INTRODUCTION

Economic Co-operation is a policy agreement among countries aiming at higher economic development. Economic co-operation helps in the promotion of economic, financial, cultural and technological relations. The various forms of integration i.e. free trade area, customs union, common market and an economic union are the higher degree methods of economic co-operation. In this respect, economic co-operation is nothing but a form of partial integration and can be regarded as 'third best' approach of increasing economic interdependence between independent nations. In order to attain economic objectives through economic co-operation, the participating countries have to adopt a combination of different methods of economic co-operation like cultural exchange programmes, training and co-ordination of education, common research services, joint use of natural resources, different trade agreements, joint industrial ventures, construction works and consultancy services and clearing arrangements.

Objectives:

The main objective of the study is to find out the prospects and possibilities of economic co-operation between India and Arab Oil Exporting Countries. It is also attempted
in this study to find out an appropriate approach of economic co-operation and its likely benefits for these countries. The countries covered are India, Bahrain, Iraq, Kuwait, Oman, Qatar, Saudi Arabia and United Arab Emirates (UAE).

**Methodology:**

The possibility of economic co-operation between India and Arab Oil Exporting Countries is attempted to be seen in the light of the existing agreements in different fields between these countries. For this purpose the production structure of agricultural and industrial sectors as well as trade structure of these countries are examined. In this respect the importance of agricultural goods in the total agricultural production. The production of different manufacturing and mining products is considered to examine the importance of these sectors in the economies of India and Arab Oil Exporting Countries. However, in the case of foreign trade of these countries, the volume of trade, direction of trade and trade balance in agricultural and industrial goods in these countries are considered.

The time series data (1971-1979) of nine years are used to examine the production of important agricultural goods and the share of each agricultural commodity in total agricultural production of India and Arab Oil Exporting
Countries. To examine the production of different industrial goods the data of UN's on industrial production from 1971 to 1979 are used.

The direction of trade between India and Arab Oil Exporting Countries and trade of these countries between themselves from 1971 to 1979 are used to measure the potential to enhance trade between themselves. Moreover, the balance of trade and payments systems between these countries have also been examined.

Moreover, to find out the feasibility of the 'third best' approach of economic co-operation between these countries, a combination of different methods of economic co-operation is examined. For this purpose the agreements between these countries in different fields since the political independence of India are examined. At the same time an attempt is made to find out the scope for economic co-operation between these countries. For this purpose the agricultural, industrial and trade structure of these countries and existing agreements in different fields between them are examined.

The study is divided into the following chapters.

Chapter scheme:

1) a) The concept and methods of economic co-operation.
   b) Rational for economic co-operation.

2) Physical features of India and Arab Oil Exporting Countries.
3) Agricultural structure of India and Arab Oil Exporting Countries - comparison and analysis.

4) Industrial structure of India and Arab Oil Exporting Countries.

5) Foreign trade of India and Arab Oil Exporting Countries - a comparative and analytical study.

6) Balance of trade and payment system of India and Arab Oil Exporting Countries.

7) Agreements between India and Arab Oil Exporting Countries.

8) Areas of Economic co-operation between India and Arab Oil Exporting Countries.

9) Findings and Recommendations.

The first chapter makes a detailed analysis of the concept of economic co-operations and different methods of economic co-operation. The second part of the chapter, however, examines the possibility of economic co-operation between these countries. The cultural and political conditions, agricultural industrial and trade structure, volume of trade and existing agreements between these countries show possibilities of economic co-operation.

The second chapter deals with the geographical situation, the size of population, per capita income, national income and the cultural and political conditions in these countries. The geographical situation of these
countries is favourable to enhance economic co-operation between themselves. The political and cultural conditions prevalent in these countries differ in certain respects. But in view of the larger economic gains from economic co-operation, they become less important.

The third chapter deals with the following aspects:

a) Agricultural production and its contribution to the national product;

b) Production of important agricultural goods and their share in total agricultural production.

The situation in agricultural sector indicates that the population of most of these countries depends more on agricultural sector for living. But it is only in case of India that its agricultural sector contributes more to national product. All the Arab Oil Exporting Countries largely depend on imports for meeting their requirements of food grain and agricultural products from other countries.

The fourth chapter deals with the following aspects:

a) Contribution of manufacturing and mining sectors to the gross national product;

b) The production of important manufacturing and mining goods in India and Arab Oil Exporting Countries.
The industrial sector in India is more developed compared to that of Arab Oil Exporting Countries. The need is to establish more joint industrial ventures between these countries.

The fifth chapter deals with the following aspects:

a) Volume of trade of India and Arab Oil Exporting Countries.
b) The position of trade between these countries and each country's share in total trade of India and Arab Oil Exporting Countries.
c) The trade balance in agricultural and industrial goods and direction of commodity trade of these countries.

The present pattern of trade of these countries shows that the Arab Oil Exporting Countries import more different goods than they export. India exports a variety of goods to these countries instead of importing from them. India and the Arab Oil Exporting Countries import some goods from the outside countries although they are available with themselves. This situation is favourable to enhance economic co-operation between themselves.

The sixth chapter deals with the balance of trade of India and Arab Oil Exporting Countries. The position of each country's balance of trade with partner countries during 1971-79 is examined. At the same time their payments systems are also studied and analysed.
The present position of India indicates that there is deficit in balance of trade with Arab Oil Exporting Countries as well as with outside countries. On the contrary the Arab Oil Exporting Countries have surplus balance of trade with India as well as outside countries. This makes India obligatory to trade more with Arab Oil Exporting Countries. In case of Arab Oil Exporting Countries it is worth suggesting that they should increase trade with India.

The seventh chapter deals with the various agreements between India and Arab Oil Exporting Countries. India and the Arab Oil Exporting Countries have signed more agreements in different fields, which may serve as a model for increasing economic co-operation between themselves.

At present India has more agreements with Iraq, Kuwait, Saudi Arabia and United Arab Emirates (UAE). It will be worthwhile on the part of India to enter into various agreements with other Arab Oil Exporting Countries like Bahrain, Oman and Qatar.

The eighth chapter deals with areas of economic co-operation between India and Arab Oil Exporting Countries. In this respect the agricultural, industrial and trade structure as well as the existing agreements in different fields between these countries are considered to find out the scope for economic co-operation between themselves.
Over-all, study finds that economic co-operation between India and Arab Oil Exporting Countries is possible through its various methods. Combination of these methods will yield more economic gains to the respective countries. It helps the developing countries create a favourable atmosphere for the adoption of higher degree forms of integration in future. All the forms of economic co-operation encompassing the realms of agriculture, industry and trade should be utilised by India and Arab Oil Exporting Countries. In this regard the establishment of various institutions like a Joint Commission in cultural exchange programmes, a common research institution and a clearing arrangement or common monetary fund, for promotion of economic co-operation are the prime requirements.

Economic co-operation is badly needed in the field of agriculture and industry. In this respect a long term agreement in selected agricultural and industrial goods may pave the way for economic co-operation between India and Arab Oil Exporting Countries. For this purpose the huge amount of monetary resources available with all the Arab Oil Exporting Countries should be utilised for the agricultural and industrial development of respective countries. Agreements between India and Arab Oil Exporting Countries in different fields is a model of increasing economic co-operation between these countries. The revision of old agreements between themselves and entering in agreements of new fields will ultimately help them to come closer and receive more benefits of economic co-operation.