handicrafts etc. In import, U.A.E. has good share in the products of chemicals, fertilizers, metal scrap, sulphur and roasted iron pyrites, pulp and waste paper etc.

7.2.6.1 Major Findings :

1. U.A.E. has taken No one place in India's export to this region its share in total exports to G.C.C. countries has risen to the substantial level of 58.5% .
2. It has registered growth of 470% and 303% for export and import respectively over five years.
3. This country presents good market for textiles, readymade garments, gems and jewellery, agricultural and food products, machinery transport equipments and other engineering goods, leather goods, handicrafts and cosmetics etc.

7.2.7 G.C.C. region as a whole :

India's trade with this region has increased in both the terms of import and export but the rate of growth has been faster in case of imports.

Table 7.13

Direction of Trade with G.C.C.Total

(Rs. in crore)

Year	Export	Import	B/T
1987-88	854.0	2175.0	-1321.0
1988-89	1030.0	3578.0	-2548.0
1989-90	1543.0	4362.0	-2819.0
1990-91	1467.0	5746.0	-4279.0
1991-92	3060.0	8532.0	-5472.0

Source : D.G.C.I. & S.

India's total export destined to this region has increased from Rs. 854 crore in 1987-88 to Rs. 3060 crore in 1991-92 giving a growth of 258.3% while import increased from Rs. 2175 crore in 1987-88 to Rs. 8532 crore in 1991-92 with a growth of 292%. The trade deficit has also increased from Rs. 1321 crore in 1987-88 to Rs. 5472 crore in 1991-92. India has been exporting so many goods to the countries of this region but the major share goes to the products of agricultural and food products for all the countries except U.A.E. which has largest share in textile and readymade garments. After the agricultural and food products, other countries also have great potential in textiles and readymade garments. Share of engineering products, gems and jewellery, leather goods and handicrafts are also going up for all the countries.

7.2.7.1 Major Findings :

1. Gulf region has become a constant deficit region for India. Trade deficit with this region is continuously increasing. It has rose from Rs. 1321 crore in 1987-88 to Rs. 5472 crore in 1991-92 more than four times over five years.

2. Exports and imports both are increasing at a rate which is much higher than the India's general growth rates for exports and imports. In the five years exports and imports have recorded the increase of 258.3% and 292% respectively.

3. India has bright future in the export of agricultural and food products keeping in view of low agricultural base of these countries and India's recent policy shift to give more emphasis to the export of agricultural goods. It has also good potential and prospects to boost its exports in the fields of textiles and readymade garments, machinery and engineering products, gems and jewellery, leather goods and handicrafts etc.

4. India will continue to depend on these countries to meet the growing demands of POL. India annually import more than 30 million tonnes of POL and the major share is imported from these countries particularly from Saudi Arabia (it alone cater 30% of our total need), U.A.E. and Kuwait. Other items imported from this region with comparative cost advantage are chemicals particularly petro chemicals, fertilizers, non-ferrous metals, metal scrap, sulphur and roasted iron pyrites, pulp and waste paper etc.

7.3 Conclusion - Testing of Hypotheses :

In order to meet the objectives laid down for the study, an attempt was made to analyze the recent trends in trade relations with all the six G.C.C. countries namely, Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and U.A.E. Trade relations in terms of direction of trade with these countries were analyzed for two decades of 70's and 80's and in research analysis only for last five years. Composition of trade with these countries were discussed in terms of major items of export and import for the last five years. In order to have a general view on the relative significance of the trade with these countries the different ratios such as share of India's export and import to these countries and vice versa were also calculated and analyzed.

In order to have a better strategy with this region, an attempt has also been made to examine the major trends in foreign trade of these countries.

A critical assessment of the problems faced by Indian export community in export marketing was made and remedial measures were suggested to overcome those problems.

Trade prospects with this region in both the terms of export and import has also been dealt at large in order to expand and prosper trade and economic relations in years to come for mutual advantage.

In order to achieve, practical utility of the research and to accompolish another objective of the study, several recommendations are made to enhance trade relations with these countries and to control the increasing trade deficit with this region.

Testing of hypotheses :

Hypothesis I :

India's export performance with G.C.C. countries has been commendable.

On the basis of analysis made in Chapter 2, it could be concluded that India has registered marvellous growth of export with all the six G.C.C. countries during the span of two decades. The annual growth rates range from 1487% for U.A.E. to 36% for Kuwait. Share of export to G.C.C. countries in India's total export has also increased from 3.2% in 1970-71 to 7.3% in 91-92.

These astonishing figures confirms the statement that India's export performance with these countries has been commendable. But if we see from another point of view, this confirmation will not hold good, India's share in total imports of G.C.C. countries is not on a remarkable note its share has gone down from 3.1% in 1970-71 to a mere 2% in 91-92 leaving a good scope to increase export further.

Hypothesis II :

"Indian exporting community is lacking in marketing approach in business with the Gulf region".

From the critical assessment of the present state of affairs of the marketing efforts and problems faced by Indian exporters, it can easily be pointed out that Indian exporting community lacks in professional marketing approach. This hypothesis contains substantial truth and suggests the need for a professional marketing approach to the noble task of managing export business with the Gulf region.

Hypothesis III :

"India has not done well in the area of project export, consultancy, joint ventures and other services".

It is true that these areas are major thrust sectors of India's trade relations with G.C.C. countries and through better performance in these areas, India could be able to offset its trade deficit. As India has not been able to achieve this task, the hypothesis will be established. But India is a late entrant in these areas and facing some several problems particularly the stiff competition from giant multinationals of the development world and lack of information on both side. Despite several problems India has started in this direction and accompolished many projects, consultancy assignments. Many joint ventures are working and some other are under implementation. India has also paid adequate attention towards other areas of services such as man power export, insurance, banking, health, tourism and shipping etc. So it can not be said in an out-right manner that India has not done well in these areas.

Hypothesis IV :

"Gulf investment into India has been a non-starter".

As analysed in Chapter 6, this hypothesis is confirmed because of India's restrictive regime of foreign investment and different lending and investing priorities of the government and Gulf financial and investment institutions. India has also been marginally benefited by aid, grants, loans and project finance from these countries. Only through remittances from Indian migrants working there, India had been able to overcome its problem of balance of payment to some extent. At large, this hypothesis hold truth particularly in port folio investment.

7.4 Recommendations :

7.4.1. India should give top most priority to international trade particularly the export, in order to over come the big economic problem of increasing trade deficit, adverse situation of balance of payment and mounting , external debt. We should develop a national culture to boost export. We should not treat it as a mere economic activity but as a national commitment and accept it as an engine of growth.

7.4.2 In Order to honour the international commitments, the productivity of commercial crops and other agriculture products should also be enhanced in addition to the industrial output to the full capacity utilization.

7.4.3 Keeping in view of the biggest headache of global competition, it is very imperative that our goods and services should be competitive both qualitatively and quantitatively.

7.4.4 Information gap about the vast capabilities and potentialities of India should be narrowed down. For this purpose, extensive business tours, ministerial visits, organisations of trade fairs and exhibition and participation in there of, arrangements of visits of business delegation of the Gulf countries to India, meetings of Joint Business councils and Joint Commissions at frequent intervals and enhanced role of embassies, high commissions and trade missions can be of immense help.

7.4.5 A specialized agency should be set up to collect, analyze and disseminate the trade data and other commercial intelligence exclusively for the Gulf-region.

7.4.6 India lacks in marketing skill. This Gulf market is highly competitive, volatile and vulnerable to the changes taking place in the environment. The neglect of marketing has been responsible for India's poor performance. There should be a clear, well-coordinated and definite policy of export marketing for this region. That policy should envisage all the aspects of marketing mix like pricing, packaging, advertising and sales promotion, distribution system (proper selection of agents) and transportation etc. In order to have better results; on all aspects of marketing, continuous marketing research has become vitally important. There is an urgent need to inculcate a professional approach to the gigantic task of managing export trade with this region. A more conscious and sustained effort is needed to ensure continuity in supply of goods at comparative cost with strict adherence to quality standards and delivery schedules.

7.4.7 India should give top priority to enhance trade relations with this region because India is continuously under pressure of huge trade deficit. It should exploit all the prospects and potentials exist in the way. Historical, Cultural, Political and Geographical all such factors, in addition to true Econpmic factors, should contribute in this regard. Through bilateral talks and agreements. India should negotiate the ways by which India could be able to offset the huge trade deficit and achieve the desired goals. India should make an aggressive campaign in boosting export of thrust items and entering into various fields of services like manpower export, tourism, banking and insurance etc. India should chalk-out a planned strategy to boost its export of projects directly or by entering in to subcontracts with the giant multinationals also. Area of consultancy service can also be extended with ease keeping in view of the changed economic scenario of Gulf countries, joint ventures have become effective tool of enhancing economic cooperation at global level. This area of joint ventures should be promoted and extended to third countries also. India should convince the Gulf investors about the capabilities and potentialities of Indian economy, to invest and assist more liberally.

7.4.8 For enhancing and developing India's trade relations with these countries, adhocism and indecisiveness should come to an end because these factors have hit India's ties with these nations and adversely affected trade prospects. Our government should have a clear and pragmatic foreign policy towards G.C.C. countries and should act as a catalyst for accelerating trade and investment between India and the Gulf countries. India, in this context should reorient her trade policy with this region in a more aggressive business like manner. That will ensure long term sustained growth in India's export to this region. Future prospects depend largely on continuation of the present liberalized trade policies. dismantalling of barriers will certainly promote and investment.

7.4.9 Chambers of commerce and industries of the two regions can play a vital role for creating the right environment for cooperation among businessmen of the two sides. Regular interaction through meetings, seminars, symposia and work shops on related aspects of India's trade with these countries and holding of joint business councils meetings between G.C.C. chambers of commerce and Indian chambers of commerce could give better results. Establishment of a joint chamber of commerce could also be a positive step in this direction.

7.4.10 These six G.C.C. countries have made significant progress to quicken the pace of integration of their economies in all fields in relation to the creation of a Gulf Common Market (GCM) by 2000 A.D. G.C.C. states have also initiated in this direction to have single custom tariff, keeping in view, these developments, India should chalk out its strategy to treat them 'one' rather than to differentiate among them.

7.4.11 Role of Export Promotional Agencies should be enhanced and made more effective. These agencies should be directed to promote exports of value added finished and manufactured items instead of raw materials inorder to have better value realization of Indian exports.

7.4.12 Commercial agents are key to trade in Gulf countries. These agents should be identified and selected very carefully because these agents enjoy such protection which in no other region of the world, the agents could enjoy due to number of protectionist local rules and laws prevailing in these countries. Chambers of commerce of the respective countries prepare the lists of such agents. For identification and selection, these lists could be of immense help.

7.4.13 Existing infrastructure between the two regions should also be evaluated and expanded keeping in view of the basic and qualitative changes that have occured. In this regard, India should modernise as well as extend its transportation facilities, shipping capacities, tele-communication facilities and storage, cold storage and ware housing facilities.

7.4.14 In order to diversify and develop the trade between the two regions, the scope of trade should be extended to non-merchandise areas of services in manpower export, project export, consultancy services, subcontracting, joint ventures, banking, insurance, shipping, tourism, education, health, research and development (R&D), science and technological collaborations, housing, rural development, agricultural development, geological and mineral surveys and exploration, operation and maintenance and management. The need of the hour is to maunt an extra effort and the treasure hunt in Gulf countries should not be restricted to exports of goods alone. These areas could generate huge foreign exchange earnings if a methodical and dynamic approach is adopted. Establisment of separate promotional organisations for these areas could give better result particularly in manpower export, the establishment of an organisation for recruitment and training of expertise manpower will help to recruit the best manpower which will result in creating a better image of India in Gulf.

7.4.15 There will be a good and congenial atmosphere to boost the trade between the two regions if India trade centres are established in Gulf countries and their trade centres are established in india.

7.4.16 In addition to expansion of branches of Indian banks in Gulf region and Gulf banks in India, establishment a of joint Indo-Gulf bank could contribute a lot in generating invisible income for both the regions which at present is earned by the banks of developed countries.

7.4.17 To remove hurdles in communication and have better understanding among the businessman of the two regions, promotion of Arabic language in India and the Hindi in Gulf, would be beneficial. Use of Arabic in correspondence with regard to exports will give extra benefit.

7.4.18 Quality is the bed rock for continuous growth of export. Gulf market is highly quality conscious. Hence there is an urgent need for maintaining highest standards of quality of products and services.

7.4.19 Oil production and conservation at domestic level should be pursued vigorously.

7.4.20 Concludingly, there exits a very wide scope and immense potentialities of mutually advantageous trade and economic co-operation between the two regions and there remain much to be done for strengthening the economic ties keeping in view of untapped potentialities. There is a need to understand each other in a better way, create an atmosphere congenial for better economic ties, intensify new areas of co-operation and improve on the existing ones in order to ease the mounting pressure on India's balance of trade and consequently on the balance of payment.