

Assessment of Bilateral Trade Relation between India and UAE during NDA Government

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ABSTRACT

Trade is a significant and essential part of relations among different nations. The Bilateral trade between UAE and India has extremely increased since 1971(K.A Goya-2016). UAE has emerged as the third largest market for the Indian products worldwide during the NDA Government i.e. during 2014-2019. The bilateral trade association between these two countries developed into a strong partnership in the economic sphere. In recently, both the countries have decided to extend the trade cooperation in security and defence sectors. The NDA Government has been maintaining the strong relation with UAE in respect of economic and trade partnership standing at \$ 29,908.65 million bilateral trade in 2017-18 (*Department of Commerce-2018*). The historic visit of Sri Narendra Modi as Prime Minister of India to UAE in August 2015 marked the foundation of a new and comprehensive and strategic partnership. The present study is aimed at assessment of the bilateral trade relation between India and UAE during the tenure of NDA Government. The study is completely based on the analysis of secondary data and found that the trade practice is increased during the NDA Government. Beside the analysis and measures for further trade improvement with UAE are also discussed.

Keywords: UAE, India, Trade Relation, Exports, Imports, NDA Government.

Introduction

Since 1972, the UAE and India established an ambassadorial relation. The bilateral trade relation with UAE is needed to the developing countries like India. The Indian bilateral relations with UAE have received momentum from time-to-time switch over of high-level visits from both sides. The Prime Minister of India Sir Narandera Modi visits to UAE on 16th & 17th of August 2015 noticeable the commencement of a new Comprehensive and Strategic partnership. In the same way, the Prince of Abu Dhabi Sheikh Mohamed bin Zayed Al Nahyan and Supreme Commander of UAE Armed Forces, visited India in the month of February, 2016. Sri Narendra Modi as a Prime Minister of the India has visited the UAE tow times to strengthen the trade relation with UAE during NDA Government. According to the recent trends and incidents, India is considering UAE as a very important strategic and vital partner in the Arab World resulting in the foreign direct investment flow. The UAE was occupied top 10th position in respect of FDI flow. India received about US \$ 239 billion in the year of 2014 whereas the same is increased to US \$ 408 billion in 2017-18.

Unlike other Government, NDA Government has been showing the interest to make the UAE as India's most trade partner. During NDA Government, the relationship with the UAE has congregated strength. Modi has made two visits to the country in August 2015 and February 2018, while the Crown Prince of Abu Dhabi Mohammed bin Zayed al Nahyan has visited India in February 2016 and as chief guest of the Republic Day in January 2017 and 24th February of 2019. The present study is a descriptive study which focused on the assessment of the Bilateral Trade Relation between India and UAE during NDA Government.

Review of Literature

Pouria Mohajeri (2015) the study focused on the growth evaluation of Indian trade with PGCs. Persian Gulf Countries have been supplying energy in the world market. Author used the Trade Intensity Index to calculate the trade strength with PGCs and experimental that the highest volume of Indian Trade among PGCs is with United Arab Emirates. The study concluded the share of PGCs in International Trade of India and explored that the UAE's share is the maximum amongst all other PGCs Countries after UAE in PGC Group, the second place is occupied by Saudi Arabia. The study further found from the results that the maximum Indian Import from PGCs falls under product category of HS-27 (mineral fuels, mineral oil, bituminous substances etc). *Dr. Prasann Das and Dr. Samir Pradan (2014)* reveal that India's trade relationship with Gulf countries in their study "India-Gulf Trade Relations". Further, results show despite the outstanding enlargement in trade volume, the arrangement and pattern of India-Gulf trade depicts a very complementary picture. The study identified that India's export strength is above one for UAE, Saudi Arabia, Iran, Kuwait, and Oman. For other Gulf countries (Bahrain and Qatar) the export intensity is fluctuating. Moreover, India is importing smaller volumes from countries such as Bahrain and Qatar which is reflected in the low Import intensity Index. *K.A Goyal and Abdul Vajid (2016)* focused the trends, troubles and predictions of bilateral trade association between India and United Arab Emirates. The study is based on the import and export trade between two countries based on 2010-2011 to 2014-2015 years of imports and exports published by the Indian government, Ministry of commerce. The concluded that the trends of export and import trade of UAE with India, the major mechanisms of the export from India and Imports to India. *Ranjit Gupta (2013)* the article titled as India and Gulf: point out on the way to a close announcement between the people of India and of the Gulf region. The aspects such as the two-sided trade, gas and oil, transmittals and huge mass of Indian working in these countries, makes the GCC countries India's leading socio-economic partner in the world.

Samir Pradhan (2009) the study focused on India's economic and political occurrence in the gulf. Gulf-India trading associations which began over 3,000 years ago have since blooms into a worldwide system with India at its hub. Arab steering and trading endeavours opened India to the globe, and the Arab quest for knowledge in early Islam helped transfer Indian knowledge to Europe and vice versa

Need for the study

Bilateral relationship in various sectors is one of the important scales of measurement of the relationship between two nations. India-UAE trade relation is vital for both countries. Furthermore, the Indian expatriates are dwelling in UAE and Indian's are appeared as significant investors in UAE results in India have huge export chances to UAE and vice versa. Particularly, on behalf of NDA Government the prime minister Narendra Modi visit to UAE on August,2015 after 34 years of gap strengthen the relationship between this two countries and strengthened in to the new views of trade, economic and edifying aspects. Therefore, the present study is focused on the assessment of the Bilateral Trade Relation between India and UAE during NDA Government.

Objectives of the Study

This study is focussed on the following objectives:

1. To examine the India and UAE trade relation during the NDA Government.
2. To identify the major products in India's exports to UAE.
3. To present the major products in India's imports from UAE

Research Methodology

The study is a descriptive in nature and based on secondary data. The *secondary data* is collected from Ministry of commerce annual reports, working papers and Reserve bank of India annual reports. The data also collected from the Department of Industrial Investment Promotion-Indian Government and UAE Ministry of Commerce. The data is analysed using simple statistical tools like histograms, line diagrams, pie diagrams and averages, etc.

Scope and Period of the Study

The scope of the study is restricted to examine the export and import and bilateral trade relation between India and UAE during the NDA Government i.e. 2014-15 to 2017-18. The study also covered the trade statistics during 2013-2014 when UPA Government was in the field to know the growth rate for next year.

ANALYSIS

Trade Relations in respect of Exports

Table1and Fig. 1 show the total exports to UAE from India during NDA period. The total exports during 2014-2015 is US \$ 33028.1 million with the annual growth rate of 8.24% whereas the same is decreased to US \$ 28145.6 million and the annual growth rate is registered -9.7% in 2017-2018. It is also observed that the exports to UAE are not more than 11.6 % of total Indian exports.

Table 1

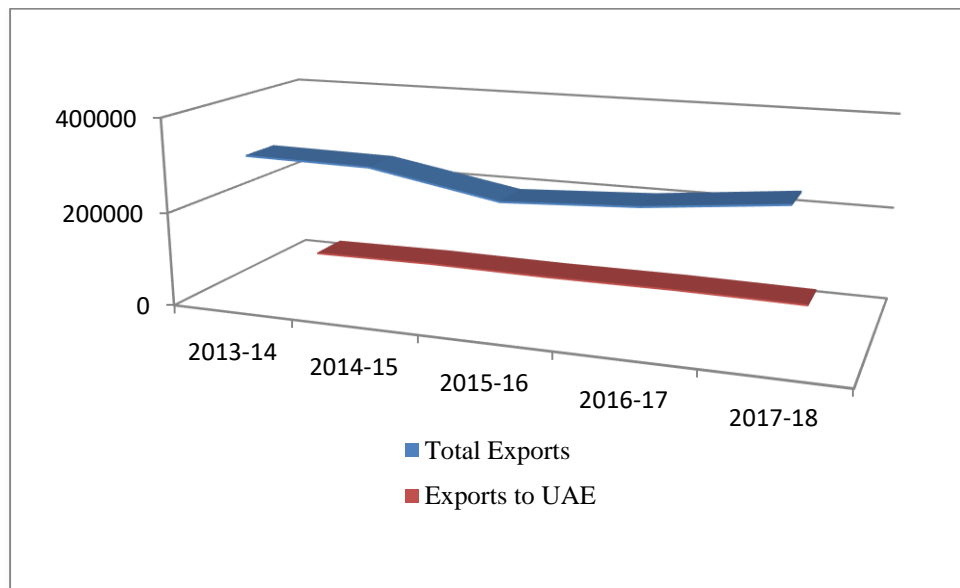
Total Exports to UAE during NDA Government (\$ US Millions)

Exports	2013-14	2014-15	2015-16	2016-17	2017-18
Total India's Exports	314405.3	310338.5	262291.1	275852.4	303376.2
Exports to UAE	30520.4	33028.1	30316.5	31175.5	28145.6
Share %	9.7	10.6	11.6	11.3	9.3
Growth rate %	-15.96	8.24	-8.29	2.92	-9.7

Source: Ministry of Commerce, India

Fig. 1

Total Exports to UAE during NDA Government (\$ US Millions)



Source: Ministry of Commerce, India

Trade Relations in respect of Imports

Table 2 and Fig. 2 show the total imports from UAE to India during NDA period. The total imports during 2014-2015 is US \$ 26139.9 million with the annual growth rate of 5.8% whereas the same is decreased to US \$ 21740 million and the annual growth rate is registered 4.7% in 2017-2018. It is also observed that the imports from UAE shared 10.6% of total imports during 2016-17 after the visit of India Prime Minister Sri. Narendra Modi in 2015. It is found that after the Prime Minister visit, Imports were increased from UAE.

Table 2

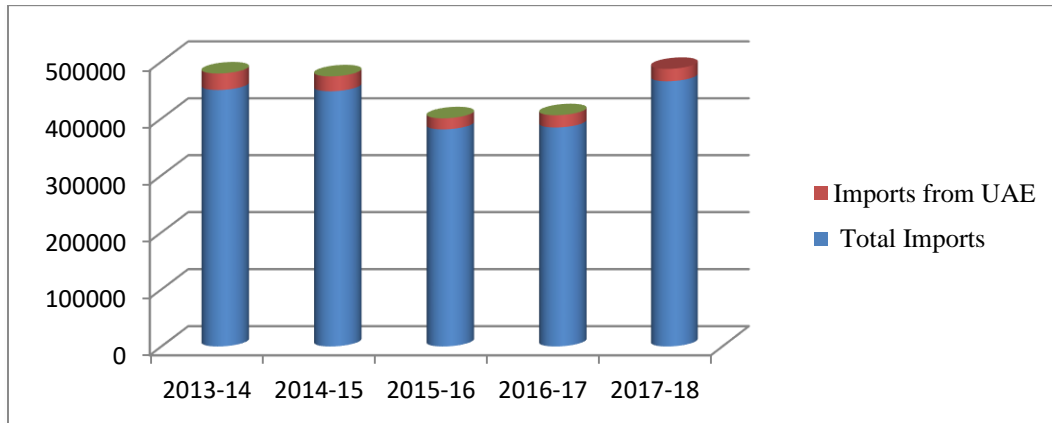
Total Imports from UAE during NDA Government (\$ US Millions)

Imports	2013-14	2014-15	2015-16	2016-17	2017-18
Total India's Imports	450199.8	448033.4	381007.8	384357.0	465578.3
Imports from UAE	29019.8	26139.9	19445.7	21509.8	21740.0
Share %	6.5	5.8	5.1	5.6	4.7
Growth rate %	-25.85	-9.9	-25.6	10.6	1.1

Source: Ministry of Commerce, India

Fig. 2

Total Imports from UAE during NDA Government (\$ US Millions)



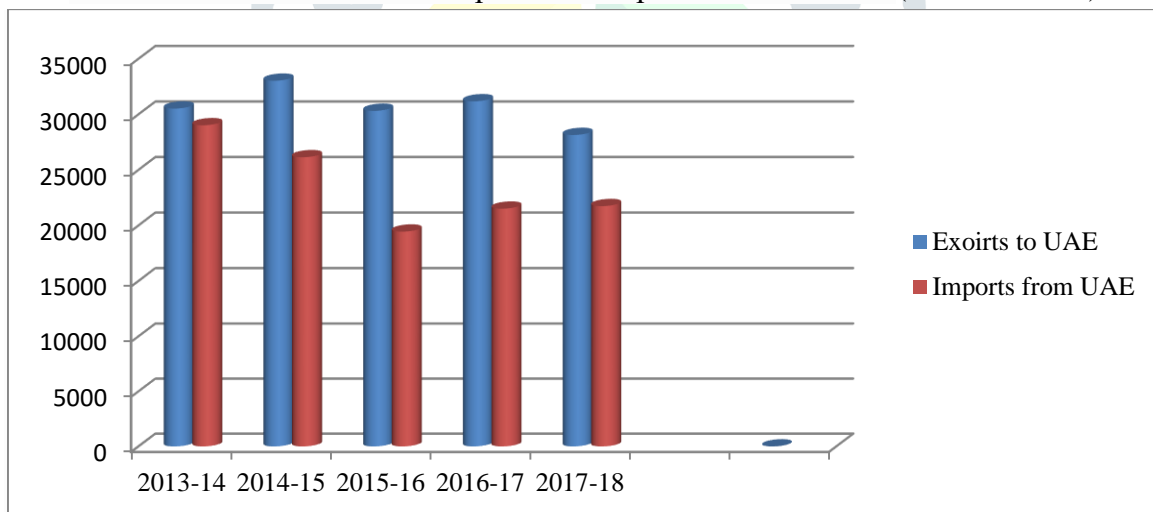
Source: Ministry of Commerce, India

Trade Relations in respect of Imports and Exports

Fig.3 shows the India’s total exports and imports with UAE during NDA Government. It is observed that exports are more than imports to UAE. It is found that exports were decreased in every year after 2014-15 except 2016-17 year. Further, it is observed that exports were increased since 2015-16 with the effect of Prime Minister UAE visit. Based on the below figure, it is concluded that the trade relations were not up to the mark during the NDA Government with UAE.

Fig. 3

India’s total Exports and Imports with UAE (\$ US Millions)



Source: Ministry of Commerce, India

Top ten products Export to UAE

Table 3 shows the top ten products export to UAE during NDA Government. It is identified that “Natural or cultured pearls, precious or semiprecious stones, metals, clad and articles thereof; imit. jewellery; coin” were occupied the top position in the export list. Mineral fuels, mineral oils and products of their distillation;

bituminous substances; mineral waxes were occupied second place in the export list. It is also observed that Cereals export is very low compare with other products.

Table 3

Top ten products Export to UAE

(Values in US\$ Million)

Sl. No.	Product	2014-2015	2015-2016	2016-2017
1	Natural or cultured pearls, precious or semiprecious stones, pre.metals, clad with pre.metal and artcls thereof; imit.jewlry; coin.	12,280.37	12,934.45	13,918.93
2	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes.	6,519.64	3,978.56	3,860.42
3	Articles of apparel and clothing accessories, not knitted or crocheted.	1,507.56	1,762.53	2,131.66
4	Articles of apparel and clothing accessories, knitted or corcheted.	1,142.70	1,661.22	1,829.86
5	Ships, boats and floating structures.	1,181.39	782.28	1,122.12
6	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers,and parts.	615.73	747.81	663.53
7	Aircraft, spacecraft, and parts thereof	1,068.95	724.47	643.48
8	Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof.	711.47	699.17	639.07
9	Cereals	580.97	624.58	523.48
10	Articles of iron or steel	701.71	510.93	517.13

Source: Ministry of Commerce, India

Top ten products imported from UAE

Table 3 shows the top ten products export to UAE during NDA Government. It is identified that “Mineral Fuels, Mineral Oils and Products Of Their Distillation; Bituminous Substances; Mineral Waxes” were occupied top place in the export list. It is also observed that Natural or Cultured Pearls, Precious or Semiprecious Stones, Pre. Metals, Clad with Pre. Metal and Articles Thereof; Jewry; Coin were occupied the second place in the import list. It noted that Ships, Boats and Floating Structures were occupied at least in imports list.

Table 4

Top ten products imported from UAE

(Values in US\$ Million)

Sl. No	Products	2014-2015	2015-2016	2016-2017
1	Mineral Fuels, Mineral Oils and Products Of Their Distillation; Bituminous Substances; Mineral Waxes.	13,509.04	7,912.80	9,449.26
2	Natural or Cultured Pearls, Precious or Semiprecious Stones, Pre. Metals, Clad with Pre. Metal and Artcls Thereof; Imit. Jewlry; Coin.	8,795.44	7,944.29	8,571.03
3	Plastic and Articles Thereof.	479.16	667.42	665.23
4	Copper and Articles Thereof.	638.7	545.19	495.52
5	Aluminium and Articles Thereof.	502.26	360.08	352.85
6	Animal or Vegetable Fats and Oils and their Cleavage Products; Pre. Edible Fats; Animal or Vegetable Wax.	217.04	200.95	307.54
7	Salt; Sulphur; Earths and Stone; Plastering Materials, Lime and Cement.	314.78	291.71	298.3
8	Iron and Steel	572.48	422.35	288.63
9	Electrical Machinery and Equipment and Parts Thereof; Sound Recorders and Reproducers, Television Image and Sound Recorders and Reproducers, and Parts	105.74	174.66	181.17
10	Ships, Boats and Floating Structures.	243.35	134.55	159.3

Source: Ministry of Commerce, India

Findings

- The UAE was occupied top 10th position in respect of FDI flow into India.
- It is also observed that the exports to UAE are not more than 11.6 % of total Indian exports during NDA Government.
- After the Historical visit of UAE by Indian PM Sri Narandera Modi in the month of August 2015, the exports to UAE share in total India's exports is increased where as there were fluctuations in annual growth rate.
- It is found that the Imports were increased from UAE in the NDA Government.
- It is identified that exports are more than imports to UAE. It is also found that exports were decreased in every year after 2014-15 except 2016-17 year.
- It is identified that "Natural or cultured pearls, precious or semiprecious stones, metals, clad and articles thereof; imit. jewellery; coin" were occupied the top position in the export list.
- It is identified that "Mineral Fuels, Mineral Oils and Products Of Their Distillation; Bituminous Substances; Mineral Waxes" were occupied top place in the export list.

Conclusions

Trade is a significant and essential part of relations among different nations. The bilateral trade between UAE and India has extremely increased since 1971 (K.A Goyal-2016). UAE has emerged as the third largest market for the Indian products worldwide during the NDA Government i.e. during 2014-2019. The bilateral trade alliance between these two countries developed into a strong partnership in the economic sphere. In recently, both the countries have decided to extend the trade cooperation in security and defence sectors. The NDA Government has been maintaining the strong relation with UAE in respect of economic and trade partnership standing at \$ 29,908.65 million bilateral trade in 2017-18 (*Department of Commerce-2018*). The historic visit of Sri Narendra Modi as Prime Minister of India to UAE in August 2015 marked the foundation of a new and comprehensive and strategic partnership. Though the bilateral trade relation is increasing after the NDA Government came in to the fore, it is not up to the mark. Therefore, it is concluded that Indian Government has to put more efforts to strengthen the exports to UAE.

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