

## **Bilateral Trade Relationship Between India and UAE with Reference to 2010-2011 to 2016-2017**

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### **ABSTRACT**

*India- United Arab Emirates relationship in all respects particularly related to the trade aspect is of more academic, economic and political importance in the Indian context. Majority of the Indian expatriates are residing in UAE performing several contributions in various sectors of that country in social, educational, health, business and other economic sector of United Arab Emirates. This study is construed only a pilot study of the bilateral trade relationship between these two nations. The export trade of India with UAE is on an average of 11.54% against the total export trade whereas the import trade from UAE is on an average 7.33% of the total import trade of India for the last 5 years. This trend showing a favourable economic condition with respect to the balance of trade of India. Even though, the export trade is an average of 11.54%, showing a decreasing trend from 2013-14 to 2016-2017, the same trend is applicable to the import of commodities from UAE. At the same time, total trade with UAE against the total trade of India with other world nations is on an average 9%. The trade relationship between India and UAE is deeply rooted from the ancient days and it is strengthened further with the several measures taken by both the countries. Recent developments are showing that the bilateral trade and relationship will be developing in different spheres of economic and cultural cooperations of both the countries. The trade and relationship between these countries definitely reach to the different sectors of economy like real estate, crude oil preservation, distribution, tourism, pharmaceuticals, jewelry etc.*

**Keywords:** Bilateral Trade, FDI- Foreign Direct Investment, Balance of trade, LPG- Liberalisation, Privatisation and Globalisation.

### **INTRODUCTION:**

India and United Arab Emirates having a wide range of bilateral trade relationship since time immemorial in various sectors like cultural, religious, political, economic and commercial. This relationship is accelerated when the United Arab Emirates, the federation of UAE came into existence after the unity of seven emirates on 2nd December, 1971 under the leadership of His Highness Sheikh Zayed Bin Sultan Al Nahyan. Presently India is having a good strategic trade relationship with UAE in trade and commerce and UAE became a strategic partner of India in the international regime. All the recent trends in strategic exchanges showing that India is considering UAE as a very important strategic and vital partner in the Arab world resulting in the flow of the Foreign Direct investment in various sectors. UAE is an important trade partner having an increased investment of Foreign Direct Investment (FDI) around 81.2% of the total FDI of Arab countries in India.

The historic visit of Prime Minister of India to UAE on 16 & 17th August, 2015 marked a new comprehensive and strategic partnership in the bilateral relationship between India and UAE and in the joint statement issued after the visit, both the leaders agreed to work together and to explore the new vistas of cooperation. Followed by the visit of Prime Minister of India, H.H Sheikh Mohammed Bin Zayed Al Nahyan, Crown Prince and

Deputy Supreme Commander of Armed forces visited India on 10th - 12th February, 2016 and had a wide range of discussions bilateral, regional and multilateral issues of mutual of mutual interest and reached a broad consensus and signed MOUs and agreements pertaining to

- a. facilitation of Institutional Investors in infrastructure
- b. Cooperation in renewable energy
- c. Cultural exchange
- d. Space
- e. Skill Development
- f. Insurance and
- g. Currency Swaps

## **REVIEW OF LITERATURE:**

In this section of Review of Literature, the researcher would interested to provide some of the relevant literatures, discussions, analysis and interpretations existing in this topic or allied topic of bilateral trade relationship between India and UAE.

K.A Goyal and Abdul Vajid (2016) analysed the trends, problems and prospects of bilateral trade relationship between India and United Arab Emirates in his paper "An analysis of bilateral trade between India and UAE". The analysis 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 Govt. of India, Ministry of commerce. The author discussed the trends of export and import trade of UAE with India, the major components of the export from India and Imports to India.

Prasann Kumar Das and Samir Ranjan Pradhan (2014) analysed India's trade relations with gulf regions consisting of six members of Gulf Cooperaton Council (GCC). This study shown that India's trade relations with the gulf region has transformed considerably over the years. Notably, the higher growth in bilateral trade happened in the absence of any specialised framework for trade promotion.

Meena Singh Roy and Md. Muddassir Quamar (2017) analyses India- UAE new dimensions of Strategic Partnership in the light of the visit of the leaders of both countries in their partner countries expressing a strong political commitment on both sides to expand ties in the areas energy security, defense and security. Information Technology and Space. The signing of the Comprehensive Strategic Partnership (CSP) provides bilateral relations to a new level.

Pouria Mojajeri (2015) analyzed the Trends of Trade between India and Persian Gulf Countries in his paper "Trends of India Trade with Persian Gulf Countries". Author used the Trade Intensity Index to measure the trade intensity with Persian Gulf countries and observed that the highest volume of Indian trade among the Persian Gulf Countries is with United Arab Emirates.

Ranjit Gupta (2013) in his article India and Gulf : indicated towards a close interaction between the people of India and of the Gulf region. The factors such as the bilateral trade, gas and oil, remittances and huge mass of Indian working in these countries, makes the GCC countries India's leading socio-economic partner in the world.

## **NEED (IMPORTANCE) OF THE STUDY:**

Bilateral relationship in various commercial and non-commercial sectors are one of the important scale of measurement of the relationship between two nations. India- UAE relationship is very crucial for both countries are concerned as a very fast developing economy in the world like India and the most wealthiest countries in the world like UAE. Moreover, the majority of the Indian expatriates are residing in UAE and Indian's are emerged as important investors in UAE results in India has an huge export opportunities to UAE and vice versa. Especially after the visit of Honorable Indian Prime Minister Shri. Narendra Modi on August, 2015 after 34 years of gap between one visit of an Indian Prime Minister to UAE strengthen the relationship between this two countries and uplifted in to the new vistas of trade, economic and cultural aspects. Followed by the visit of Prime Minister of India, several agreements which are of commercial importance are signed for the furtherance of bilateral trade relationship.

## **OBJECTIVES OF THIS STUDY:**

1. To examine the export-import performance between India and United Arab Emirates (UAE).
2. To analyse the bilateral trade relationship between India and UAE
3. To offer suggestions for the further improvement of bilateral trade between these countries.

## **METHODOLOGY OF STUDY:**

In this present study of "Bilateral trade relation between India and UAE", the major sources of data is from Secondary sources. The data are obtained from various websites of Indian and UAE Ministry of Commerce, journals and publications of RBI, DGFT, Published reports of Indian embassy, leading news papers etc. For the data processing and representation, the author used the various pictorial representation methods like histograms, line diagrams, pie diagrams and for the purpose of data processing, the author used some statistical methods of statistical averages like Arithmetic Means, correlation etc.

## **FINDINGS AND DISCUSSIONS:**

At the present era of LPG (Liberalized, Privatized and Globalised) environment, the trade and economic relationship between nations are playing a crucial role for the overall economic and social development of nations and the improvement of the standard of living of the people in various nations. Indo-UAE trade relationship is very important for both nations in the peculiar circumstances of mass Indian expatriates are residing in this country and their investment in UAE and the FDI of UAE in Indian business sectors. In this paper, the author wants to discuss the trends and prospects of the Indian export and Import to UAE with special reference from the year 2010 to 2017.

The Table No.1 shows that 13.54% of the total exports of India is towards United Arab Emirates during the year 2010-2011, 11.74% during the year 2011-2012 showing a decline of the share of total exports to UAE even though there is increase of exports to UAE from 33,822.39 Million US Dollars to 35,925.52 Million US Dollars. In the year 2012-2013 the share of export to UAE is showing a slight increase, it increases from 11.74% to 12.09% where as the total export of India declined from 3,05,963.92 Million US Dollars to 3,00,400.58 Million US Dollars, followed by a drastic reduction of the share of export to UAE out of the total exports of UAE, reduced from 12.09% to 9.71% during the year 2013-2014 even though the total exports of India increased from 3,00,400.58 Million US Dollars to 3,14,405.58 Million US Dollars, the export to UAE reduced from 36,316.65 Million US Dollars to 30,520.42 Million US Dollars during the year 2013-2014. In the year 2014-2015 the share of Indian export to UAE showing a slight increase from 9.71% to 10.64% resulting in the increase of actual export from 30,520.42 Million US Dollars to 33,028.08 Million US Dollars, where as the exports to UAE declined from 33,028.08 Million USD to 30,290.01 Million USD during the year 2015-2016 and showing an increase in export to UAE from 30,290.01 Million USD to 31,305.8 Million USD during the period of 2016-2017.

As far as the import of commodities from UAE is concerned, it is showing a continuously showing a declining trend from 8.86% during the year 2010-2011 to 7.51% 2011-12, from 7.51% to 7.98% in the year 2012-2013 (a slight increase in % of Import), 7.98% of the total import to 6.45% during the year of 2013-2014 and from 6.45% to 5.83% 2014-2015, even though the total import of India from all nations increases year after year from 3,69,793.13 Million USD to 4,89,319.49 Million USD during the year 2012-2013, to 4,90,736.65 Million USD in 2013-2014, declined to 4,50,199.79 during the year 2014-2015 and further reduction from 4,50,199.79 Million USD to 4,48,033.41 Million USD.

The imports from UAE towards India is showing an increasing trend from 2010-2011 to 2012-2013, increases from 32,753.16 Million USD during the year 2010-2011 to 36,756.32 Million USD 2011-2012 and from 36,756.32 Million USD to 39,138.36 Million USD during the year 2012-2013. There after shoeing a declining trend of import from UAE till 2015-2016 from 39,138.36 Million USD to 29,019.82 Million USD to 2013-2014, declined from 29,019.82 to 26,139.91 Million USD for the year 2014-2015 and from 26,139.91 to 19,445.68 Million USD in the year 2015-2016, followed by an increase of import from 19,445.68 to 21,498.20 Million USD in the year 2016-2017.

The Table No. 2 is showing the trend in percentage of the commodities export to UAE from 2010-2011 years to 2016-17 years showing a trend of increase of export for the initial two years and showing a declining trend thereafter. The trend percentage of export increases from 100 to 106.22% during the year 2011-2012 and again increases from 106.22% to 107.37% and there after showing a trend of decline from the previous year and even the base period of 2010 -2011 to 90.24% during the year 2013-2014, increases from 2013-2014 to 2014-2015 from 90.24% to 97.65% but showing a reduction from the base period of 2010-2011. During the year 2015-2016 the trend is again declined even from the previous year of 2014-2015 from 97.65% to 89.56%, followed by an increase in trend from the previous year 2015-2016 to 2016-2017, 89.56% to 92.56%.

Table No.3 showing the trend percentage of Import of commodities from UAE during the years 2010-2011 to 2016-2017 providing a picture of increase in trend in the import for the initial three years (from 2010-2011 to

2012-2013) of this study and there after a declining trend from 2013-2014 to 2016-2017. The trends showing that an increase of Import from 2010-2011 to 2011-2012 (100% to 112.22%) followed by an increase in trend from 112.22% to 119.49% during the year 2012-2013. The next four years of this study (from 2013-2014 to 2016-2017) the trend in import of commodities are showing a declining trend, it was declined from 119.49% to 88.6% (even below the base period of 2010-2011), followed by a decline of 79.81% during the year 2014-2015, a drastic reduction of trend to 59.37% during the year 2015-2016 and 65.64% in the last year of this study 2016-2017. This trend showing a reduction in the import from UAE even though the total exports of India is increasing year after year.

The Table No.4 depicts India's total trade with UAE and the total trade of India showing an increasing trend for the first three years of this study where as the last few years from 2013-2014 onwards showing a declining trend. The total trade with UAE increases from 66,575.55 Million USD in the year 2010-2011 to 72,681.84 Million USD in the year 2011-2012, further increases to 75,455.01 Million USD in the year 2012-2013. Result in reduction of the total trade from 2013-2014 onwards, it reduces from 75,455.01 Million USD to 59,540.24 in the year 2013-2014, declined to 59,167.99 Million USD during the year 2014-2015, showing a drastic reduction of total trade with UAE to 49,735.69 in the year 2015-2016, and followed by an increase in total trade to 52,804 Million USD.

As far as the share of trade with UAE is concerned, during the year 2010-2011 the share of UAE trade with India is 10.75% of the total trade on India, followed by a reduction of the share of trade to 9.14% in the year 2011-2012, showing a slight increase in total trade during the year 2012-2013 as compared to the previous year. It is showing a drastic reduction in the total trade with UAE from 9.54% in 2012-2013 to 7.79% in the year 2013-2014, followed by the same share of trade 7.80% during the year 2014-2015 even though the total trade of India is increases from 6,19,584.68 Million USD to 7,05,283.41 Million USD in the year 2011-2012.

The Figure No.6 showing the average export of commodities for the last 7 years showing that 47% of the total exports from India to UAE is Natural/Cultured Pearls/Precious or Semi-precious Stones/jewelry, 16% of the exports are in the form of Mineral Fuels/Mineral Oil and Wax, 3% are Apparel and Clothing accessories, 3% of the exports are Ships, Boats and Floating Structures, 3% are Electrical Machinery and Equipments, 2% Articles of Iron and Steel, 2% Nuclear Reactor/Boilers/Mechanical Appliances and rest 21% consists of other commodities.

As far as the Imports are concerned, the Figure No:8 clearly showing that 49% of the import from UAE to India are in the form of Natural/Cultured Pearls, Jewelry, coin etc., 42% of the imports are Mineral Fuels/Wax, 2% Iron and Steel, 2% of the import are Plastics and Articles thereof, 2% Iron and Steel, 2% Copper and Articles thereof, 1% Aluminium and articles thereof, 1% Salt, Sulphur and Lime Cement and 1% Boats, ships and floating structures.

The calculation of the correlation coefficient (table No.7) showing that correlation coefficient between the export and import is 0.89 ( a high degree of positive correlation), hence we can conclude that the two variables like Import and exports are highly correlated and increase in one variable results in increase in the another variable or vice versa.

## **FINDINGS:**

1. Export trade with United Arab Emirates (UAE) is on an average 11.54% out of the total exports of export trade of India for the last 5 Years.
2. Import trade from United Arab Emirates (UAE) is on an average of 7.33% of the total import trade of India for the last 5 Years.
3. The export trade of India based on the year 2010-2011 is showing a fluctuating trend, increasing trend for the years 2011-12, 2012-13 whereas, decreasing trend from 2013-14 to 2016-2017.
4. Import of commodities from United Arab Emirates (UAE) is showing an increasing trend for the years 2011-2012, 2013-2014 and showing a declining trend from 2013-2014 to 2016-2017 based on the year 2010-2011.
5. Total trade with UAE against the total trade of India with other world nations is on an average 9%.
6. The major commodities of export to UAE consists of Natural, Cultured pearls, precious or semi-precious stones, jewelry or Mineral Fuel, Mineral Oil, Wax and apparel and clothing accessories.
7. The major imports of commodities from UAE consists of Natural/Cultured Pearls/Jewelry, Coins, Natural fuels/Wax, Plastic and articles thereof.
8. The correlation between the export and import of commodities with United Arab Emirates is showing a very high degree of positive correlation. It denotes the two variables of imports and exports moving together i.e., increase in exports results in increase in imports and vice versa,

## CONCLUSION:

In the light of the analysis of the bilateral trade relationship between India and UAE and the recent developments from Indian government, we can forecast that the relationship between these two countries are in the new vistas. The analysis of this study is showing a positive trend in the trade between these nations and nearly 10% of the total trade of India is towards the partner country of United Arab Emirates. The recent visit of the Honorable Prime Minister of India and the subsequent developments like the signing of various agreements in different spheres including the economic, cultural and bilateral trade following the visit of the crown prince and Chief of Army of UAE to participate as a chief guest of the Republic day celebrations in New Delhi showing a future era of bilateral trade and cooperation in various sectors of both economy. Moreover, these steps will be helpful to provide boost up in the warm relationship between two countries where the majority of the Indian expatriates residing, contributing their capabilities in those country and UAE is also come up with creative steps for the investment in India by investing money in some sectors like telecommunication, IT, Ports, shipping and logistics. All these trends are showing that in the future there will be a strong bilateral relationship between India and UAE beneficial to both the countries in various sectors.

## LIMITATIONS OF THIS STUDY:

1. This study is only related to the trade relations with UAE with respect to the facts and figures related for a period of 2010-11 to 2016-2017.
1. 2.The time factor is the most important limitation of this study. With in short span of time, to conduct an elaborate study is not possible.
2. For this study, the researcher has to widely depend up on the secondary data; the reliability of the secondary data is also limited. Similarly, the method of data collection and interpretation techniques is also not error proof.

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## Tables:

**Table 1: Trade between India and UAE (US \$ Million)**

Year	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017
Export to UAE	33822.39	35925.52	36316.65	30520.42	33028.08	30290.01	31305.8
India's Total Export	249815.55	305963.92	300400.58	314405.58	310338.48		
% Of export to UAE	13.54	11.74	12.09	9.71	10.64		
Year	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017
Import from UAE	32753.16	36756.32	39138.36	29019.82	26139.91	19445.68	21498.2
Total Import	369769.13	489319.49	490736.65	450199.79	448033.41		
Share of Import from UAE	8.86	7.51	7.98	6.45	5.83		

**Source:** Department of commerce, Govt. of India

**Table 2: Trend % in Export of Commodities to UAE from 2010 to 2017**

2010-2011	2011-2012	2012- 2013	2013- 2014	2014-2015	2015-2016	2016-2017
100	106.22	107.37	90.24	97.65	89.56	92.56

**Table 3: Trend % in Import of Commodities from UAE from 2010 to 2017**

2010-2011	2011-2012	2012- 2013	2013- 2014	2014-2015	2015-2016	2016-2017
100	112.22	119.49	88.6	79.81	59.37	65.64

**Table 4: Total trade of India with UAE and India's Total Trade (US \$ Million)**

Year	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017
India's Total trade with UAE	66575.55	72681.84	75455.01	59540.24	59167.99	49735.69	52804
India's Total trade	619584.68	795283.41	791137.23	764605.37	758371.89		
Share of Trade with UAE	10.75	9.14	9.54	7.79	7.80		

Source: Department of commerce, Govt. of India

**Table 5: Major Commodities Export to UAE (US \$ Million)**

Commodity	2015-2016	2016-2017	2014-2015	2013-2014	2012-2013	2011-2012	2010-2011
Cereals	624.58	643.5	581	560.92	571.8	896.1	657.3
Mineral Fuels/Mineral Oil/Waxe	3978.2	3860	6520	5039.9	6964	6571	4982
Apparel and Clothing Accessories	1661.2	2132	1143	789.86	642.6	626.3	539.5
Natural/Cultured Pearls/Precious or Semi-precious Stones/Jewellery	12934	13919	12280	12779	18891	18393	19809
Iron and Steel	288.86	523.5	641.6	528.18	562.3	524.8	348.3
Articles of Iron and Steel	510.91	517.1	701.7	791.22	723.8	461.5	525.6
Nuclear Reactors/Boilers/Mechanical Appliances	699.17	639.1	711.5	637.27	802.2	730.3	549.6
Electrical Machinery and Equipments	742.81	663.5	615.7	1035.7	903.6	974.6	805.2
Ships, Boats and Floating Structures	782.11	1122	1181	1068.6	686.8	1218	487.8
Other Commodities	8067.8	7286	8653	7289.9	5568	5530	5118
<b>Total Exports</b>	<b>30290</b>	<b>31306</b>	<b>33028</b>	<b>30520</b>	<b>36317</b>	<b>35926</b>	<b>33822</b>

Source: Department of commerce, Govt of India

**Table 6: Major Commodities Import from UAE (US \$ Million)**

Commodity	2016-2017	2015-2016	2014-2015	2013-2014	2012-2013	2011-2012	2010-2011
Salt, Sulphur, Lime Cement	298.3	291.71	314.78	308.18	288.17	308.08	145.31
Mineral Fuels/Waxe	9449.26	7912.8	13509.04	13263.35	14498.68	15102.54	9398.23
Plastic and Artcles thereof	665.23	667.43	479.16	341.23	371.28	286.56	240.97
Natural/Cultured Pearls, Jewellery , Coin	8571.03	7944.29	8795.44	11899.69	20376.74	18235.49	20896.32
Iron and Steel	288.63	422.35	572.48	460.79	560.3	556.23	350.51
Copper and Articles thereof	495.52	545.19	638.7	681.13	450.81	396.45	263.2
Aluminium and Articles thereof	352.85	360.08	502.26	427.46	371.22	294.06	281.86
Ships, Boats and Floating Structures	159.3	134.55	243.35	569.55	488.06	133.79	199.48

Source: Department of commerce, Govt. of India

**Table 7: Correlation between Import and Export with UAE**

Year	Import (X)	Export (Y)	X= x- 29250.21	Y= y – 33029.84	x <sup>2</sup>	Y <sup>2</sup>	XY
2010-2011	32753.2	33822.39	3502.95	792.55	12270659	628135.5	2776263
2011-2012	36756.3	35925.52	7506.11	2895.68	56341687	8384963	21735293
2012-2013	39138.4	36316.65	9888.15	3286.81	97775510	10803120	32500470
2013-2014	29019.8	30520.42	-230.39	-2509.4	53079.55	6297189	578145.27
2014-2015	26139.9	33028.08	-3110.3	-1.76	9673966	3.0976	5474.128
2015-2016	19445.7	30290.01	-9804.53	-2739.8	96128809	7506668	26862745
2016-2017	21498.2	31305.8	-7752.01	-1724	60093659	2972314	13364775
	<b>ΣX= 204751.45</b>	<b>ΣY= 231208.87</b>			<b>ΣX<sup>2</sup>= 332337369.6602</b>	<b>Σy<sup>2</sup>= 36592392.3255</b>	<b>ΣXY= 97823166.0809</b>

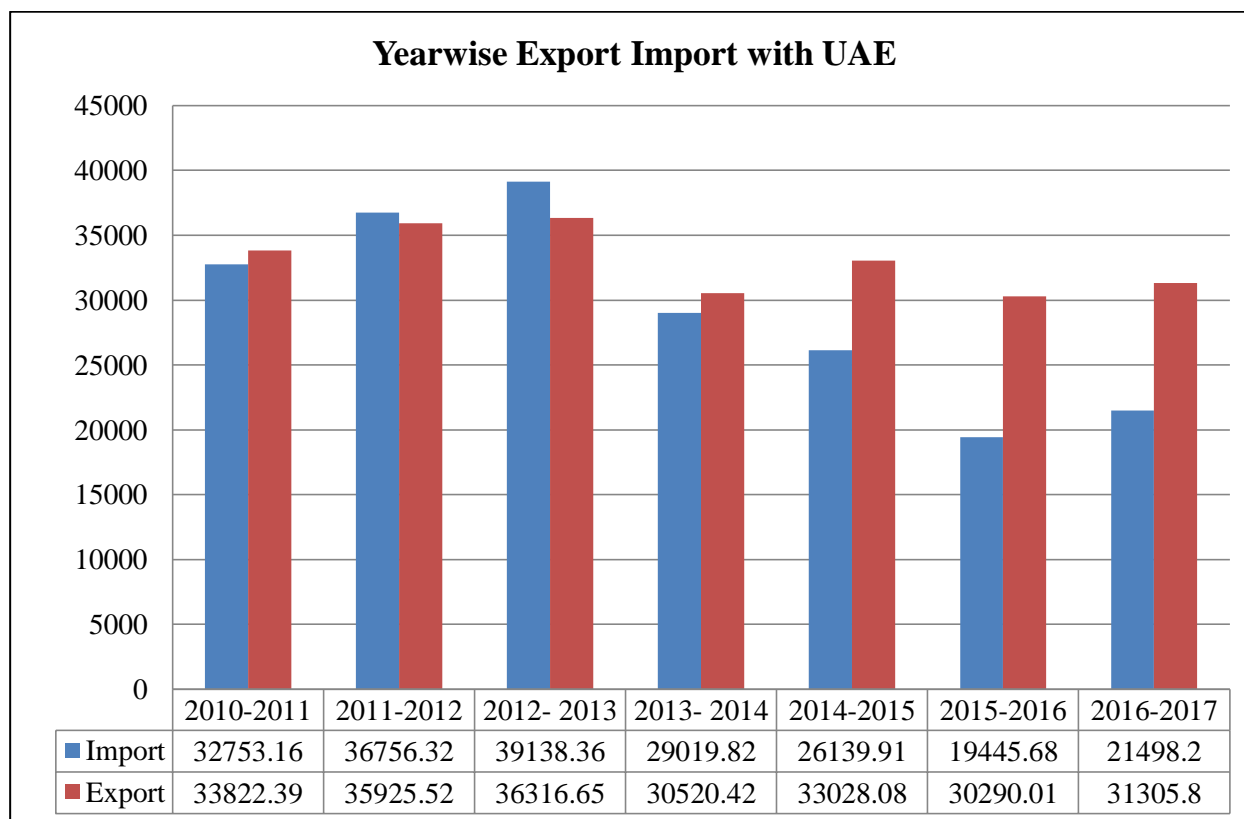
$$r = \frac{\Sigma X Y / \sqrt{\Sigma X^2} \sqrt{\Sigma y^2}}{97823166.08 / 18230.12 \times 6049.16}$$

$$= \frac{97823166.08}{110276912.7}$$

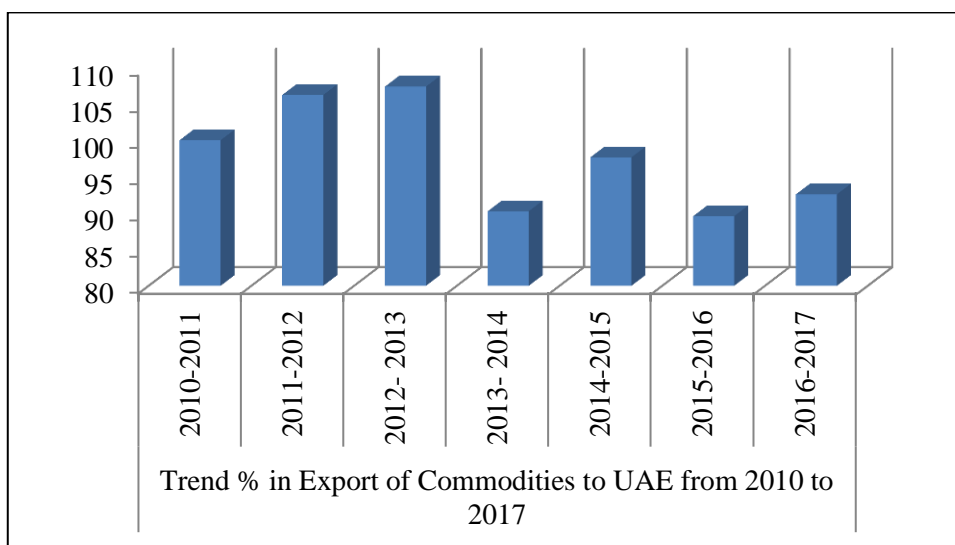
**r = 0.89**

**FIGURES :**

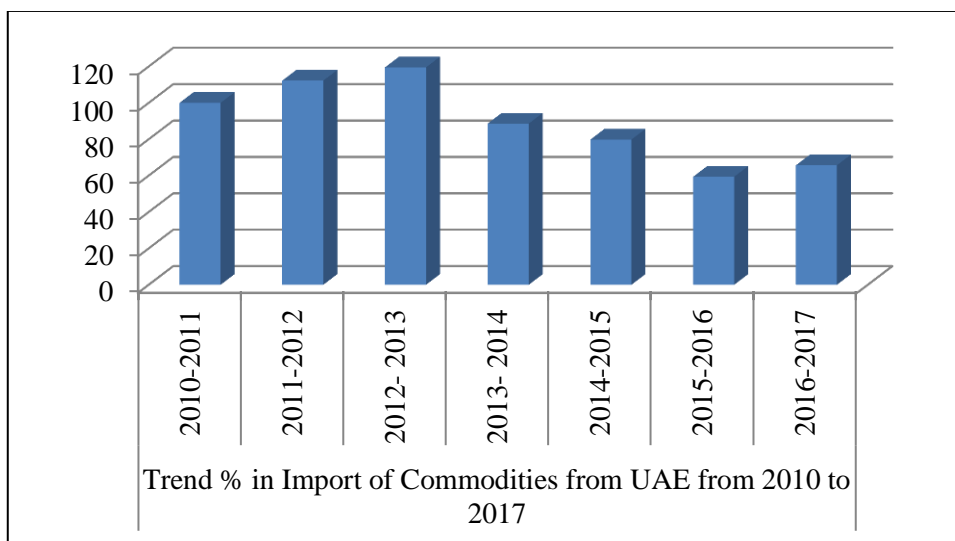
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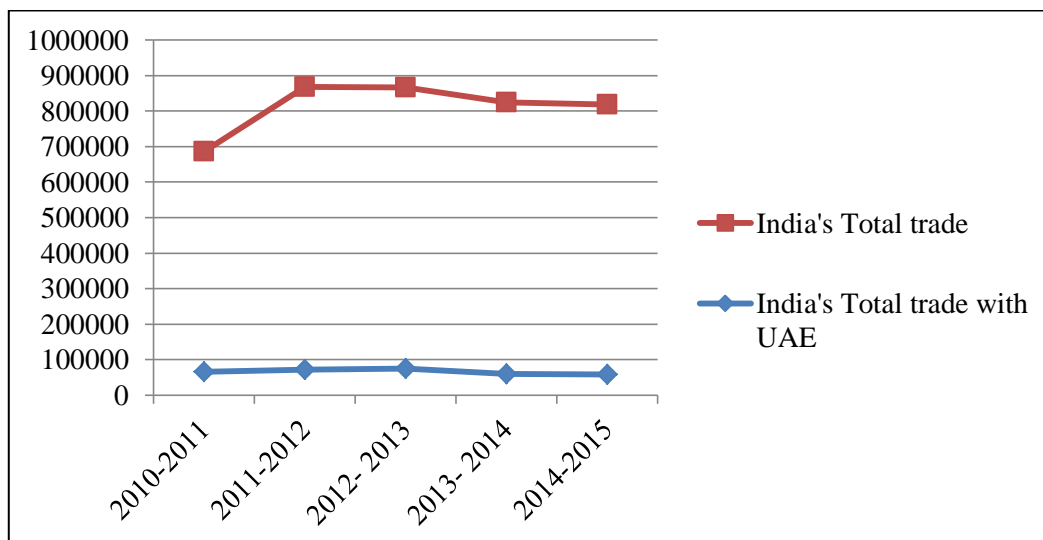
**Figure 2: Trend % in Export of Commodities to UAE from 2010 to 2017**



**Figure 3: Trend % in Import of Commodities from UAE from 2010 to 2017**



**Figure 4: Total trade with UAE and Total trade of India**





**Figure 5: Major Commodities Export to UAE (US \$ Million)**

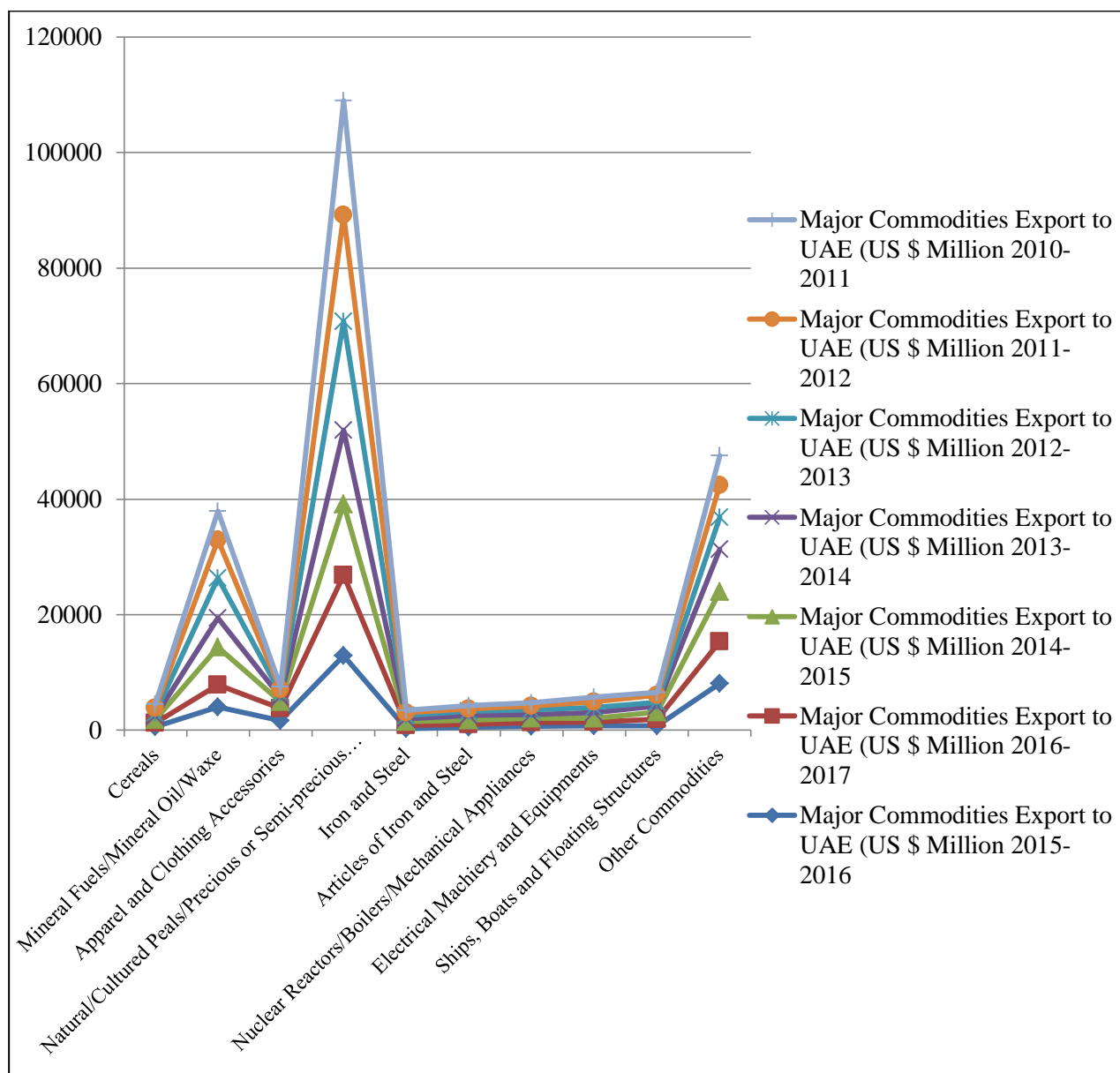


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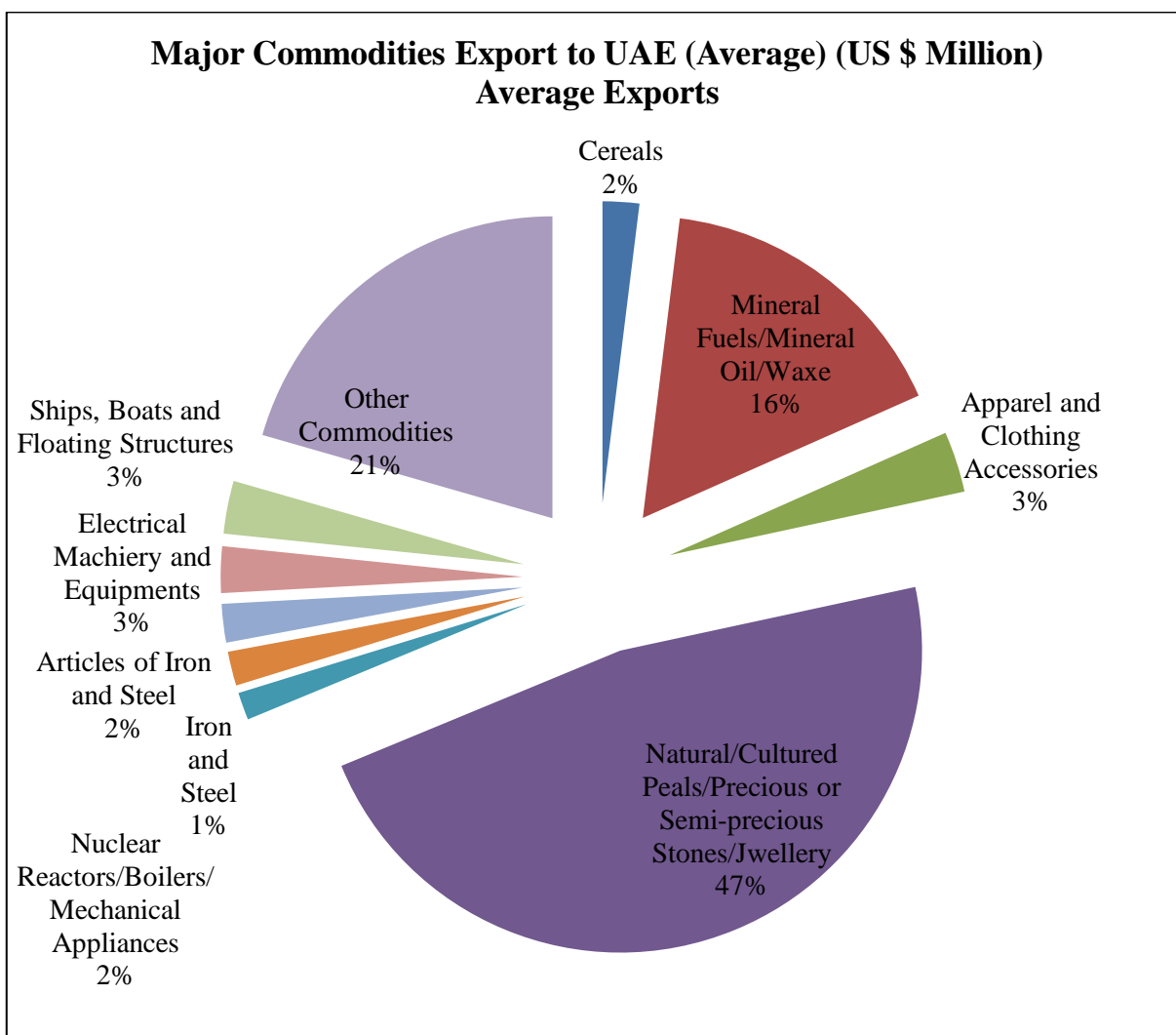
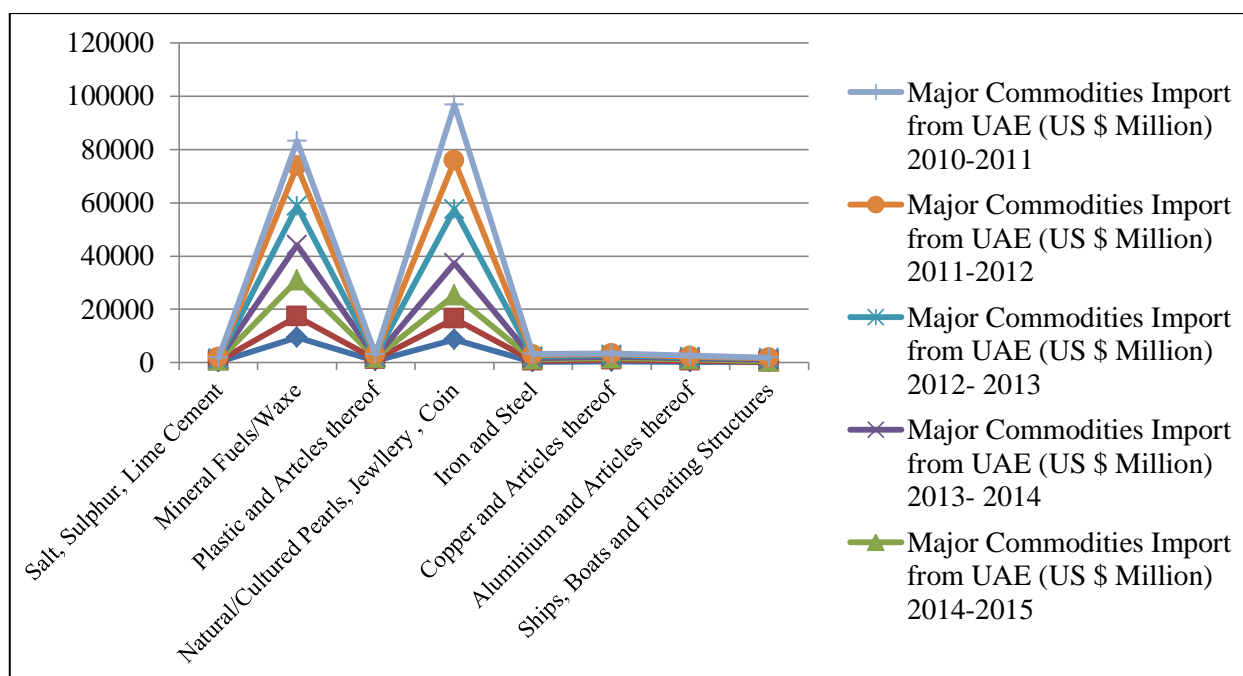
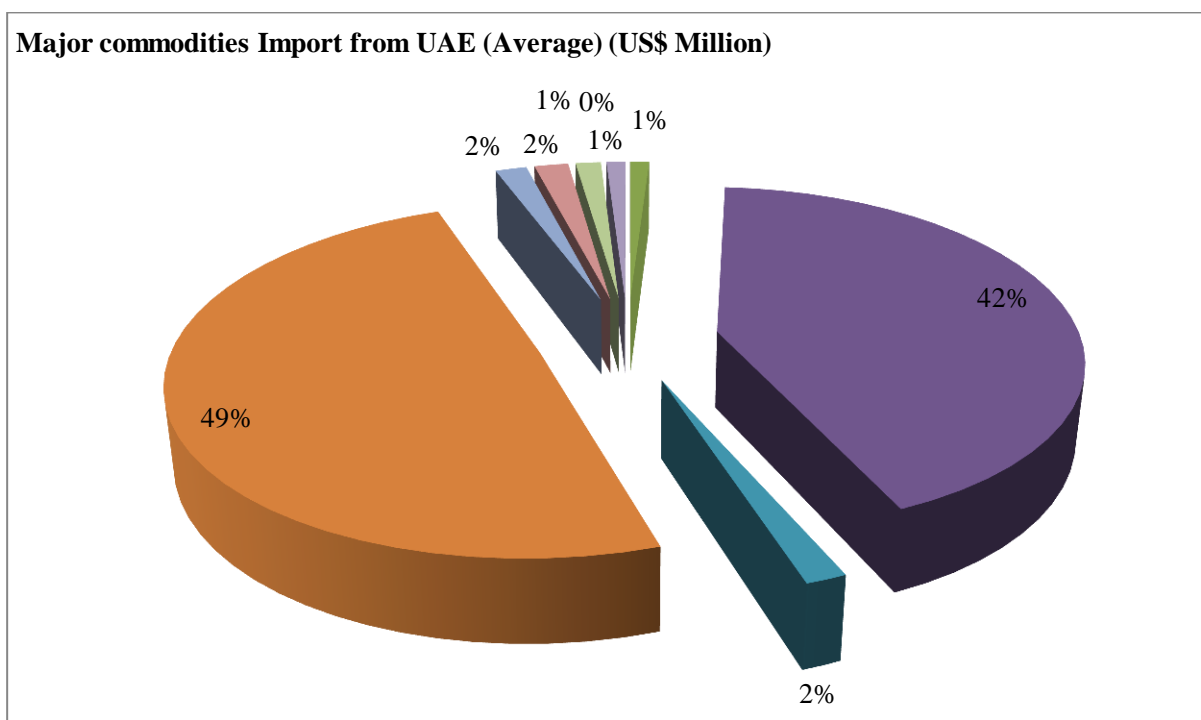


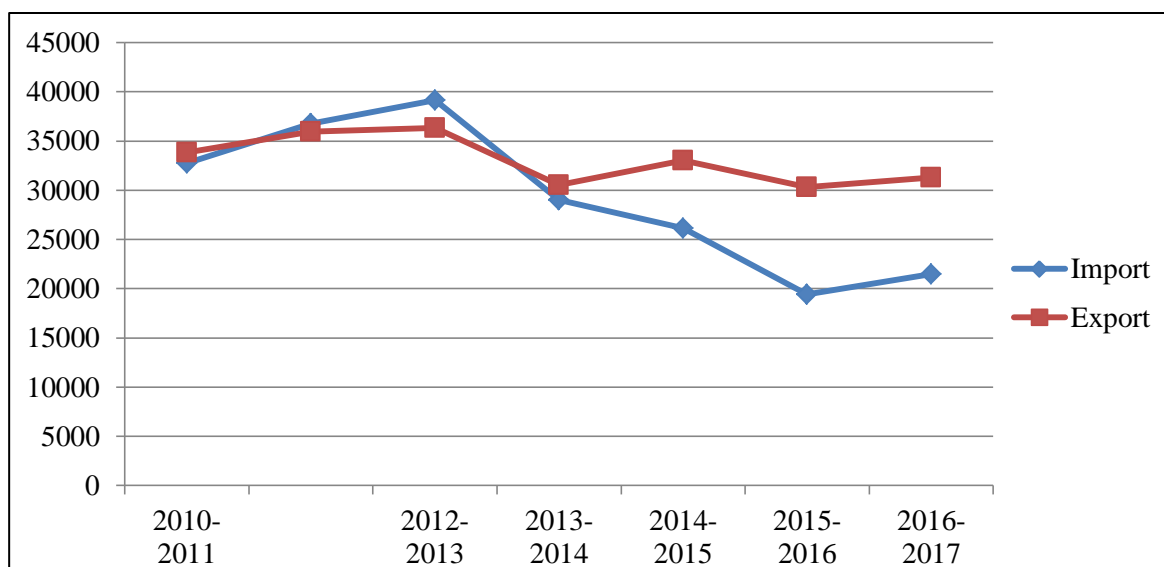
Figure 7: Major Commodities Import from UAE (US \$ Million)



**Figure 8:**



**Figure 9: Correlation between Import and Export with UAE**



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