CHAPTER 1
CHAPTER- 1

INTRODUCTION

India and Gulf Cooperation Council (G.C.C.) countries have significant relations since time immemorial. An important constituent of these relations has been the economic linkage between India and the countries that constitute the membership of G.C.C. Trade is the most visible and significant constituent of the bilateral economic relations. Hence, for the two neighboring economies like India and the G.C.C. countries connected over centuries through commercial, cultural and religious link, there is bound to be great deal of mutual interaction resulting in substantial economic cooperation. It was the caravans and the Arab Dhows which linked these economies in the middle ages. Today in the globalised world the G.C.C. economies have assumed a new economic as well as strategic importance.

- India’s economic relationship with the G.C.C. countries attained crucial relevance since G.C.C. became the most important source of energy for the world. The unprecedented rise in the crude oil prices nearly four times by the oil exporting countries in 1973-74, followed by severe hike in 1979 ended the era of cheap oil prices. For oil importing countries it was severe and they took time to adjust themselves
to the changed circumstances. But for the oil exporting countries, it meant generation and accumulation of huge oil revenues for the proper utilization of which these economies themselves were hardly prepared. Limited resources and production base meant limited production possibilities in the non-oil sector of these economies. Where as huge rise in oil income resulted in the rise in potentiality to import practically any commodity be it consumer, intermediate or capital goods in nature. Liberal import policies of these countries further facilitated imports. A relatively fast growth rate in population, compounded by rapid labour imports to assist the development process, added to the rise in the size of import demand in the G.C.C. countries. Therefore, exceptionally high import growth rates were observed in these countries after 1973. And G.C.C. countries emerged not only as substantial exporter of oil but in the process also emerged as a region of high import demand. The emergence of rich G.C.C. market in India's neighbourhood offered a promising scope for enhancing her exports. And gave India an opportunity to raise exports of large variety of traditional and non-traditional items. India's geographic proximity, historical and cultural links plus the presence of large Indian community of workers and traders in the G.C.C. countries were perceived as positive factors. India took this opportunity as a challenge and India's exports to these countries showed multifold expansion.
In 1990's Liberalisation and reforms were introduced in India in consonance with reforms and liberalisation being introduced in almost all developing countries. The global reforms got further impetus with the establishment of World Trade Organisation (WTO) in 1995. All the G.C.C. member countries have become members of W.T.O. The joining of G.C.C. countries into W.T.O. fold makes it necessary for them to harmonize their trade, financial and other economic policies along with W.T.O. guided policies. This gives India an important opportunity to participate extensively in various G.C.C. schemes for developing their economies including agricultural, industrial, transport, communication and others. All of which would results for substantial increase in India's exports of capital equipments, raw material and consumer goods year after year. India has to take maximum advantage of these opportunities for enhancing her exports to the highest level. Not only the total size of exports, but the composition of India’s exports to these countries has been such that it makes them an important destination of manufactured goods. In the study on India's exports it was found that India’s manufactured exports to the G.C.C. countries were more sophisticated than her exports to the developed countries.\(^2\)

The liberalisation and reforms have resulted in India becoming one of the fastest growing economies of the world. The growth in India’s economy has stimulated increasing growth in the industrial sector. The rising growth in India’s industrial
sector has further resulted in significant rise in energy demand. As India is not self sufficient in its energy requirement, major share of her energy demand is taken care of by imports. And G.C.C. countries are the most important and crucial source for India’s energy imports. Thus in a situation of growing industrial output and subsequent growing energy demand, India’s dependence on the G.C.C. countries would significantly increase. India has been spending her precious foreign exchange earnings on imports of energy especially crude oil. It was reported that in India crude oil imports account for 30 percent of her total imports. This makes India to face severe deficits in her trade balance. G.C.C. countries are the main suppliers of crude oil to India. And thus they are the main recipient of India’s expenditure on oil imports. Thus Indo-G.C.C. trade relations are very crucial to the growth of Indian economy. In addition to India’s dependence on G.C.C. countries for her oil imports, India imports non-oil commodities also from this region. For India G.C.C. market is very important not only for India’s commodity exports but also for its manpower exports. No doubt that India is perpetually in deficit with G.C.C. countries in her bilateral trade. But this is compensated by the remittances inflow coming from Indian workers in G.C.C. countries. The Indian expatriate workers have been important contributors to the development of G.C.C. economies. Thus Indo-G.C.C. trade relations are based on mutual benefits. It is to study the detailed performance of this
phenomenon that the present study entitled “Trade between India and G.C.C. countries during era of liberalisation”, has been taken up.

1b. IMPORTANCE OF THE STUDY

International trade has assumed considerable significance on account of the key role it plays in accelerating the pace of economic development. The subject has since occupied a center stage in the wake of recent worldwide economic developments, which constitute important events. In particular, the radical shift from iron curtain to market oriented regimes in the countries of eastern Europe as also the former USSR; integration of the industrialised nations into strategic economic alliances; successful conclusion of the prolonged GATT multilateral trade negotiations, the formation of W.T.O. and the thrust on globalisation in the third world are the unprecedented developments which exercise a profound impact on international trade.4

International trade is an activity of strategic importance in the development process of a developing economy. The importance of foreign trade differs from country to country. Normally, external trade is important for countries having a wide geographical area and possessing a great variety of natural resources. But, the dependence on foreign trade is far more
important for smaller countries endowed with less variety of natural resources.

Barriers to trade are obstacles which prevent goods and services from moving freely between nations on the basis of pure competition and comparative advantage. They are interferences imposed by national governments as part of their trade policy in pursuit of such goal as balanced international payments position, internal economic development, protection for an important domestic industry and maintenance of indigenous productive capacity in a strategic area.

Though tariff barriers continue to be important in modern day trade policy. The non-tariff barriers have captured most of the attention in the last few decades. In addition to quotas some of the more prominent non-tariff barriers are multiple (discriminatory) exchange rate systems, countervailing duties, orderly marketing agreements (voluntary export quota), multiple valuation procedures for purposes of levying tariffs on imports, administrative hindrances in processing of import goods, technical standard and specifications ill-suited to foreign goods, and discriminatory government procurement practices. These barriers represent a diverse collection of protectionist devises used by governments to influence trade patterns.

Globalisation is widely seen as the most important factor that could influence economies of nations the world over
in the new millennium. The rapid advancement in information technology and communication has made it not just possible but absolutely essential for industry the world over to adopt or fall by the way side.

The 1990’s witnessed a paradigm shift towards market-oriented economic policies and a careful dismantling of obstacles in its wake all over the world. This has helped the smaller, emerging economies gain access to world markets, emergent technologies and collaborations. This has also given them a window to the developed world and helped them understand the significant role of globalisation as an instrument, which could be utilized not just to active economic efficiency, but also eradicate poverty. Globalisation has also resulted in the creation of a new business framework. More changes can be expected in the business scenario especially in terms of openness, adaptiveness and responsiveness. The most important aspects of economic globalization are:

- The breaking down of national barriers.
- The international spread of trade, finance and production activities.
- The growing power of transnational corporations and international financial institutions in these processes.
Though economic globalisation is a very uneven process but with increased trade and investment being focused in a few countries, almost all countries are greatly affected by this process. One has to understand and accept that globalisation is the strategy for the new millennium. Every country, developed and developing has to accept this and formulate their economic policies in response to this. The issue that concerns developing countries is how greater participation of the weaker economies could be ensured in the global process and what needs to be done to ensure that in the course of globalisation benefits percolate to the common people in all countries. The uneven and unequal nature of the present globalisation is manifested in the fast growing gap between the world's rich and poor people and between developed and developing countries; and by the large differences among nations in the distribution of gains and losses.

However, globalisation is an irreversible trend and developing economies have to inevitably involve themselves in this process. One should therefore, carefully consider how to restructure the world trading systems to accommodate developing economies, by enabling them to benefit from globalisation while minimizing external shocks. The World Trade Organisation (WTO) should evolve more effectively, through an enlargement of waiver clauses, which takes into consideration the weaker position of developing countries.
The 1990’s have been an expansion of economic activity among the developing countries through a series of economic reforms in their economies, which in one form or another are still underway. This is associated not only with increasing cross-border movement of goods, services, capital technology, information and people but also with the organisation of economic cooperation between nations. As a matter of fact, integration with the world economy through globalisation and liberalisation is believed to be highly beneficial to those countries which have laid the requisite foundation for industrialisation and development. This has helped in raising productivity of the concerned economy. This has also helped in the acquisition of technological and managerial capabilities and the creation of institutions that would regulate, govern and facilitate the functioning of market.\(^5\)

In India, there has been wide discussion at many levels on the importance of the member countries of the Gulf Cooperation Council (G.C.C.) and the attention to be given to this crucial region. India has been heavily dependent on this region for oil and gas. This makes it necessary to frame such policies that the country’s future oil and gas supplies are not disturbed. The G.C.C. countries together with Iran, presently accounts for almost all of India’s oil imports. It is a region which employs two-and-a half million Indians and enjoys one of the highest GNPs in the world. This region, which includes
G.C.C. countries, Iran and Iraq, accounts about 65 percent of the world's total known oil reserves. Given the situation India's foreign trade policy is bound to be influenced by the oil factor because one of the most important issues for India in relation to the G.C.C. region is oil. Ever since OPEC became an effective cartel in 1973-74, oil has become the biggest single Indian import. India's economic security is now closely interlinked with the oil exporting countries of the Gulf.

While analyzing the economic relations between India and G.C.C. region it would be interesting to trace the recent events that have shaped the foreign trade policy of India, which could also be helpful in understanding the nature of this development. The vital aspects of Indo-G.C.C. economic relations can be assessed in assessing the economic reforms being pursued in India, and the ongoing liberalisation, reforms and privatisation in the G.C.C. countries. The most important factor in business opportunities in the list of benefits which the G.C.C. countries can offer is their stability and high creditworthiness. And in order to capitalize on the opportunities offered by the G.C.C markets, and to ensure sound and profitable economic cooperation, India must take into account the development strategy of the region. What the G.C.C countries are after is not simply the establishment of production units, but the transfer, adaptation and acquisition of know how and technology. In the liberalisation era, the region has already been marked by
fierce competition in which only most efficient producers, agents and contractors can survive, and there is expected to be an increase in the complexity of market conditions as new regulations of market mechanism are introduced.

The G.C.C. countries are now vigorously implementing the economic philosophy of free enterprise and development policy based on private sector participation which provides an excellent opportunity to India and other developing countries to gain from the region on a comparative advantage basis. Significantly, many countries in the region, with enormous private capital accumulated abroad, are allowing the private sector through market mechanism, to meet the region’s demand for goods and services. After opening up the Indian economy since the early 1990s the Gulf nations in particular have offered a wide scope for joint ventures and are viewing India as an attractive partner.7

At the time when economic liberalisation and privatisation are on the agenda for both India and the G.C.C. countries. It would be interesting to know the nature of their economic relations in the liberalization era and its future prospects. As economic reforms in the G.C.C. countries provide great scope for India’s technological and scientific involvement on a competitive scale, the question is how much has India been
able to achieve from the emerging markets of the G.C.C. countries and what are the prospects ahead?

1.2. LITERATURE REVIEW

In the following paragraphs, a comprehensive review of literature on India’s trade relations with G.C.C. countries is presented to find out the research gap and to formulate the objectives and hypothesis of the present study.

Jha, Ajay N., in his book entitled “India’s Economic Diplomacy in the Gulf”, 1988, deals with historical framework of India’s economic diplomacy with the G.C.C. countries in the post 1973 era, covering various aspects of the foreign economic policy of India since its independence. It analyses the ever growing importance of the Gulf in the then global system, impact of oil boom on the overall socio-economic developments, also the new programmes of industrialization and, modernisation enunciated by these states, and India’s trade relations with the gulf from the ancient time to 1947. Also attempts have been made to trace out the various factors and events which influenced and shaped India’s policy towards the gulf in the post independence era till 1971, and developments in the 1970s and their impact on India’s new economic diplomacy, its working in the post 1973 era has been examined. Though this book comes in the important period of oil era, but it is too old to discuss the
Indo-G.C.C. trade in the global environment of liberalization and reform.

Narula Subhash, in his book "Gulf Economies in Indian Perspective", 1988, analyses the gulf economies and their recent development efforts, and makes an attempt to view these from the Indian angle. This book is in two parts: one contains discussion exclusively about market of gulf countries, while second part deals with India's exports of merchandise goods, projects and manpower. The study ends up with a brief review of the Indo-gulf economic relationship. Although a very useful book but it covers a period prior to the introduction of liberalization and reforms.

Narula Subhash's, other book "India's Gulf Exports, Features, Trends and Prospects", 1988, has made an attempt to trace India's response in the form of increased exports to the challenges posed by the price hike and its implied consequences. Piling up of large oil revenues by oil exporting countries in a very short period and their gigantic development efforts and somewhat unmanageable growth in their imports. With the rise in their demand for practically everything on this earth, these countries provided India with a highly potential market in her neighbourhood. An attempt is also made to analyse the phenomenal growth in India's exports in terms of its pace, nature, and growth. He has correctly opined that India can
effectively participate in human resource development by providing required skills and can export trained and semi trained manpower to Gulf countries. This book also gives an excellent picture of India’s exports in the Gulf but the need to revise and update this kind of study remains urgent.

Nayyar, Deepak\textsuperscript{11}, in his book, “Migration, Remittances and Capital Flows: The Indian experience”, 1994, has constructed a profile of international migration from India. He has outlined the dimensions and trends in the migration flows and resultant financial inflows. This book also analyses the macro-economic implications and consequences of migration. It seeks to assess the impact of labour flows on output, employment and impact of financial inflow on saving, investment and the balance of payments. This leads to a discussion of policies, problems and issues with regard to the export of workers and the inflow of remittances with special reference to the Indian experience. Though this book is very important for this thesis to discuss about the labour export and provides various important aspects related to India’s labour export and remittances but there is a need for the data and analysis to be updated.

B. Bhattacharya, Somastic Mukhopadhyay and Bimal K. Panda\textsuperscript{12}, in “India’s Trade Liberalisation”, 1996, have thrown light on impact of liberalization and measures supposed to remove the anti-export bias in the policy regime and create an
environment which will promote export of those products in which the country enjoys comparative advantage and promote only efficient import substitution. This study is important to understand the undergoing reforms in Indian economy.

Man Singh Lalit, Dellip Lahiri\textsuperscript{13}, in “Indian Foreign Policy: Agenda for the 21\textsuperscript{st} Century”, 1997, presents agenda for the 21\textsuperscript{st} century intended to provide a perspective on India’s foreign policy in the past fifty years and the challenges that lie ahead for India in 21\textsuperscript{st} century are discussed in detail. This book is also helpful in delineating the impact of reforms on Indian foreign policy specially the foreign trade policy.

Khan, Javed Ahmed\textsuperscript{14}, in “India and West Asia: Emerging Market in the Liberalization Era”, 1999, highlighted the economic liberalization and privatization drives in India and West Asian countries in 1990s and analyses economic performance under the centrally planned economic system of controlled regimes and highlights the trends in Indo-Arab economic relations in 1990s. Also concerned with India’s relation with Israel and Iran during the same period, he explores the prospects of India’s trade in the emerging markets of Arabian Gulf, with particular attention to the Arab private sector that is more attracted towards liberalization policy of India. Problems and prospects of the labour force in the Gulf region, its role in strengthening trade relations, the impact of remittances and the
new rules and regulations, with regard to foreign expatriates in
the Gulf region are studied. This book gives important ideas for
beginning of this study but lacks a separate and in depth analysis
of India’s economic relations with each of the G.C.C. countries.

Muhammad Azhar\textsuperscript{15}, in his book titled “Contemporary
Gulf Economies and Indo-Gulf Relations”, 1999, opines that the
inflow of massive oil revenue at the disposal of Gulf countries
has brought these economies the prosperity and riches, they now
enjoy. However, the low level of oil revenues in many years and
the task of preparing for the post oil era have forced the decision
makers in these economies to opt for economic diversification
and reforms. The first section includes Oman, Kuwait, Qatar,
Bahrain and Iran and discusses the policy responses to the
various problems that these economies are facing. The second
section of the book contains India’s bilateral economic relations
with the above-mentioned countries of the Gulf region. The book
also provides an evaluation of Indo-Gulf economic relations and
discuss the prospects of further improvement. But this book also
does not cover all the G.C.C. countries.

Najma Khan\textsuperscript{16}, in her book “Cooperation and Trade
with India and Middle East”, 2000, deals with the inter and intra-
regional cooperation of West Asian countries with special
reference to India. The problems and prospects of cooperation
and major obstacles to cooperation have been discussed in the
book to strengthen the existing relations between India and the West Asian countries. How to promote the export items from India to West Asian countries is one of the major objectives of this book? However, this book also does not focus G.C.C. countries exclusively.

Vyuptakesh Sharan and Indra Nath Mukherji\textsuperscript{17}, in the book "India's External Sector Reforms", 2001, explain the gamut of reforms introduced in the early 1990's and focus exclusively on those in the external sector. It examines the reform measures in this area and evaluates their adequacy and effectiveness. In particular it provides an analysis of improvements in the size and structure of foreign trade with the ultimate goal of reducing the current account deficit, increase in direct portfolio foreign investment to meet the deficit, alleviation of the external debt burden, strengthening of the balance of payment position through Indian ventures abroad. This book is quite helpful in understanding the ongoing reforms in India’s external sector.

Dr. Anisur Rahman's\textsuperscript{18}, book "Indian Labour Migration to the Gulf: A Socio-Economic Analysis", 2001, throws light on labour migration to the West Asian countries in terms of the number of migrations in different years and the annual outflows and the socio-economic background of the migrants. The economic impact of migration has also been assessed along with its socio-psychological impact and its
implications. It empirically investigates the migration process, also analyses the economic impact of the Gulf remittances on the migrants families. This book gives a good picture of the Indian expatriates in the Gulf.

Hasan Askari Kazmi and M. Idris Siddiqi, in their article "Direction and Composition of Indo-Gulf Trade During the 1970s", explain about the direction of trade of eight Gulf countries separately, i.e. Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia and UAE during the 1970s. They also discuss about the commodity composition of the trade during same period. It certainly requires to be updated.

Brij Mohan, in "Indo-Gulf Trade Relations: A New Perspective" concludes that Indian exports could not have significantly surpassed the actual performance, given the narrow production base. However, he suggests that an improvement in marketing credibility by improving the product quality, packaging and presentation, India could increase its exports in the Gulf. His findings could provide important clues to the present study.

Muhammad Azhar, "India and Oil Exporting Countries: Scope of Energy Cooperation", is an article which throws light on the present and future energy consumption and the liberalization in the energy sector of India. It also discusses
about the cooperation between India and oil exporting countries in the field of energy. It could also be helpful in present study.

Masood Hasan\textsuperscript{22}, in his article “Trade Links Between India and G.C.C. Countries”, discusses about the importance of foreign trade in the economic development. The article deals with the trade patterns between India and G.C.C. countries and analyse the balance of trade and composition of trade. This article also analyses problems and prospects of the Indian exporters in G.C.C. countries. This study needs to be updated.

Anisur Rahman\textsuperscript{23}, in his work “Migration of Indian Labour Force to West Asian Countries Problems and Difficulties”, Presents detailed discussion about migration of Indian labour force to west Asian countries. In this article he has done a very extensive study about migration, occupational status, tenure of stay and frequency of migration. He has also discussed about difficulties in migration, like long waiting period, unfavourable terms and conditions, violations of employment contracts and facilities provided in host countries. This is a useful study for this thesis also.

Sethuraman, S.\textsuperscript{24}, “Trade Scenario in Post Independence Era”, has thrown light on the radical shift from a highly regulated to an outward oriented economy. India has generated immense interest abroad but it has a long way to go
before emerging as a strong global player in the field of trade. The present thesis is expected to improve upon his work.

Prakash, B.A.\textsuperscript{25}, in his article "Gulf Migration and its Economic Impact: The Kerala Experience" advocates that the large scale migration and flow of remittances have resulted in unprecedented economic changes in kerala. Widespread changes has taken place in labour market; consumption, savings, investment, poverty, income distribution and regional development. As the majority of the migrant households are poor, the inflow of remittances has substantially reduced poverty in kerala. The migration has pushed up prices of land, construction materials, consumer goods, food articles, rent and charges on health, education, transport etc. This increase in prices has adversely affected the non-migrant households especially those belonging to poor middle class and fixed income groups. This study gives important clues to the issues of Indian migrant workers.

Girijesh, Pant\textsuperscript{26}, in the article "West Asia in the Coming Decade: Implications for India" discusses the West Asian countries in the coming decade and how presence of America in the West Asian regions will effect the interest of India and its policies. He has briefly discussed about completion of Israel-Arab peace process, containment of terrorism and competition for energy and its implication for India. Although
this work does not directly deal with Indo-G.C.C. trade but discusses important non-economic facts which may affect the above.

Muhammad, Azhar\textsuperscript{27}, in his article "Indo-Saudi Economic Relations", is only confined to the single country of Gulf Cooperation Council i.e. Saudi Arabia. In this work he has discussed trend and pattern of trade with India and Saudi Arabia. Commodity composition of trade mainly petroleum import from Saudi Arabia to India and India's manpower exports to Saudi Arabia. There is also discussion about financial cooperation between these two countries and the India's competitors in the Saudi Market.

Rakshanda F. Fazli's\textsuperscript{28}, paper "Indian labour Migration to the Gulf: Pattern, Problems and Policies", examines four central aspects of the labour migration system from India to the Gulf. First, the Patterns of migrations with the discussion of trend of migration and the quality and quantity of migration, second, problems of migrants, third the policies made by government to smoothen and facilitate migration system which also include the immigration laws of host countries, remittances from NRIs and return migration, and fourth the future migrants and migration system. This work is also helpful in the present study.
Lakshmy Devi K.R.\textsuperscript{29}, in her article "Globalization and International Migration of Women Workers: The Unforeseen Challenges with Special Reference to the Indian Immigrants in the Middle East", discusses about international migration of women workers with reference to migration from India to the Middle East. Apart from an analysis of the link between globalization and migration, the paper provides a detail description of the living and working conditions of the Indian women migrants in the Middle East labour market. This work gives important clues to the Indian immigrant Women workers.

Tarique Anwar\textsuperscript{30}, in his paper "India’s Relations with Saudi Arabia", presents discussion about the relations between India and Saudi Arabia. And claims that this has always remained cordial, fruitful and beneficial to satisfaction of both the parties. There may be some ups and downs in the relationship but for the advantages it brings to the nations, they carry on with the future programmes which are quite productive and regenerative. India’s relations with Saudi Arabia may not be very high sounding from the diplomatic point of view but obviously it is extremely lucrative from the point of trade, commerce and cultural exchange. This study is also helpful for this thesis.

Muhammad Azhar\textsuperscript{31}, "Economic Cooperation between India and the United Arab Emirates in the 1990’s" presents a comprehensive study about trends, patterns and commodity
composition of Indo-UAE trade. Also oil import from UAE and balance of payment between India and UAE is discussed here. In the last there is a discussion about the UAE aid to India. This work is also confined to one member country of G.C.C.

Javed Ahmed Khan\(^{32}\), in the monograph, "India's Search for Natural Gas in the Persian Gulf", rightly points out that from the early 1990's, there is a growing demand for natural gas in India and that oil reform has helped in initiating negotiations to develop gas exports projects from the Gulf countries to India. It can be observed that as India initiated deregulations in its hydrocarbon sector, producers in the Gulf countries seized these as multiple supply opportunities to India's growing market. Gas consumption in India's growing economy is set to rise many folds in the coming years. In such scenario, India is rightly projected to be perfect market for LNG from the gas producing countries of the Persian Gulf. For the Indian government it would be more important that the new deregulation of oil regimes play an active role in the development of the country's LNG Market. This study gives very important clue to the present study.

Zachariah, K.C., Prakash B.A., Rajan S. Irudaya\(^{33}\), in his article "Indian Workers in UAE: Employment, Wages and Working Condition", deal with the immigration to UAE in the nature of contract migration. According to them the demand for
migrant labour, the wages and working conditions and the return migration are largely determined by the labour market factors and the immigration policy of UAE. Changes in immigration policy of the UAE government, competition of major infrastructural projects, and the economic recession have reduced the demand for unskilled and semi-skilled labourers substantially since 1996. Added to this is the effect of the policy of demographic balancing, the policy of Emiratisation. This article also covers only one G.C.C. country.

1.3. OBJECTIVES OF THE STUDY

The following are the objectives of this study.

(a) To study the performance of Indian exports in G.C.C. countries in the era of liberalisation and reforms.

(b) To study trends in Indian import from the G.C.C. countries in the era of liberalisation and reforms.

(c) To study the nature of balance of trade between India and G.C.C. countries.

(d) To study the performance of Indian exports of workforce in G.C.C. economies.

(e) To study the impact of policy reforms on Indian labour exports.

(f) To look at the future prospects of Indo-G.C.C. trade.
1.4. HYPOTHESES

The work is essentially based on the secondary sources, hence hypotheses of the study are based on the “Pilot Research” conducted by researcher and are being tested by using published materials. The hypotheses are given as below:

(a) G.C.C. markets offer great potential for countries pursuing liberalization programmes and creating vast opportunities to maintain or increase exports from these countries.

(b) India’s exports and imports from G.C.C. countries exhibit increasing trends during the period under review.

(c) The economic structure of India and that of G.C.C. countries is such that they can be complimentary to meet each other’s requirements.

(d) The EXIM policy of India is capable to create conducive atmosphere for increasing exports to the G.C.C. countries.

(e) The trade compositions have undergone a substantial change but still there are highly skewed and diversification is required.
1.5. SCOPE OF THE STUDY

In the present thesis an attempt has been made to study trade relationship between India and G.C.C. countries in detail. The study has been done for the period of reforms in Indian economy to examine the impact of liberalization and reforms on trade and investment relationship between India and G.C.C. countries.

1.6. RESEARCH METHODOLOGY

This study covers a time period from 1990 to 2004. The logic for selecting this time period is that the countries selected for study have implemented liberalisation and reforms in this period and faced a sea change in the value as well as volume of their foreign trade. Moreover uniform data is available for this period. The nature of study is such that the researcher has to depend on secondary data for which the main sources are given below.


(b) Government publications of India and other G.C.C. countries.
(c) Data regarding composition of India’s trade collected from various issues of statistics of the foreign trade of India by countries.

Threadbare examination and incisive analysis of the data will be done with the help of statistical tool to arrive at the conclusion.

1.7. SCHEME OF CHAPTERIZATION

The entire study has been divided into seven chapters. First chapter provides introductory background to the study. It also deals with the extensive review of literature on the subject matter, scope of study, objectives, the hypotheses and the research methodology adopted for the research study.

Second chapter presents a detailed discussion of economic liberalization and reforms in India and G.C.C. countries with special regard to the foreign trade policy. Third chapter is concerned with India’s commodity export to the G.C.C. countries and fourth chapter is about the India’s export of workforce. Fifth chapter is devoted to study the Indian energy imports from G.C.C. countries.

Sixth chapter evolves the issue of India’s non-energy commodity imports from G.C.C. countries.

The final chapter is the summary of conclusions and the findings of the study.
REFERENCES

1. During 1950-70, crude oil prices remained between 1.90 dollar and 2.50 dollar per barrel, see *International Financial Statistics*, various issues.


3. *HT Business*, New Delhi, Sept., 1, 2005 p. 17


