



## Trends of India Trade with Persian Gulf Countries

### KEYWORDS

International Business; International Trade; PGC; GCC; Trends of Trade

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**ABSTRACT** *The present study has been written with an objective to analyse the trends in Indian trade relations with Persian Gulf countries. The analysis is based upon the growth evaluation of Indian trade with PGCs. The growth rates of trade volume, imports and export volumes, shares of various PGCs in Indian imports and exports have been used as yardsticks of trade relations with PGCs. In addition to the said parameters, the direction of trade and tariff structure with PGCs has also been provided to infer that PGCs are significant trade partner of India and offers ample opportunities of trade promotion to Indian subcontinent.*

### 1. Introduction

For interpretation of the expected benefits from trade, the information on existing trade relations is of utmost importance. Unless and until we know about the existing volume of trade, trade shares, terms of trade, etc. Thus, present research endeavour to view the need of trend and direction of trade analysis with PGCs, the study has been divided into four sections. Section-2 offers trend analysis in detail; the trends in trade intensity, terms of trade and nature of tariff with each PGC that has been discussed in detail. Section-3 provides a rich analysis of trade direction with PGCs. The trends in major commodities and service (if traded) within India and PGCs are being provided in the same section. Section-4 summarizes the conclusions derived at each stage of trend and direction of trade analysis with PGCs.

#### 2.1 Trends in Indian Trade Relations with Persian Gulf Countries

The trend analysis has been used to represent the major features of growth of trade with PGCs. The compound and average annual growth rate of various trade indicators have been used to interpret the trade relations, while, the CDV coefficient has been utilized to check the volatility in the trade relations. The following semi-log equation has been used to compute average annual growth rate:

$$\ln Y_t = \alpha + \beta t + \epsilon_t$$

In the above equation,  $\ln Y_t$  is the natural logarithmic of variable  $Y_t$  whose growth rate has to be calculated. The coefficients  $\alpha$  and  $\beta$  are the parameter of model and the sample estimate of  $\beta$  is the measure of average annual growth rate. The term  $\epsilon_t$  is white noise disturbance term and  $R^2$  obtained after estimating above regression which is the ratio of explained variation by trend item  $t$  to total variation in  $\ln Y_t$ . The compound growth rate has been estimated using the following formula:

$$CGR = [\text{Antilog}(\hat{\beta}) - 1] \times 100$$

To check the significance of average annual growth rate, P-values have been computed using t-test statistics. Another measure Cuddi-Dulla index of Variation (CDV) has been utilized to measure the degree of variation in the time series variable under evaluation. The CDV has

$$CDV = CV \times \sqrt{1 - R^2}$$

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The CV is coefficient of variation in the time series under evaluation. The CV has not been used because time series variables have a tendency to grow over a period of time i.e., called 'trend effect'. Despite of trend effect, the CV overstates the true variation in series under evaluation. Thus, in time series literature, the CDV coefficient has been suggested as an exact measure of degree of variation. The analysis has been carried out using three dimensions of trade relations: trade intensity, terms of trade, and nature and extent of tariff exercised between Indian and each individual partner Persian Gulf nation.

#### 2.2 Trade Intensity with PGCs

The Trade Intensity Index (TII) is used to determine whether the value of trade between two countries is greater or smaller than would be expected on the basis of their importance in the world trade. It is defined as the share of one country's exports going to a partner divided by the share of world exports going to the partner. It is calculated as:

$$T_{ij} = (x_{ij}/X_{it}) / (x_{wj}/X_{wt})$$

Where  $x_{ij}$  and  $x_{wj}$  are the values of country  $i$ 's exports and of world exports to country  $j$  and where  $X_{it}$  and  $X_{wt}$  are country  $i$ 's total exports and total world exports respectively. An index value of more or less than one indicates a bilateral trade flow that is larger (smaller) than expected, given the partner country's importance in world trade (User's Manual of Wits, 2011). The TII is based on an actual observation of bilateral trade flow and therefore, is the measure of intimacy of the trading relationship between any two given countries. The higher Trade Intensity Index, the better will be our export possibility and therefore an exporter should choose the market with high TII values.

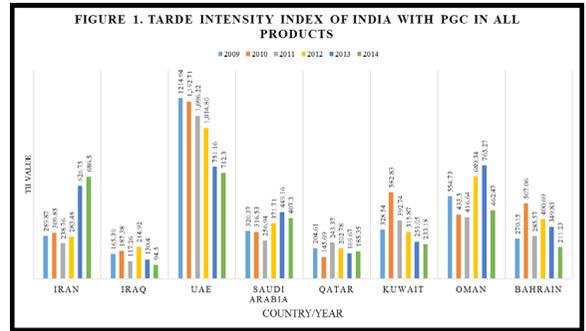
In the present analysis, the intensity of trade has been analysed through the volume and share of Indian trade with PGCs. Further, the aggregated analysis has been performed for Persian Gulf and Gulf Cooperation Council (GCC) separately, excluding Iran and Iraq from PGCs from GCC. Figure 1 provides the TII of India with PGCs over the years 2009 to 2014 for all products. It may be inferred that India has the highest TII value to the tune of 712.30 with UAE in the year 2014. It means that the best market for In-

dian Exports among PGC in 2014 is UAE. The second rank for India among PGCs has been observed with Iran in tune of 686.50 in latest year of study 2014. Among PGC's, India enjoys less intensity of export with Iraq's i.e., TII in the year 2014 is lowest to the tune of 94.5. Though the value is less yet above unity value of TII, this reflects that India has huge prospect of trade with Iraq. By looking over the entire study period, best market for Indian export is UAE with highest TII. However, in recent two years of the study (i.e., 2013 and 2014), Iran emerges to be the best market among all other PGCs for Indian export. Furthermore, Iraq remains the worst market for Indian export over the entire study period among all PGCs with lowest TII.

Further, to analyse the trends in trade intensity between India and PGCs, it becomes pertinent to contemplate the trends in volume and shares of each PGC in Indian trade, exports and imports. Thus, Table 1 and 2 have been investigated trends in volume of trade with each Persian Gulf country individually and with two groups of PGC and GCC countries. The figures have been provided at both current and constant prices over a period of 18 years spanning over the years 1996-97 to 2013-14. It is evident from Table 1 that the volume of trade with PGCs at market prices has increased from US \$ 7,841.26 million in 1996-97 to US \$ 184,738.02 million in 2013-14. However, the said increase may be due to increase in price levels. Thus, to neutralize the effect of price change, the figures have been reported at constant prices at the base year 2004-05. Table 2 reports the figures at constant prices and substantiates the fact that the increase in volume of trade is from US \$ 9304.81 million to US \$ 1, 49,580.86 million. If we compare the volume of trade with GCC countries excluding Iran and Iraq, the figures in year the 2013-14 at constant prices comes out to be US \$ 1,21,470.47 million, 81.21 percent of the total trade with PGCs group. It simply means that 18.79 percent of the Indian trade with PGCs is coming from Iran and Iraq.

The analysis of average annual growth rates represent that the trade volume with PGCs has increased at an average growth rate of 20.06 percent per annum during the study period under evaluation. However, the overall growth observed during entire period is 22.21 percent. The observed P-value is near zero and thus support the inference that the observed growth is high enough and statistically significant too. The GCC group that excludes Iran and Iraq from Persian Gulf Countries, has also witnessed near 20 percent (19.34 percent) average annual growth rate in volume of trade. Thus, the difference in both average annual and compound growth rates is not large enough between two groups of countries.

At disaggregated level, it can be observed from the Table 2 that in 2013-2014 the highest volume of Indian trade among PGCs has been observed with UAE to the tune of US \$ million 59,540.24 in the year 2013-14 at market prices. Thus, UAE tops among other PGCs with highest volume of trade to the tune of US \$ million 48,209.25 million at PPP followed by Saudi Arabia at second rank with amount of US \$ million 37421.58. The country of oil i.e., Iraq, has been observed at third rank with volume of trade with India to the tune of US \$ 19,438.89. The countries viz., Kuwait, Qatar, Iran, Oman and Bahrain have been observed at following ranks in terms of volume of Indian trade with eight PGCs.



Though the volume of Indian trade is highest with UAE, trade relations have grown at highest rate with some other PGCs. Iraq tops in the list of eight PGCs in terms of average annual and compound growth rates. However, the trade with UAE has increased at statistically significant average annual growth rate of 19.34 percent per annum at constant prices. The overall growth of Indian trade with UAE during the entire study period under evaluation is 21.34 percent and observed at 5 among the eight PGCs. It is worth mentioning that highest average annual growth rate of 39.64 percent per annum in Indian trade volume with Iraq has been observed among PGCs along with overall growth of volume to the tune of 48.64 percent. The growth rate is high enough and must be cautiously interpreted. The search of theoretical reasons for such a high growth rate has been done through an analysis of Table 3.1.

The visualization of Table-3.1 represents that from 1996-97 to 2005-06, the volume of trade with Iraq is very low in comparison to the other PGCs, while a surge in volume has been noticed from 2006-07 onwards. The volume of Indian trade with Iraq has increased from US \$ 2.21 million in 1996-97 to US \$ 157.99 million in 2005-06. However, a sudden increase has been observed in 2006-07 with a trade volume of US \$ 5718.4 million and it continuously grown up to US \$ 19,438.89 million by 2013-14. A high Cuddi-Dulla index of Variation (CDV) to the tune of 62.05 percent is because of high variation in volume of Indian trade with Iraq. The second highest growth rate has been observed for Qatar to the tune of 29.83 percent per annum with a compound growth rate of 34.76 percent. In case of Qatar, the same problem of structural break in volume of trade has been observed as in 2006-07 the volume of trade suddenly jumped from US \$ 1,160.96 million to US \$ 2,391.61 million at market prices. In subsequent years, the same trend of surge in volume of trade continued with Qatar too. The observed structural break is valid for all PGCs as in most of the PGCs, a surge in volume of trade has been observed in 2006-07 onwards. Thus, ranking of the countries on the basis of growth rates only will not be reliable for analysing the strength of trade relation with PGCs. A high CDV index indicates high degree of variation in volume of trade in general and trade relations in particular. Thus, CDV may be utilized as an indicator of stability in trade relations with country under evaluation; a low CDV means robust and stable trade relations while a high CDV indicates unstable trade relations. The lowest CDV to the tune of 23.94 percent has been observed with UAE over the study period and thus, substantiates the fact that the observed growth rate of trade relations is not only statistically significant but stable too. Except UAE, CDV has been observed above 30 percent with remaining seven PGCs; a high variation due to structural shift.

However, to work out the causes of the structural shift, it becomes compulsory to analyse the reason of a sudden jump in volume of trade among PGCs. These reasons may be traced from disaggregated analysis of components of volume of trade i.e., imports and exports. Tables 3.3 and 3.4 provide trends in imports from PGCs at current and constant prices, respectively. From the table 3.3 it can be observed that total import of India from PGCs was worth US \$ million 130,627.44 in 2013-14 at market prices. If we exclude Iran and Iraq from PGCs (i.e., GCC group), the total imports comes out to be US \$ 101,779.42 million. Thus, 77.92 percent of Indian imports from PGCs are from GCC group and 22.08 percent imports are from Iraq and Iran. The figure 22.08 is significant and should not get neglected by Indian policy planners while forming a free trade area with these south western countries in Asia.

Further, at disaggregate level it can be observed that among PGCs, Saudi Arabia is at the top of the list with highest volume of imports to the tune of US \$ 33,998.11 million at market prices during the year 2013-14. The share of Saudi Arabia in total Indian imports from PGCs is 26 percent in 2013. The second place in terms of total volume of imports has been occupied by UAE with US \$ 29,019.82 million import value at market prices. Saudi Arabia and UAE together have around 62 percent of import from GCC and around 50 percent of import from PGCs in 2013-14 and remaining 6 countries have only 50 percent of share in total Indian imports from PGCs. Further, it is worth mentioning here that up to 2012-13, UAE has remained on the top of the list and only slipped to second rank in the latest year of the study i.e., 2013-14. Hence, UAE and Saudi Arabia assume significant role in defining trade relations with PGCs. Following UAE, Iraq occupies third rank in terms of volume of Indian imports from PGC; the volume of imports observed from Iraq in 2013-14 is to the tune of US \$million18,520.86.

The fourth rank is occupied by Kuwait in terms of value of import at market prices to India. An import volume of US \$ 17,153.55 million has been observed with Kuwait in 2013-14. Import from Qatar is to the tune of US \$ 15,707 million at fifth rank followed by Iran with value of US \$ 10,307.16 million at sixth place in year 2013-14. However, in 2011-12 the figure of import bills with Iran was US \$ 13,790.16 million and after that Indian imports started falling because of sanctions imposed by western nations on Iran. The last two places (i.e., seventh and eighth) have been occupied by Oman and Bahrain with US \$ 2,951.18 million and US \$ 563.24 million Indian import bill, respectively.

The visualization of Table 4 reveals that the average annual growth rate of imports is 25.23 percent per annum for PGCs and 21.55 percent per annum for GCC group level at constant price PPP. Thus, a significant growth rate of imports from these countries to India has been observed during the study period under evaluations. The overall growth rate of 25.27 percent for PGCs and 24.04 percent for GCC substantiate the fact that Indian imports from PGCs have grown at huge rate.

Table 1: Trends in Volume of Trade of India with Persian Gulf Countries (Figures in US \$ million at Market Price)

Year	Iran	Iraq	UAE	Saudi Arabia	Kuwait	Bahrain	Oman	Qatar	GCC*	PGC*
<b>Panel A: Volume of Trade Value<sup>1</sup></b>										
1996-97	1027.4000	2.21	2,803.72	2,396.83	1,039.78	195.52	1,250.83	1,524.78	6,784.65	7,841.28
1997-98	804.6700	1.9651	3,104.60	2,410.06	1,058.16	194.13	1,411.75	1,455.65	5,946.56	6,082.64
1998-99	632.8300	1.8147	3,588.83	2,605.76	1,055.76	227.28	1,412.33	1,103.13	5,439.15	5,829.47
1999-2000	1,245.2300	2.9811	4,082.58	2,161.74	1,944.99	219.99	1,952.01	2,922.93	9,276.45	10,089.08
2000-01	438.2000	9.922	3,205.50	1,444.06	3,117.77	281.2	1,505.96	1,427.67	5,281.13	6,116.27
2001-02	189.8300	206.83	3,409.88	1,286.43	2,799.94	298.66	1,127.47	1,809.09	4,485.01	6,229.89
2002-03	911.0300	214.91	4,284.47	1,445.46	4,302.06	220.67	232.45	209.17	6,802.29	7,920.23
2003-04	1,182.4000	75.74	7,185.43	1,661.68	5,161.68	289.84	359.87	315.69	12,326.56	13,529.96
2004-05	1,641.0000	133.31	11,988.98	2,112.21	7,271.38	278.35	282.27	15,876.84	16,252.32	17,142.32
2005-06	1,908.8100	177.99	12,943.87	2,442.11	9,752.38	381.81	674.02	1,160.96	19,386.34	21,647.14
2006-07	9,609.0300	2,718.24	20,977.02	12,946.10	16,608.04	625.75	1,039.37	2,991.81	47,568.41	52,121.34
2007-08	12,887.5300	7,209.9	28,219.52	23,181.46	8,835.79	1,087.89	2,080.89	2,994.44	66,850.03	68,841.46
2008-09	1,499.8300	3,813.01	48,068.79	12,683.12	10,939.26	1,729.14	1,984.5	3,012.38	91,620.21	114,608.08
2009-10	1,1384.0200	7,504.56	41,469.50	21,004.57	8,011.94	733.07	4,332.82	1,185.49	81,977.40	104,375.48
2010-11	1,343.1300	2,658.64	46,977.15	22,009.48	7,109.47	2,109.24	1,984.5	3,012.38	91,620.21	114,608.08
2011-12	1,620.4500	1,968.44	72,681.84	37,500.99	1,621.05	1,345.97	4,668.07	17,575.23	117,542.23	183,426.10
2012-13	1,4942.5300	20,522.44	72,452.01	41,803.48	17,869.21	1,688.13	4,609.21	16,890.26	129,146.71	194,016.08
2013-14	12,529.5300	19,818.97	56,925.04	49,213.06	32,814.69	2,026.9	7,903.42	2,697.00	120,202.62	148,308.62
<b>Panel B: Growth Rates<sup>2</sup></b>										
Intercept <sup>3</sup>	4.77	2.57	5.30	6.44	5.64	4.08	5.80	5.78	7.66	8.06
Growth Rate <sup>4</sup>	23.88***	41.44***	23.18***	22.39***	22.99***	13.04***	27.69***	33.44***	23.15	23.87
CGR <sup>5</sup>	24.94	54.41	26.66	24.89	25.80	13.84	31.12	39.89	24.65	24.86
F Value <sup>6</sup>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
R Square <sup>7</sup>	0.81	0.79	0.84	0.73	0.84	0.72	0.82	0.84	0.89	0.88
Rho Square <sup>8</sup>	0.80	0.77	0.83	0.72	0.82	0.70	0.82	0.83	0.88	0.87
CV <sup>9</sup>	99.65	134.65	103.31	108.34	110.86	77.00	107.58	142.79	107.82	107.83
CV <sup>10</sup>	43.32	42.85	27.14	51.2	45.88	40.86	32.62	36.19	36.21	37.41

Note: <sup>1</sup> Figures in parenthesis of type ( ) are ranks of the countries in terms of Average Annual Growth rate, and \*\*, \*\*\*, and \*\*\*\* represent significance at 10, 5, and 1 percent levels of significance, respectively.  
 Sources: <sup>1</sup> @ <http://commerce.nipon.edu/Default.asp>, and <sup>2</sup> Author's Calculations.

Table 2: Trends in Volume of Trade of India with Persian Gulf Countries (Figures in US \$ million PPP 2004=100)

Year	Iran	Iraq	UAE	Saudi Arabia	Kuwait	Bahrain	Oman	Qatar	GCC*	PGC*
<b>Panel A: Volume of Trade Value<sup>1</sup></b>										
1996-97	1253.38	7.40	3337.60	2844.19	1309.60	232.01	1313.11	183.67	8049.80	9504.81
1997-98	1000.71	244.51	3880.99	2897.23	1328.40	241.43	1762.59	181.10	9785.48	10020.70
1998-99	786.69	213.04	4441.17	3239.22	2070.70	65.46	172.56	117.11	10739.53	11729.06
1999-2000	1509.64	314.88	4106.67	3997.60	1952.42	274.44	209.22	302.12	11813.07	13749.89
2000-01	560.42	118.28	4164.79	1848.83	388.73	339.63	193.00	182.46	1145.49	1822.19
2001-02	291.87	2088.64	46197.15	1476.88	3109.42	293.92	107.00	107.00	8489.99	9292.52
2002-03	1044.38	345.83	49070.75	1633.38	461.92	224.41	243.01	238.26	7780.73	9070.92
2003-04	1243.46	76.67	7601.73	1968.79	463.30	186.79	311.81	213.79	10986.10	12249.87
2004-05	1,641.00	133.31	11,988.98	2,112.21	7,271.38	278.35	282.27	1,587.68	16,252.32	17,142.32
2005-06	1,823.15	171.75	12,923.73	2,442.11	9,651.67	366.68	667.50	1,114.94	18894.23	20781.11
2006-07	7324.29	4630.38	16706.48	12884.00	5339.11	529.83	889.93	1933.51	38272.36	42187.67
2007-08	10,046.98	6,039.32	24,144.82	18,690.89	7,123.69	924.08	1,767.58	2,434.38	52,784.02	57,710.32
2008-09	1,224.99	3,184.84	41,068.08	18,690.89	8,835.79	1,087.89	2,080.89	2,994.44	66,850.03	68,841.46
2009-10	9750.50	5,463.59	31,643.70	15,590.31	6,744.82	548.20	3,599.67	3,774.39	61,111.49	76,544.28
2010-11	9407.33	6,812.97	49,663.83	17,884.32	8,848.55	921.23	3,586.51	5,075.58	82,809.94	99,106.16
2011-12	12,107.48	14,708.34	74,115.11	38,024.88	13,038.50	1,608.45	3,488.47	10,026.23	110,729.06	137,017.32
2012-13	11,618.39	19,933.38	58,847.30	32,336.23	13,717.82	985.62	3,882.50	13,731.23	132,995.78	151,264.54
2013-14	12,529.53	17,759.31	48,259.23	37,423.38	14,748.29	2,177.7	4,666.62	1,593.27	123,470.47	149,930.86
<b>Panel B: Growth Rates<sup>2</sup></b>										
Intercept <sup>3</sup>	6.10	2.90	7.43	7.63	6.97	5.20	4.32	4.11	8.30	8.39
Growth Rate <sup>4</sup>	26.64***	39.44***	26.44***	18.44***	19.24***	9.24***	20.83***	29.83***	18.34	20.66*
CGR <sup>5</sup>	22.20	48.64	21.34	20.29	21.10	9.68	26.22	34.76	21.34	22.21
F Value <sup>6</sup>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
R Square <sup>7</sup>	0.79	0.76	0.84	0.73	0.88	0.59	0.82	0.83	0.87	0.87
Rho Square <sup>8</sup>	0.78	0.74	0.83	0.71	0.86	0.56	0.82	0.83	0.87	0.86
CV <sup>9</sup>	92.88	122.89	93.44	101.23	103.60	61.84	118.52	139.88	96.88	106.12
CV <sup>10</sup>	42.72	45.43	33.94	52.47	46.81	40.83	30.93	35.88	35.89	36.44

Note: <sup>1</sup> Figures in parenthesis of type ( ) are ranks of the countries in terms of Average Annual Growth rate, and \*\*, \*\*\*, and \*\*\*\* represent significance at 10, 5, and 1 percent levels of significance, respectively.  
 Sources: <sup>1</sup> @ <http://commerce.nipon.edu/Default.asp>, and <sup>2</sup> Author's Calculations.

Looking at disaggregated level to find out which country is on top of the list, it can be observed that Iraq with 62.00 percent per annum average growth and 85.89 percent overall growth located at the top among PGCs and again a surge in imports from Iraq is observed as compared to the earlier observed year of structural break i.e., year 2006-07 onwards. The second highest growth rate is for Oman in import at constant price by 36.32 percent in average growth and 43.79 percent in overall growth. Qatar following Oman among PGCs in growth in import at constant price by 32.23 percentage average growth and 38.02 percent overall growth. Saudi Arabia holds fourth place with 26.71 percent in average and 30.26 percent in overall growth. After Saudi Arabia, Kuwait has more growth among other countries by 22.00 percent and 24.60 percent in average and overall growth rate in import at constant price respectively.

Despite the decrease in import from Iran at 2009-10 onwards, because of sanction impose on Iran by US and western countries, India still has high growth rate of imports at 21.66 percent per annum placing it in sixth among other PGCs. The UAE is ranked seventh in average growth rate and overall growth rate by 21.26 percent and 23.69 percent, respectively. The slowest growth in Indian imports at a speed of 7.85 percent per annum has been observed with Bahrain with an overall growth of 8.17 percent.

After visualizing the trends in Indian imports with PGCs, an analysis of trends in exports to these countries is must to detect the causes of observed rapid increase in volume of trade. Tables 5 and 6 reflect the export and its growth in current and constant price respectively. It is observed that PGCs and GCC at aggregate level have US \$ 54,110.58 million and US \$ 48,221.20 million respectively. Thus, 89.12 percent of exports with PGCs with GCC countries and 10.88 percent are with Iran and Iraq.

Table 3: Trends in Import from India to Persian Gulf Countries

Year	Country								(Figures in US \$ million at Market Price)		
	Iran	Iraq	UAE	Saudi Arabia	Kuwait	Bahrain	Oman	Qatar	GCC <sup>1</sup>	PGC <sup>2</sup>	
Panel A: Import Value <sup>3</sup>											
1996-97	860.42	0.04	1,237.71	1,819.65	949.06	132.76	12.96	122.87	4,364.11	5,228.57	
1997-98	633.03	181.41	1,475.04	1,720.17	889.79	132.93	32.46	101.58	4,311.98	5,170.40	
1998-99	473.70	131.21	1,731.24	1,833.41	1,593.09	470.44	22.48	79.14	4,617.06	6,241.86	
1999-2000	1,088.46	198.72	2,003.24	2,419.24	1,310.69	159.17	62.24	209.77	6,164.35	7,453.53	
2000-01	217.2	6.96	1,011.59	1,112.68	1,112.68	134.01	8.46	91.89	1,686.95	1,970.81	
2001-02	233.32	0.04	915.09	903.99	733.69	134.01	8.46	91.89	1,686.95	1,970.81	
2002-03	238.50	0.03	956.99	504.72	179.5	121.13	13.84	113.07	1,889.25	2,147.58	
2003-04	209.84	0.14	2,019.84	737.77	142.48	74.2	93.88	181.90	3,252.53	3,316.49	
2004-05	410.21	1.12	4,641.10	1,391.15	305.94	121.87	20.81	672.85	7,060.53	7,474.86	
2005-06	730.46	2.04	2,454.08	1,832.14	401.87	189.56	205.09	901.62	7,802.94	8,527.55	
2006-07	7018.55	5314.41	8,955.33	13,353.33	3,991.23	471.23	438.9	2,060.08	30,964.03	44,126.99	
2007-08	10943.61	6387.80	13,882.01	19,470.30	7,765.22	835.42	1,144.46	2,451.75	40,009.79	62,112.20	
2008-09	72968.21	72968.44	19,972.71	9,972.71	4,442.32	1,442.32	4,499.91	2,529.91	79,591.62	1,02,112.20	
2009-10	11,403.83	7,026.93	19,499.10	17,997.57	8,249.49	2,028.6	1,499.89	4,648.52	33,487.43	72,085.21	
2010-11	10,924.11	9,208.03	19,499.10	17,997.57	8,249.49	2,028.6	1,499.89	4,648.52	33,487.43	72,085.21	
2011-12	13,790.18	18,918.47	36,756.32	31,817.70	16,439.64	905.98	1,344.94	12,916.35	102,181.94	134,880.57	
2012-13	11,944.86	19,247.11	39,118.56	31,817.70	16,439.64	905.98	1,344.94	12,916.35	102,181.94	134,880.57	
2013-14	15,017.16	18,520.56	29,919.82	33,998.11	17,135.25	563.24	2,971.18	15,707.99	101,799.42	136,527.44	
Panel B: Growth Rates <sup>4</sup>											
Intercept <sup>5</sup>	1.19	1.79	6.30	6.00	4.96	4.00	3.54	3.59	7.10	7.21	
Growth Rate <sup>6</sup>	25.50	65.80	25.00	24.50	25.80	11.66	40.12	36.03	28.35	29.34	
CCR <sup>7</sup>	29.06	93.16	24.09	27.77	29.43	12.37	49.37	43.39	28.56	30.18	
P Value <sup>8</sup>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
R Square <sup>9</sup>	0.65	0.48	0.84	0.66	0.83	0.49	0.80	0.91	0.76	0.78	
Root Square <sup>10</sup>	0.81	0.48	0.91	0.81	0.89	0.69	0.89	0.95	0.87	0.84	
CV <sup>11</sup>	165.85	136.75	112.20	111.24	115.72	85.37	135.09	148.20	114.38	114.74	
CDV <sup>12</sup>	62.57	64.81	65.72	64.69	66.71	60.71	60.84	49.92	56.94	57.22	

Notes: 1) Figures in parenthesis of type ( ) are ranks of the countries in terms of Average Annual Growth rate; and ii) \*, \*\*, and \*\*\* represent significance at 10, 5 and 1 percentage levels of significance, respectively.  
Sources: i) @ <http://comtrade.un.org/web/default.asp>; and ii) Author's Calculations.

Table 4: Trends Imports to India from Persian Gulf Countries

Year	Country								(Figures in US \$ million at PPP2004=105)		
	Iran	Iraq	UAE	Saudi Arabia	Kuwait	Bahrain	Oman	Qatar	GCC <sup>1</sup>	PGC <sup>2</sup>	
Panel A: Import Value <sup>3</sup>											
1996-97	1021.01	0.04	1,375.52	2,159.28	1,126.19	157.53	14.31	145.80	3,178.65	6199.72	
1997-98	789.33	336.38	1,834.40	2,198.26	1,168.57	163.31	30.30	136.57	3,412.36	6410.08	
1998-99	588.89	187.91	2,139.67	2,736.69	1,866.00	384.80	28.19	87.19	6,982.56	7759.37	
1999-2000	1,077.57	232.53	2,533.07	3,059.03	1,657.31	207.56	78.70	265.24	7,974.58	9414.69	
2000-01	720.14	8.82	1,452.71	794.35	1,444.08	259.01	8.10	101.08	2,148.43	2428.80	
2001-02	555.20	0.05	1,143.25	580.69	92.22	167.71	10.63	114.75	1,111.24	2465.50	
2002-03	285.45	0.03	1,084.64	0.60	205.31	181.65	11.83	139.81	1,611.28	2424.48	
2003-04	282.35	0.14	2,179.03	780.46	150.72	78.83	53.80	197.87	3,440.73	3723.14	
2004-05	410.21	1.12	4,641.10	1,391.15	305.94	121.87	20.81	672.85	7,060.53	7,474.86	
2005-06	691.90	1.99	4,181.49	1,959.03	442.54	187.04	255.06	965.88	7,995.66	8,195.54	
2006-07	6155.57	4451.49	6,999.22	10,790.73	4,842.56	880.74	370.77	1,664.48	25,642.31	35,653.38	
2007-08	7808.19	7808.19	11,512.45	16,544.83	6,543.17	1,099.63	699.73	2,085.97	33,800.35	54,003.31	
2008-09	10,024.57	6,059.26	1,9654.20	1,6499.08	925.48	1,191.92	995.84	2,890.48	49,151.62	67,574.46	
2009-10	8401.18	5,112.20	14,194.40	1,2446.20	6,005.23	360.05	2,547.75	3,183.89	38,944.54	52,549.99	
2010-11	7,081.88	6,034.51	23,104.20	14,793.31	6,752.41	423.24	2,833.08	4,810.78	53,451.73	69,099.08	
2011-12	10,305.45	14,137.86	27,468.18	23,777.52	12,385.42	677.04	2,500.43	9,653.45	76,951.08	100,004.41	
2012-13	8,011.77	14,999.94	26,028.18	23,777.52	12,385.42	677.04	2,500.43	9,653.45	76,951.08	100,004.41	
2013-14	9,145.62	14,996.18	23,497.11	27,527.99	13,889.08	456.05	2,389.54	12,718.83	83,246.15	102,767.56	
Panel B: Growth Rates <sup>4</sup>											
Intercept <sup>5</sup>	5.44	1.46	6.53	5.60	5.39	4.94	1.68	1.65	7.43	7.54	
Growth Rate <sup>6</sup>	21.66	62.00	21.26	26.71	22.00	07.88	36.32	32.23	21.55	22.53	
CCR <sup>7</sup>	24.19	88.39	23.69	30.62	24.00	8.17	43.79	38.03	24.04	25.37	
P Value <sup>8</sup>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
R Square <sup>9</sup>	0.60	0.44	0.83	0.70	0.46	0.32	0.78	0.90	0.73	0.72	
Root Square <sup>10</sup>	0.87	0.41	0.81	0.84	0.42	0.28	0.77	0.90	0.71	0.70	
CV <sup>11</sup>	100.77	135.85	136.07	105.2	109.66	72.65	139.69	142.45	107.94	108.85	
CDV <sup>12</sup>	63.94	101.44	44.84	58.25	81.00	61.70	60.46	44.51	56.57	58.16	

Notes: 1) Figures in parenthesis of type ( ) are ranks of the countries in terms of Average Annual Growth rate; and ii) \*, \*\*, and \*\*\* represent significance at 10, 5 and 1 percentage levels of significance, respectively.  
Sources: i) @ <http://comtrade.un.org/web/default.asp>; and ii) Author's Calculations.

Looking at Table 5, it may be observed that UAE ranks at top position among others by amount of US \$ 30,520.42 million Indian exports at current price in year of 2013-14. The UAE is followed by Saudi Arabia at second rank with US \$ 12,218.95 million. Two countries' UAE and Saudi Arabia jointly have around 79 percent share in Indian export to PGCs and rest 21 percent belongs to remaining six countries. The third rank in list of export from India in 2013-14 is going to Iran with US \$ 4,971.35 million. Iran is followed by Oman, Kuwait, Qatar, Iraq and Bahrain.

To see the contribution of exports in the volume of trade, the growth rates of Indian exports to PGCs at constant prices have been interpreted. The observed average annual growth rate of Indian exports with PGCs and GCC group have been observed to the tunes of 17.10 and 17.04 percent per annum, respectively. The compound growth rates during the entire study period observed to be 18.65 percent and 18.59 percent for PGCs and GCC, respectively. At disaggregate level Iraq with highest average annual growth of 23.80 percent per annum and compound growth 26.87 percent has been designated

Table 5: Trends in Exports from India to Persian Gulf Countries (Figures in US \$ million at Market Price)

Year	Country										
	Iran	Iraq	UAE	Saudi Arabia	Kuwait	Bahrain	Oman	Qatar	GCC <sup>1</sup>	PGC <sup>2</sup>	
Panel A: Export Value <sup>3</sup>											
1996-97	194.98	2.17	1,476.01	577.18	154.72	62.76	116.97	31.91	2,419.54	2,616.69	
1997-98	171.66	11.2	1,629.56	689.89	178.37	61.2	109.29	44.07	2,712.38	2,895.24	
1998-99	159.12	36.3	1,867.59	774.29	164.67	56.84	118.55	40.16	3,022.09	3,217.51	
1999-2000	152.05	49.38	2,082.74	742.5	154.3	60.22	132.77	35.56	3,208.08	3,409.51	
2000-01	226.97	84.02	2,597.52	822.94	199.11	78.67	144.62	63.63	3,906.48	4,217.47	
2001-02	253.03	206.79	2,491.79	826.43	206.25	75.59	148.99	49	3,798.06	4,257.88	
2002-03	654.73	214.88	3,327.48	940.74	250.56	99.54	198.61	96.1	4,913.04	5,782.65	
2003-04	918.11	75.17	5,125.58	1,123.31	319.09	111.63	258.99	128.44	7,067.03	8,060.31	
2004-05	1,231.39	131.19	7,347.88	1,412.06	421.44	156.46	267.67	209.42	9,814.93	11,177.51	
2005-06	1,188.35	155.94	8,591.79	1,809.77	513.73	192.25	408.43	259.34	11,775.30	13,119.59	

at top rank. The second highest growth of Indian exports has been observed with UAE at an average rate of 18.24 percent per annum. Qatar secures third rank in terms of growth of Indian exports with eight PGCs; observed average annual growth rate is 18.21 percent per annum with a compound growth of 19.98 percent. The fourth fastest growth of Indian exports among PGCs is noticed with Iran at a rate of 17.60 percent per annum. The fifth and sixth ranks have been occupied by Oman and Saudi Arabia with 16.44 and 14.07 percent per annum growth rates, respectively. Two countries with slowest growth of Indian exports are Bahrain and Kuwait with annual growth rates of 11.95 and 10.79 percent, respectively. In sum, the growth rate of exports are comparatively lower than the growth rates of imports. Thus, imports growth is the major source of growth of volume of Indian trade with PGCs. Further, a deep evaluation of trends in Tables 3.3 and 3.5 reveals that a sudden shift in volume of trade in year 2006-07 is caused by surge in Indian imports from PGCs, while the exports have not shown any significant shift in the same year onwards.

3.2 Share of PGCs in International Trade of India

In aforementioned analysis, the Indian trade intensity with various PGCs has been discussed in terms of volume of total trade, exports and imports. However, the volume of trade is not sufficient to portray the picture of trade significance of each PGC. Share analysis is must for analysing the relative significance of each PGC in Indian foreign trade. The contribution/share of each PGC has been computed in Indian volume of trade and components of volume of trade (i.e., exports and imports).

Figure 1 provides the trends in the share of PGCs and GCC Groups in total volume of Indian trade. Red line represents the movement in trade share of PGCs while blue represents movement in trade share of GCCs. The straight lines are linear trend lines observed for two groups respectively. It is worth noting that two trend lines are going upward representing that the share of GCC and PGC countries is growing over 1996-2014. However, the slope of PGC's trend line is higher than that of GCC's trend line that support the fact that growth in PGC's share in volume of Indian trade is higher than of GCC's group. Further, two share lines are too close to each other up to year 2005-06 and from 2006-07 onwards, the difference between the share of PGC and GCC groups started increasing. The major reason behind such deviation in two trend and share lines is the structural shift in volume of trade with Iraq from 2006-07 onwards.

2006-07	1446.48	203.99	12,021.77	2,590.77	614.81	184.52	630.97	331.53	16,374.38	18,024.85
2007-08	1943.92	272.1	15,636.91	3,711.16	681.54	252.47	939.43	538.73	21,760.24	23,976.26
2008-09	2534.01	437.43	24,477.48	5,110.38	797.5	286.52	779.04	674.37	32,125.30	35,096.74
2009-10	1853.17	477.13	23,970.40	3,907.00	782.45	250.21	1,032.93	536.97	30,479.97	32,810.27
2010-11	2492.90	678.14	33,822.39	4,684.40	1,856.01	651.83	1,082.24	375.39	42,472.25	45,643.29
2011-12	2411.33	763.97	35,925.52	5,683.29	1,181.41	439.99	1,322.13	807.95	45,360.29	48,535.59
2012-13	3351.07	1,278.13	36,316.65	9,785.78	1,061.08	603.47	2,599.49	687.18	51,053.65	55,682.85
2013-14	4971.35	918.03	30,520.42	12,218.95	1,061.14	639.36	2,812.27	969.06	48,221.20	54,110.58

Panel B: Growth Rates<sup>#</sup>

Intercept <sup>#</sup>	4.71	2.40	6.86	5.89	4.69	3.62	4.10	3.12	7.33	7.42
Growth Rate <sup>#</sup>	21.42	27.60	22.04	17.98	14.59	15.76	20.24	22.02	20.86	20.90
CGR <sup>#</sup>	23.88	31.79	24.66	19.70	15.71	17.07	22.44	24.64	23.19	23.25
P-Value <sup>#</sup>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
R-Square <sup>#</sup>	0.92	0.83	0.97	0.95	0.92	0.95	0.96	0.93	0.97	0.98
Rbar-Square <sup>#</sup>	0.92	0.81	0.96	0.94	0.92	0.94	0.96	0.93	0.97	0.97
CV <sup>#</sup>	91.62	108.10	95.74	104.48	79.64	87.74	112.72	93.27	94.45	93.94
CDV <sup>#</sup>	25.22	45.12	18.36	24.17	22.40	20.10	23.17	24.38	15.89	14.55

**Notes:** i) Figures in parenthesis of type ( ) are ranks of the countries in terms of Average Annual Growth rate; and ii) \*, \*\*, and \*\*\* represent significance at 10, 5 and 1 percentage levels of significance, respectively.

**Sources:** i) @ <http://commerce.nic.in/eidb/default.asp>; and ii) # Author's Calculations.

Table 6: Trends in Exports from India to Persian Gulf Countries

(Figures in US \$ million at PPP 2004-05)

Country Year	Iran	Iraq	UAE	Saudi Arabia	Kuwait	Bahrain	Oman	Qatar	GCC <sup>#</sup>	PGC <sup>#</sup>
Panel A: Export Value <sup>#</sup>										
1996-97	231.3725	2.58	1751.50	684.91	183.60	74.47	138.80	37.87	2871.14	3105.09
1997-98	213.48	13.93	2026.58	857.97	221.83	76.11	135.91	54.81	3373.21	3600.62
1998-99	197.80	45.12	2321.60	962.52	204.70	70.66	147.36	49.92	3756.76	3999.68
1999-2000	192.26	62.44	2633.54	938.86	195.11	76.15	167.88	44.96	4056.49	4311.19
2000-01	290.28	107.45	3322.01	1052.47	254.64	100.61	184.95	81.38	4996.06	5393.78
2001-02	316.67	258.80	3118.52	1034.29	258.13	94.60	186.46	61.32	4753.34	5328.81
2002-03	748.91	245.79	3806.11	1076.06	286.60	113.85	227.17	109.92	5619.73	6614.42
2003-04	971.24	79.52	5422.17	1188.31	337.55	118.08	273.97	135.87	7475.96	8526.72
2004-05	1231.39	131.19	7347.88	1412.06	421.44	156.46	267.67	209.42	9814.93	11177.51
2005-06	1141.25	149.76	8251.24	1738.04	493.37	184.62	392.24	249.06	11308.05	12599.57
2006-07	1168.72	164.82	9713.26	2093.27	496.75	149.08	509.80	267.86	13230.67	14563.58
2007-08	1651.21	231.13	13282.37	3152.35	578.92	214.45	797.97	457.61	18483.05	20366.01
2008-09	2093.37	361.37	20221.10	4221.73	658.82	236.61	643.57	557.10	26539.95	28993.78
2009-10	1349.02	347.33	17449.29	2844.11	569.59	182.14	751.92	390.88	22187.21	23884.29
2010-11	1758.51	478.36	23858.54	3304.41	1309.24	459.80	763.41	264.80	29960.98	32197.08
2011-12	1802.00	570.92	26847.32	4247.15	882.87	328.80	988.03	603.78	33897.38	36270.89
2012-13	2604.61	993.42	28227.06	7605.98	824.72	469.04	2020.40	534.10	39681.31	43279.42
2013-14	4025.26	743.32	24712.13	9893.58	859.20	517.68	2277.00	784.63	39044.76	43812.89
Panel B: Growth Rates <sup>#</sup>										
Intercept <sup>#</sup>	5.04	2.73	7.19	6.22	5.02	3.95	4.43	3.45	7.66	7.75
Growth Rate <sup>#</sup>	17.60	23.80	18.24	14.07	10.79	11.95	16.44	18.21	17.04	17.10
CGR <sup>#</sup>	19.25	26.87	20.00	15.23	11.39	12.69	17.86	19.98	18.59	18.65
P-Value <sup>#</sup>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
R-Square <sup>#</sup>	0.90	0.75	0.75	0.91	0.92	0.92	0.94	0.92	0.98	0.98
Rbar-Square <sup>#</sup>	0.90	0.74	0.74	0.91	0.91	0.92	0.94	0.91	0.98	0.98
CV <sup>#</sup>	82.93	97.29	84.03	93.94	61.61	72.52	103.45	84.81	83.36	82.96
CDV <sup>#</sup>	25.88	48.24	14.06	27.55	17.68	20.25	24.75	24.37	11.90	10.51

**Notes:** i) Figures in parenthesis of type ( ) are ranks of the countries in terms of Average Annual Growth rate; and ii) \*, \*\*, and \*\*\* represent significance at 10, 5 and 1 percentage levels of significance, respectively.

**Sources:** i) @ <http://commerce.nic.in/eidb/default.asp>; and ii) # Author's Calculations.

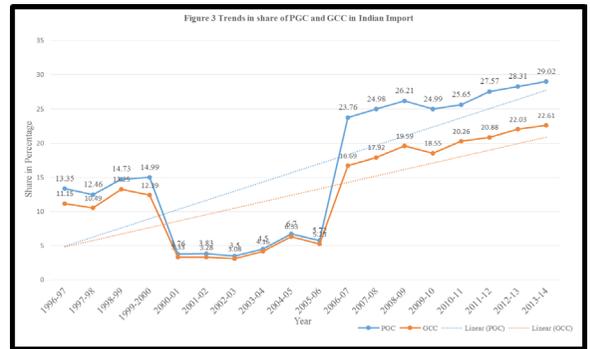
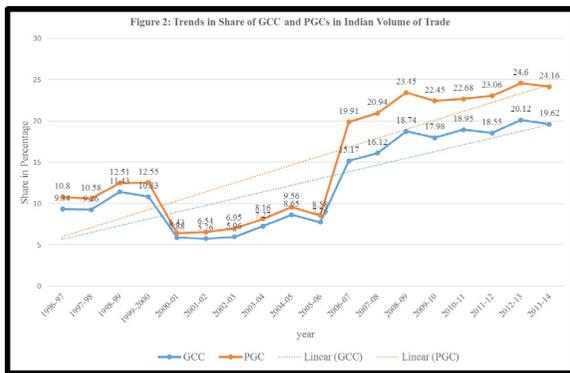
Table 7 substantiates the fact that share of Iraq in Indian volume of trade has increased continuously from 0.73 percent in 2005-06 to 9.20 percent in 2006-07, and to 10.32 percent in 2013-14. Though, Iran is another additional country in PGC group, its share increased from 0.76 percent in 2005-06 to a maximum value of 3.04 percent in 2008-09 and then declined to 2.0 percent in 2013-14. A negative and insignificant average annual growth rate of Iranian share in Indian volume of trade thus, substantiates the fact that Iran is not responsible for deviation in two share and trend lines from year 2006-07 onwards. Therefore, according to study Iraq is significant source of vari-

ation between trend lines of GCC and PGCs group and thus, should not be ignored while signing a free trade agreement within the Persian Gulf region.

Looking at disaggregated country level, it may be observed that among all countries of PGC group, UAE has a highest share of 32.23 percent in total volume of Indian trade with PGC. Also, the UAE's share in Indian volume of trade with all countries is 7.79 percent in the recent year of study i.e., 2013-14; these shares in 2012-13 had been observed to the tune of 38.77 percent and 9.54 percent, respectively. After UAE in PGC group, the second place is

occupied by Saudi Arabia with 25.01 percent share. However, the contribution of Saudi Arabia is 6.00 percent in Indian volume of trade with the entire world. Therefore, the said two countries (i.e., UAE and Saudi Arabia) jointly have a share of 57.24 percent; more than half in volume of trade of India from PGC. Further, third rank in terms of share in Indian volume of trade with PGC and world is occupied by Iran with 10.52 percent and 2.54 percent, respectively. At the end of ranking list among PGC group is Bahrain with 0.65 percent and 0.16 percent share in Indian volume of trade with PGC group and world, respectively.

It becomes pertinent to analyse the share of each PGC in Indian imports and exports to understand the share dynamics. The Figure 3.2 portrait the trends in the share of PGC and GCC



**Table 7: Trends in Share of Each PGC in Total Indian Volume of Trade with PGC Group and all Countries (Figures in Percentage)**

Year	Iran		Iraq		UAE		Saudi Arabia		Kuwait		Bahrain		Oman		Qatar	
	PGC	India	PGC	India	PGC	India	PGC	India	PGC	India	PGC	India	PGC	India	PGC	India
1996-97	13.46	1.45	0.03	0.01	35.76	3.86	30.57	3.30	14.08	1.52	2.49	0.27	1.65	0.18	1.97	0.21
1997-98	9.98	1.05	2.44	0.26	18.49	4.07	20.88	3.16	13.24	1.40	2.41	0.21	3.78	0.19	1.81	0.19
1998-99	6.89	0.83	1.98	0.23	37.94	4.75	27.55	3.45	17.60	2.30	5.57	0.70	1.49	0.19	1.17	0.15
1999-2000	11.43	1.43	2.29	0.36	37.61	4.32	20.10	3.46	13.49	1.49	2.92	0.27	1.90	0.25	2.36	0.28
2000-01	1.16	0.46	1.49	0.10	33.24	3.94	29.81	3.52	5.10	0.32	4.40	0.30	3.74	0.18	3.33	0.15
2001-02	1.62	0.58	1.32	0.22	54.70	3.58	20.72	3.35	4.49	0.29	3.37	0.25	2.23	0.17	2.26	0.15
2002-03	11.51	0.80	2.71	0.19	54.03	3.75	18.23	3.27	5.82	0.38	3.78	0.19	2.68	0.19	2.64	0.18
2003-04	10.23	0.83	0.65	0.05	63.01	5.08	16.07	3.11	3.99	0.33	1.43	0.13	2.68	0.25	2.72	0.22
2004-05	3.80	0.84	0.71	0.07	64.28	6.15	19.55	3.59	3.90	0.37	1.49	0.14	3.25	0.15	4.73	0.45
2005-06	8.81	0.76	0.73	0.06	59.80	5.13	15.90	3.36	4.13	0.39	1.36	0.13	3.11	0.27	3.36	0.46
2006-07	14.58	2.80	9.20	1.83	33.27	6.82	25.66	5.11	10.03	2.12	1.68	0.21	1.75	0.25	3.83	0.97
2007-08	14.84	3.10	8.19	1.71	33.53	7.02	26.69	5.59	9.86	2.52	1.35	0.28	1.40	0.50	3.45	0.72
2008-09	11.00	3.04	7.10	1.67	42.09	9.87	21.87	5.13	9.08	2.15	1.21	0.35	1.73	0.41	3.64	0.85
2009-10	13.77	2.86	7.16	1.61	41.45	9.30	20.05	4.50	8.01	1.80	0.72	0.66	1.32	0.91	4.54	1.11
2010-11	9.35	2.16	6.89	1.58	47.39	10.75	17.84	4.05	8.66	1.96	0.92	0.23	1.63	0.82	3.12	1.18
2011-12	1.83	2.03	10.73	2.47	39.65	9.14	20.44	4.32	9.03	2.22	0.33	0.17	2.34	0.59	3.48	1.19
2012-13	1.88	1.88	10.34	2.39	38.77	9.54	21.38	3.26	9.07	2.23	0.65	0.18	2.37	0.58	3.42	2.07
2013-14	4.37	1.69	10.52	2.54	32.81	7.78	23.01	6.04	9.86	2.38	0.67	0.18	3.12	0.75	3.00	2.18
Intercept	5.31	-0.37	-5.46	-0.88	3.88	1.17	3.24	0.56	2.18	-0.50	-1.17	0.55	1.14	0.32	-2.38	-0.88
Growth Rate	-0.01	*11	24.70	10.88	-0.72	6.41	-1.88	5.24	-0.91	6.21	-10.82	-3.69	3.22	10.36	9.77	16.00
CGR	-0.01	*2.7	30.01	21.62	-0.72	6.62	-1.88	5.70	-0.91	6.41	-10.26	-3.62	3.28	10.91	10.27	18.42
P-Value	0.99	0.00	0.00	0.50	0.00	0.13	0.04	0.68	0.11	0.06	0.84	0.62	0.00	0.00	0.00	0.00
R-Square	0.00	0.38	0.59	0.49	0.03	0.77	0.14	0.35	0.03	0.15	0.77	0.24	0.31	0.78	0.85	0.88
CDV	24.47	44.64	65.37	57.79	23.87	18.18	20.68	42.84	43.66	53.31	33.62	47.34	36.47	33.65	23.20	33.26

Notes: \*) Figures in parentheses are ranks of the countries in terms of Average Annual Growth rate, and \*) \*\*, and \*\*\* represent significance at 10, 5 and 1 percentage levels of significance, respectively.

Sources: i) <http://www.commerce.gov.in/old/india.htm> and ii) Author's Calculations.

**Table 8: Trends in Share of Each PGC in Total Indian Import and in Indian Import with PGC Group (Figures in Percentage)**

Year	Iran		Iraq		UAE		Saudi Arabia		Kuwait		Bahrain		Oman		Qatar	
	PGC	India	PGC	India	PGC	India	PGC	India	PGC	India	PGC	India	PGC	India	PGC	India
1996-97	16.47	2.20	0.01	0.01	21.41	3.39	34.83	4.65	18.17	2.43	2.54	0.34	0.23	0.03	2.35	0.31
1997-98	12.24	1.53	3.59	0.45	28.53	3.56	31.27	4.15	17.21	2.14	2.57	0.3	0.63	0.08	3.96	0.24
1998-99	7.59	1.82	2.42	0.51	27.88	4.06	28.34	4.32	24.03	2.44	2.74	0.42	0.62	0.04	3.25	0.17
1999-2000	14.62	2.19	2.68	0.40	26.88	4.03	32.46	4.86	17.58	2.64	2.14	0.32	0.84	0.13	2.81	0.42
2000-01	12.12	6.88	0.30	0.01	34.73	1.30	22.71	3.21	5.89	0.22	10.67	0.40	0.33	0.05	4.28	0.18
2001-02	14.40	0.55	0.05	1.01	48.43	1.78	23.54	0.90	3.74	0.14	6.80	0.20	0.43	0.02	4.65	0.18
2002-03	12.03	0.42	0.05	0.01	44.56	1.56	23.50	0.82	8.38	0.29	5.64	0.20	0.64	0.02	2.36	0.18
2003-04	7.58	0.34	0.01	0.01	38.53	2.64	20.96	0.94	4.62	0.18	2.12	0.10	1.45	0.07	5.31	0.24
2004-05	5.49	0.37	0.03	0.01	62.09	4.18	17.41	1.17	4.69	0.27	1.63	0.11	0.28	0.02	9.00	0.60
2005-06	8.45	0.48	0.02	0.01	51.06	2.92	19.14	1.68	2.01	0.31	2.22	0.12	3.11	0.18	10.27	0.69
2006-07	17.37	4.10	12.50	2.97	19.61	4.66	30.57	7.19	13.58	3.25	1.07	0.25	1.04	0.25	4.67	1.11
2007-08	17.41	4.35	10.88	2.72	21.44	2.38	30.97	7.74	12.73	3.06	1.33	0.33	1.82	0.45	3.91	0.96
2008-09	15.55	4.58	9.69	2.54	20.89	7.83	25.09	6.58	12.03	3.16	1.81	0.48	1.51	0.40	4.40	1.15
2009-10	16.01	4.00	9.75	2.44	27.06	6.76	29.73	5.93	11.45	2.86	0.70	0.17	4.86	1.20	4.63	1.61
2010-11	12.12	2.96	9.20	2.44	34.59	8.86	22.49	5.15	10.87	2.79	0.68	0.17	4.22	1.08	7.29	1.84
2011-12	10.32	2.82	14.03	3.87	27.25	7.51	23.59	6.10	12.19	3.50	0.67	0.19	2.48	0.68	9.58	2.64
2012-13	8.35	2.38	13.83	3.92	28.17	7.98	22.90	6.48	11.94	3.38	0.48	0.14	1.45	0.41	11.30	3.20
2013-14	7.89	2.29	14.18	4.11	22.22	6.45	26.03	7.25	13.13	3.81	0.45	0.13	2.29	0.66	32.01	3.49
Intercept	2.51	-0.39	-4.40	-7.29	3.59	0.70	3.42	0.82	2.36	-0.54	2.00	-0.89	-1.30	-4.187	0.69	-2.21
Growth Rate	-0.87	7.87	39.64	48.21	-1.27	7.47	-1.83	6.00	-0.54	8.20	-14.48	-5.93	13.59	23.43	8.70	18.44
CGR	-0.87	8.19	48.39	49.94	-1.26	7.75	-1.82	7.15	-0.53	8.55	-13.65	-5.76	14.78	25.27	10.18	20.25
P-Value	0.89	0.07	0.02	0.01	0.43	0.00	0.04	0.00	0.84	0.10	0.00	0.00	0.00	0.00	0.00	0.00
R-Square	0.02	0.20	0.31	0.33	0.04	0.48	0.23	0.18	0.01	0.12	0.67	0.27	0.60	0.62	0.64	0.81
CDV	31.71	64.18	83.79	90.18	37.84	32.47	41.62	54.82	48.66	62.98	58.69	69.89	55.70	72.65	33.43	41.81

Notes: \*) Figures in parentheses are ranks of the countries in terms of Average Annual Growth rate, and \*) \*\*, and \*\*\* represent significance at 10, 5 and 1 percentage levels of significance, respectively.

Sources: Author's Calculations.

In Indian imports. The red line represents trend in PGC share, while blue line is for GCCs. From analysis of these figures, it may be observed that the share of PGCs in Indian imports was 13.30 percent in very beginning year of the study i.e., 1996-97. However, in a year 2000-01, a sharp decline was observed and share felt to 3.76 percent. Another break in PGC share in Indian imports observed in the year 2006-07 wherein a surge observed from 5.72 percent in 2005-06 to 23.76 percent in 2006-07. However, from 2006-07 onwards, a smooth increase in share of PGCs has been observed up to 29.02 percent till the latest year of study in Indian imports. The same trend has been noticed for GCCs too with a similar share to the tune of 22.61 percent in Indian imports. However, the straight red line is trend line for PGCs while the straight blue line is for GCC. Again, a high deviation between two straight lines is observed from the year 2005-06 onwards.

Further, Table 8 provides trends of each PGC at disaggregated level in Indian imports. It may be noticed that Saudi Arabia stands at the top of the ladder among other PGCs with 26.03 percent share in Indian import from all PGCs. Among all countries of the world, Saudi Arabia's share is

Both lines have a smooth and parallel movement alongside over a period of time and no significant deviation has been observed between the two. Thus, the observed deviation in share of PFCs and GCC's share in volume of trade over the period under evaluation is because of increasing deviation in import shares.

Table 9 provides information on share of each individual PGC in Indian exports. The UAE ranks first with 56.40 percent share in total Indian export to PGCs and 9.71 percent share in total Indian exports to world during the year 2013-14. The second rank is occupied by Saudi Arabia with 22.58 percent share in Indian Export to PGC and 3.89 percent share in total Indian export. Thus, UAE and Saudi Arabia jointly have a share of 78.98 percent share in Indian exports to PGC and remaining six countries have only 21.02 percent share in Indian exports to PGCs. Bahrain has the lowest share in Indian Export to PGC and total export with 1.18 percent and 0.20 percent, respectively. Keeping aside volume of exports to each PGCs, the share of Iran in Indian exports has increased at highest rate of 20.86 percent per annum with overall growth rate of 23.19 percent.

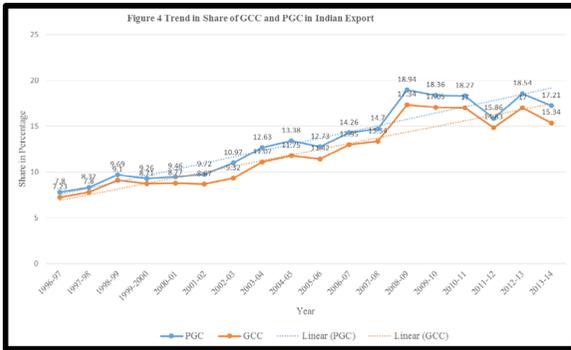


Table 9: Trends in Share of Each PGC in Total Indian Export and in Indian Export with PGC Group (Figures in Percentage)

Year	Iran		Iraq		UAE		Saudi Arabia		Kuwait		Bahrain		Oman		Qatar	
	PGC	India	PGC	India	PGC	India	PGC	India	PGC	India	PGC	India	PGC	India	PGC	India
1986-87	7.45	0.38	0.08	0.01	56.41	4.41	22.06	1.72	2.91	0.46	2.40	0.19	4.47	0.35	1.32	0.10
1987-88	5.93	0.49	0.39	0.03	56.28	4.86	23.81	1.98	0.16	0.51	2.11	0.18	3.77	0.31	1.52	0.15
1988-89	4.95	0.48	1.13	0.11	58.04	5.62	24.06	2.33	3.12	0.50	1.77	0.17	3.68	0.36	1.42	0.12
1989-90	4.48	0.41	1.47	0.13	61.09	5.68	21.28	2.02	4.53	0.42	1.77	0.16	3.89	0.36	1.64	0.10
2000-01	5.38	0.51	1.99	0.19	61.59	5.83	19.51	1.85	4.72	0.45	1.87	0.18	3.43	0.32	1.50	0.14
2001-02	5.94	0.58	1.86	0.47	58.51	5.69	19.41	1.89	4.84	0.47	1.78	0.17	3.50	0.34	1.13	0.11
2002-03	11.32	1.26	3.71	0.41	57.54	6.31	16.27	1.78	4.31	0.48	1.72	0.19	3.45	0.38	1.60	0.18
2003-04	11.39	1.44	0.93	0.12	63.59	8.03	13.94	1.76	3.96	0.50	1.18	0.17	3.21	0.41	1.59	0.20
2004-05	11.02	1.47	1.17	0.16	65.74	8.80	12.63	1.69	3.77	0.50	1.40	0.19	2.99	0.32	1.87	0.22
2005-06	9.66	1.15	1.19	0.15	65.49	8.33	13.79	1.76	3.80	0.50	1.47	0.19	3.11	0.40	1.98	0.25
2006-07	8.02	1.14	1.13	0.16	66.70	9.51	14.37	2.05	3.41	0.49	1.02	0.15	3.50	0.50	1.84	0.26
2007-08	8.11	1.19	1.13	0.17	67.22	9.59	15.48	2.27	3.84	0.42	1.09	0.15	3.92	0.58	2.25	0.31
2008-09	7.22	1.37	1.35	0.34	69.74	13.21	14.56	2.76	2.27	0.43	0.81	0.15	2.22	0.42	1.92	0.39
2009-10	5.65	1.04	1.45	0.27	73.96	13.41	11.91	2.19	2.38	0.44	0.76	0.14	3.15	0.58	1.64	0.30
2010-11	5.49	1.05	1.49	0.27	74.10	13.54	10.26	1.88	4.07	0.74	1.43	0.26	2.37	0.43	0.82	0.15
2011-12	4.97	0.79	1.57	0.25	74.02	11.74	11.71	1.86	2.43	0.39	0.91	0.14	2.72	0.43	1.06	0.26
2012-13	6.02	1.12	1.30	0.43	65.22	12.09	17.57	2.26	1.91	0.35	1.08	0.20	4.87	0.87	1.52	0.23
2013-14	9.19	1.58	1.70	0.29	59.40	9.71	22.58	3.89	3.96	0.34	1.18	0.20	5.20	0.90	1.79	0.31
Intercept	1.77	-0.67	-0.42	-2.98	4.04	1.48	3.42	0.51	1.88	-0.69	0.80	-1.76	1.29	-1.28	0.30	-2.26
Growth Rate*	20.86	5.85	6.70	12.04	1.41	1.49	1.81	2.41	1.07	1.15	0.19	-0.66	4.68	1.11	6.48	6.48
CGR*	23.19	6.82	6.83	13.80	1.14	6.69	1.81	2.44	-6.12	-0.97	-5.02	0.19	-0.66	4.79	1.12	6.67
P-Value*	0.00	0.00	0.09	0.00	0.00	0.04	0.02	0.00	0.22	0.00	0.79	0.88	0.00	0.56	0.00	0.00
R-Square*	0.54	0.48	0.17	0.49	0.41	0.85	0.21	0.31	0.84	0.09	0.69	0.01	0.02	0.63	0.05	0.61
CDV*	21.12	28.46	63.17	46.24	7.52	14.15	17.63	23.53	13.82	17.66	17.88	23.58	23.81	23.32	25.54	23.54

(Notes: \*) Figures in parentheses are ranks of the countries in terms of Average Annual Growth rate. \*\*, \*\*\*, and \*\*\*\* represent significance at 10, 5 and 1 percent level of significance respectively. Sources: Author's Calculations.

4. Direction of Trade and Structure of Tariff among PGCs

Trading strategies are based on the investor's assessment of the broad market and directional trading can mean a basic strategy of going long if the market is perceived as heading higher and find out the products in which trade intensity is higher. Although tariff rate acts as a barrier on trade yet its analysis is important to assess the viability of trade with target market. Thus, analysis of direction of trade is important to analyse what products India is trading (i.e., exports and imports) with PGCs and what is the structure of tariff within India and these gulf countries.

4.1 Direction of Indian Trade with PGC- An Aggregated Analysis

The composition of Indian trade with PGCs has been provided in Table 10 along with the share of each products in Indian exports and imports. The figures for the year 2013 have been reported along with the tariff rates imposed by India and PGCs on each other's imports and exports. Table 10 provides the major import of India in year 2013 from PGC is product and substantiates the fact that 81 percent of total imports from PGCs belongs to Mineral Fuels, Mineral Oils and Products of their Distillation, Bituminous Substances, and Mineral Waxes (i.e., two digit HS code 27). The average tariff rate exercised on these products is 7.15 percent Advelorem. The second important product in Indian imports from PGCs is Natural or Cultured Pearls, Precious or Semiprecious Stones, Pre.Metals, Clad with Pre. Metals and Articles thereof; IMIT, Jewellery and Coin (i.e., HS code 71) with a share of 9.13 percent. A tariff rate of 11.5 percent is being charged by India on HS 71 products imported from PGCs. The two categories of products (i.e., HS-27 and HS-71) form 90.13 percent share of Indian imports from PGCs and thus, considered to be sufficient to discuss the effect of reducing import duty by India under FTA.

In addition to Indian the imports, the major export to PGCs have been provided in Table 10 along with the in-

formation on tariff rates charges by PGCs on Indian products. Among Indian exports to PGCs, the major share is of HS-27 and HS-71 category products. The shares of each of these categories is 25 percent and 23.7 percent, respectively. The third major products in Indian exports to PGCs belong to Cereals (i.e., two digit HS code 10) with 8.5 percent share. India levies higher tariff on HS-27 and HS-71 products in comparison to the PGCs. The average tariff rate exercised by PGCs on HS-27 products is 5.30 percent in comparison to the Indian average of 7.15 percent. For HS-71, PGCs levy 3.1 percent against Indian rate 11.5 percent.

Thus, the duty charged by India on PGC products is higher than the duty charged on Indian products by PGCs. A list of 13 categories of products has been provided for Indian exports to PGCs in ascending order on the basis of the share of each product in total Indian exports to PGCs. The total share of these 13 products turns out to be 81.13 percent and is sufficient to analyze the effect of change in tariff structure on Indian welfare.

Table 10: Composition of Indian Trade with PGC Group

Products (HS 2-digit Code)	Imports		Exports	
	Share (%)	Tariff Rate (%)	Share (%)	Tariff Rate (%)
MINERAL FUELS, MINERAL OILS AND PRODUCTS OF THEIR DISTILLATION; BITUMINOUS SUBSTANCES; MINERAL WAXES (27)	81%	7.15%	25%	5.30%
NATURAL OR CULTURED PEARLS, PRECIOUS OR SEMIPRECIOUS STONES, PRE METALS, CLAD WITH PRE-METAL AND ARTICLES THEREOF; IMIT, JEWELRY, COIN. (71)	9.13%	11.5%	23.7%	3.1%
CEREALS (10)	--	--	8.5%	3.8%
ELECTRICAL MACHINERY AND EQUIPMENT AND PARTS THEREOF; SOUND RECORDERS AND REPRODUCERS, TELEVISION IMAGE AND SOUND RECORDERS AND REPRODUCERS, AND PARTS (85)	--	--	3.3%	7.6%
NUCLEAR REACTORS, BOILERS, MACHINERY AND MECHANICAL APPLIANCES, PARTS THEREOF (84)	--	--	3.0%	5.9%
SHIPS, BOATS AND FLOATING STRUCTURES (89)	--	--	2.8%	1.1%
ARTICLES OF IRON OR STEEL (72)	--	--	2.62%	5.7%
IRON AND STEEL (72)	--	--	2.38%	5.2%
ARTICLES OF APPAREL AND CLOTHING ACCESSORIES, NOT KNITTED OR CROCHETED (61)	--	--	2.36%	5.2%
AIRCRAFT, SPACECRAFT, AND PARTS THEREOF (88)	--	--	2.35%	3%
ARTICLES OF APPAREL AND CLOTHING ACCESSORIES, KNITTED OR CROCHETED (61)	--	--	1.86%	3%
ORGANIC CHEMICALS (29)	2%	10.04%	1.71%	6.3%
MEAT AND EDIBLE MEAT OFFAL (02)	--	--	1.52%	8.5%

Source: author's a calculation

4.2 Direction of Indian Trade and Tariff Structure with PGC- A Disaggregated Analysis

To understand the composition of Indian import from all PGC members, a country level analysis of major trading products is required. Table 11 provides direction of trade and tariff structure exercised on PGCs products in India (i.e., on Indian Import from PGC). It is evident from the table that India is importing product category HS-27 from all PGC members with highest share 99.5 percent share of India Imports from Iraq and 93 percent from Qatar and Kuwait are classified under the HS-27 category. The second highest share is of commodities group HS-29 of four countries, namely, Iran, Saudi Arabia, Oman and Kuwait. The major Indian imports of commodities under category HS-71 is from the UAE. 40 percent Indian Import from UAE falls under this category.

Regarding the tariff structure, Iran is levied a highest 20 percent tariff rate on product code HS-29 but GCC member are levied 7.2 percent on the same product. All the GCC member are levied the same tariff rate on their products. Further, the highest rate of 10 percent is charged from Iran and Iraq under product category HS-27. Except these two nations, other nations are charged 6.2 percent MFN rate on products under category HS-27. The second highest tariff has been observed in case of product code HS-71; the UAE is paying 10.3 percent Advelorem on this category of products.

To understand the composition of Indian export to all PGC members, a country level analysis of major trading products is required. Tables 12 provides detail on the Direction

of Indian exports along with tariff rates exercised by PGCs on Indian products during the year 2013. The main partner of India in export to PGC group is UAE with highest share of 17 percent in Indian export for the product HS-27 with a tariff rate of 5 percent advalorem. The second major product in Indian export to UAE is classified under the categories HS-85 and HS-89 with the share of 3.5 percent.

analyse the trends in Indian trade relations with Persian Gulf countries. The analysis is based upon the growth evaluation of Indian trade with PGCs. The growth rates of trade volume, imports and export volumes, shares of various PGCs in Indian imports and exports have been used as yardsticks of trade relations with PGCs. In addition to the said parameters, the direction of trade and tariff structure with PGCs has also been provided to infer that PGCs are significant trade partner of India and offers ample opportunities of trade promotion to Indian subcontinent.

Table 11 : Share and Tariff Rate of Major Commodities Import by India From PGCs

Commodities HS Code Countries	27		28		29		31		71		72		76	
	Share (%)	Tariff Rate (%)												
Iran	83	10	27	7.5	4.8	20	5.4	10	-	15	-	7.5	-	10
Iraq	99.5	10	-	7.5	-	20	-	10	-	15	-	7.5	-	10
UAE	45	6.2	-	7.4	-	7.2	-	6.3	40	10.3	-	5.6	-	7
Saudi Arabia	90	6.2	-	7.4	4	7.2	-	6.3	-	10.3	-	5.6	-	7
Qatar	93	6.2	-	7.4	-	7.2	-	6.3	-	10.3	-	5.6	-	7
Kuwait	93	6.2	-	7.4	4	7.2	-	6.3	-	10.3	-	5.6	-	7
Oman	50	6.2	-	7.4	12	7.2	15	6.3	-	10.3	10	5.6	-	7
Bahrain	54	6.2	-	7.4	-	7.2	-	6.3	-	10.3	8.5	5.6	26	7

Notes: i) Tariff Rate in year 2014 ii) Commodities are in HS Code (details are available in appendix) iii) Share amount and Tariff rate are in Percentage iv) Tariff rate for GCCs/WTO member is in Average of AV Duties v) Tariff rate for Iran and Iraq is in maximum AV Duties (not member of WTO)  
Sources: i) <http://tariffdata.wto.org/TariffList.aspx> ii) Author's Elaboration

From analysis, it has been observed that 24.16 percent of the Indian total trade is with PGCs that amounts worth US \$ 184,738.02 million in year 2013-14. In total trade volume, the share of import is US \$ 130,627.44 million and share of export is US \$ 54,110.58 million. Thus, the share of Indian imports is much higher than Indian exports in Total trade volume of India with PGCs. The 29.02 percent Indian imports and 17.21 of total Indian export are from PGCs and both have grown at a significant rate during the period 1996-2013.

The tariff rate charged on these two products by UAE are 3.6 percent and 1.1 percent, respectively. Next to UAE, the second most important country among PGCs group for Indian export is Saudi Arabia. The major exports by India to Saudi Arabia falls under category HS-27 with share of 56 percent. The products under category HS-10 are exported to Saudi Arabia with a share of 10 percent (i.e., second highest share) with a tariff rate of 0.8 percent in the year 2013. Further, the products under category HS-10 have a significant share in Indian export to all Persian Gulf Countries. In HS-10 category products, Iran has the highest share to the tune of 40 percent followed by Iraq at second place with a share of 30 percent

From direction of trade analysis, it has been noticed that the maximum Indian import from PGCs falls under product category of HS-27 (i.e., mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes). Given its development needs, India is the fourth largest importer of energy in the world. However, PGC group countries are main supplier of energy. Because of these reasons, India and PGC get tight during the more recent years. Among PGC group, the UAE has highest share in Indian total trade. The UAE is also at top of the list of Indian trading partners in the entire world.

The list of Indian export to PGCs is exhaustive and for present analysis, 28 major products have been shortlisted. These 28 products sums out to be 81.13 percent share in total Indian exports to PGCs. The exhaustive list of exported products to PGCs indicates that India has a good market in PGC to export the different variety of products. The two countries, Iran and Iraq, are not the members of WTO and are having high tariff rate in comparison to others GCC countries. India on the other side is also charging higher tariff on PGC products in the comparison to GCC countries. Thus, all of these countries must be brought under uniform tariff structure category so as to explore the trade opportunities in the Asian region.

The major share of Indian imports from PGC is on some fewer product e.g., two products falling under HS-27 and HS-71 categories sums up above 90 percent of Indian imports from PGCs. However, the list of Indian export to PGCs is exhaustive and spread over a variety of product. By observing the tariff structure of PGC members it notice that GCC member are being charged less tariff rate as compare to the PG countries that are not the members of GCC (e.g., Iran and Iraq). On the other side, India levy MFN tariff rate on GCC member's products while exercise Compound tariff rate on products imported from Iran and Iraq (not WTO member).

Table 12 : Share and Tariff structure of Major Commodities of Indian Export to PGC Members

Commodities HS Code Countries	02		07		08		09		10		17		23	
	Share (%)	Tariff Rate (%)												
Iran	2.3%	19.6%	-	-	-	-	2.5%	31.25%	40%	20.5%	3.5%	28.6%	14%	20.1%
Iraq	9.5%	15%	-	-	-	-	-	-	30%	5%	1.5%	15%	-	-
UAE	-	-	-	-	-	-	-	-	1.8%	0.8%	-	-	-	-
Saudi Arabia	2%	4.1%	-	-	-	-	-	-	10%	0.8%	-	-	-	-
Qatar	3%	4.1%	2%	2.6%	1.2%	2.5%	1.25	3.5%	9%	0.8%	-	-	-	-
Kuwait	6%	4.1%	3%	2.6%	2.5%	2.5%	2.5%	3.5%	25%	0.8%	-	-	2.55	4.8%
Oman	1.7%	4.1%	-	-	-	-	-	-	6%	0.8%	1.5%	3.5%	-	-
Bahrain	-	-	1.7%	2.6%	-	-	-	-	6%	0.8%	-	-	-	-

In trends in trade, two significant structural breaks have been observed over the study period of 1996 to 2013. These breaks are observed in import of India from PGC, first break is in the year 2000-01 a sharp decrease in import from PGC, and second break happened in the year 2006-07 a surge in Indian import from PGCs. On the other hand Indian export to PGC have grown smoothly over the study period under evaluation.

Table 13: Tariff rate at disaggregate level among PGC

commodities HS Code Countries	26		27		28		29		30		38		39	
	Share (%)	Tariff Rate (%)												
Iran	-	-	-	-	1.4%	7.9%	4%	10.9%	-	-	1.7%	16.7%	-	-
Iraq	-	-	4%	6.15%	-	-	-	-	5.5%	9.5%	-	-	-	-
UAE	-	-	17%	5%	-	-	-	-	-	-	-	-	-	-
Saudi Arabia	-	-	56%	5%	-	-	2.5%	4.1%	-	-	-	-	-	-
Qatar	-	-	5%	5%	-	-	3%	4.1%	-	-	-	-	-	-
Kuwait	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Oman	1.7%	5%	46%	5%	-	-	-	-	-	-	-	-	-	-
Bahrain	-	-	36%	5%	6%	5%	-	-	-	-	-	-	2%	5%

In sum, it has been observed that PGCs are important trade partners of India. One of the PGCs (i.e., UAE) is already on the top of list of Indian trading partners. The PGCs are also big suppliers of energy in the world market and energy is among the prominent needs of shining India too. Further, India is exporting variety of products to PGCs and thus, trade relations with PGCs will help Indian planner to promote the export oriented industries. Hence, extending trade relations with PGCs will be in favour of Indian economy. Further, ample opportunities to PGCs will be available if India reduces tariff on PGC products. With less tariff, PGCs will get better access to Indian market. Therefore, given the importance of trade relations within India

4. Summary of conclusion

The present study has been written with an objective to

and PGCs, it is suggested that the policy planners of both nations should work in directions to facilitate trade and build trade infrastructure between two sides. This will not only help to correct balance of trade of partner nations but improve the socio economic, political and skill exchange within the p

Continue of table 3.13

Commodities HS Code Countries	48		52		55		61		62		69		71	
	Share (%)	Tariff Rate												
Iran	1.4%	30.9%	1.4%	52.6%	2%	43.3%	-	-	-	-	-	-	-	-
Iraq	-	-	-	-	-	-	-	-	-	-	4%	10.8%	-	-
UAE	-	-	-	-	-	-	3%	5%	3.1%	5%	-	-	42%	3.1%
Saudi Arabia	-	-	-	-	-	-	1%	5%	1.5%	5%	-	-	-	-
Qatar	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Kuwait	-	-	-	-	-	-	3.5%	5%	3.5%	5%	-	-	-	-
Oman	-	-	-	-	-	-	-	-	3%	5%	-	-	-	-
Bahrain	-	-	2.6%	5%	-	-	-	-	-	-	-	-	4.5%	3.1%

Commodities HS Code Countries	72		73		84		85		87		88		89	
	Share (%)	Tariff Rate												
Iran	5.8%	8.6%	-	-	3.2%	13.6%	4.5%	23.5%	-	-	-	-	-	-
Iraq	1.8%	3%	11%	9.7%	7%	6.5%	10%	16%	1.8%	13.2%	-	-	-	-
UAE	1.8%	5%	2.5%	5%	2%	4.5%	3.5%	3.6%	-	-	3.4%	2.7%	3.5%	1.1%
Saudi Arabia	2.5%	5%	2%	5%	3.3%	4.5%	2.3%	3.6%	1.3%	4.8%	1.7%	2.7%	-	-
Qatar	4%	5%	6%	5%	7%	4.5%	7%	3.6%	5%	4.8%	-	-	28%	1.1%
Kuwait	3%	5%	3.5%	5%	7.5%	4.5%	7.5%	3.6%	3.5%	4.8%	-	-	-	-
Oman	1.6%	5%	3%	5%	7%	4.5%	4%	3.6%	1.7%	4.8%	-	-	5.5%	1.1%
Bahrain	3%	5%	4.3%	5%	5.5%	4.5%	4.5%	3.6%	1.8%	4.8%	-	-	-	-

Notes: i) Tariff Rate in year 2014 ii) Commodities are in HS Code (details are available in appendix iii) Share amount and Tariff rate are in Percentage iv) Tariff rate for GCCs (WTO) member is in Average of AV Duties v) Tariff rate for Iran and Iraq is in maximum AV Duties (not member of WTO)

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