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## A STUDY OF INDIA'S ECONOMIC RELATIONS WITH QATAR

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### ABSTRACT

India-Qatar cooperation has enhanced in recent years. India has very close historical ties with Qatar. Bilateral trade between India and Qatar has increased by more than 50% in the last ten years. Bilateral trade was worth \$10.95 billion in 2019-20, and both countries intend to intensify cooperation in fields such as energy and investments. The paper tries to analyze the trade and economic relations between India and Qatar. Ten years of data (2011 to 2020) has been collected and analyzed on trade to know the current status. Another important aspect has also been discussed in the paper which is, India's diaspora living in Qatar. The Indian community is making an important contribution to Qatar's economy and also in enhancing the bond of relations.

**Key Words:** Indo-Qatar relations, Trade relations, Foreign Trade, International Relations, Foreign Relations, International Trade

### 1. INTRODUCTION

GCC Countries are pivotal to India's energy security and Diaspora welfare. Qatar is a very important country in GCC. It is the per capita richest country and is the largest supplier of gas to India. The old relations based on the culture and affinity have enhanced in recent times. Almost seven lakh Indians are living and working in Qatar and many of them send big amounts of remittances back to India. Qatar recently introduced labor reforms that have been adopted for the welfare of the workers. These measures which include the settlement of labor issues; safe movement and the institutionalization of rights of workers have been welcomed by India. The Gulf country is also the host of the intra-Afghan talks and Taliban delegation with Afghanistan. India and Qatar are very important to each other. From time to time both country's officials and delegates visit each other for discussing bilateral relations, diaspora, energy sector issues, and other issues in both the regions.

Kadira Pethiyagoda (2017) supported the contribution of the Gulf's Indian Diaspora In his paper "Trends of India Trade with Persian Gulf Countries" and suggested some ideas that could strengthen their condition in the Gulf. The author lifted the voice in the Gulf against inequality and human rights problems and also discussed how to solve them. The author emphasizes the intervention of the Indian government to improve the working and living conditions of Indian workers in the Gulf. In his paper "Trends of India Trade with Persian Gulf Countries" Pouria Mohajeri (2015) analyzed trade between India and Persian Gulf Countries. To measure the trade intensity of PGCs, the author used the Trade Intensity Index and found that the highest volume of Indian trade among PGCs was with the United Arab Emirates. The study is focused on Indian trade with PGCs' growth assessment. The Persian Gulf countries (Saudi Arabia, Kuwait, Bahrain, Iraq, Iran, the United Arab Emirates, Qatar, and Oman) are the world's main energy suppliers. Imran Alam (2015) analyzed India's trade relations with Qatar in his study "India-Qatar Bilateral Trade Relations: An Empirical Study" and highlighted the importance of relations with Qatar. The author analyzed the intensity of trade through the Trade Intensity Index and found that both countries are having intense trade with each other. Major commodities traded between India and Qatar were also discussed. The author calculated the revealed comparative advantage of both the countries to know that in which products India and Qatar have a comparative advantage. Das and Pradhan (2014) In their research "India-Gulf Trade Relations," studied India's trade relationship with Gulf countries. They applied the Trade Intensity Index to investigate trade intensity between the two regions and found that the export intensity of India is above one for the UAE, Saudi Arabia, Iran, Kuwait, and Oman. The structure and pattern of the India-Gulf trade show a very contrasting picture, according to the writers, despite the outstanding growth in trade volume. The export intensity fluctuates in other Gulf countries (Bahrain and Qatar). Besides, India imports smaller amounts, expressed in the low import intensity index, from countries such as Bahrain and Qatar. P.R. Kumaraswamy (2013) India's bilateral relations in 2012 with nine Persian Gulf countries, namely Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, were studied in its report 'Persian Gulf 2013: India's Relations with the Region.'

The author also highlighted the relevance of the Persian Gulf countries to India. Ranjit Gupta (2013) in his article 'India and the Gulf: Looking beyond Oil, Islam and the Diaspora' pointed to the strong relationship between the peoples of India and the countries of the Gulf. Factors such as gas and oil, bilateral trade, oil interdependence, Indian remittances, and the massive Indian passport holding Diaspora living and working in these countries make India's leading socio-economic partner in the world for the Gulf Cooperation Countries. The relationship between politics and diplomacy is rising day by day. Overall, it is a partnership of increasing symbiotic mutual advantage and synergy, strategically increasingly important for both sides.

## **2. OBJECTIVES OF THE STUDY**

The Main Objectives of this paper are twofold:

The first objective is to analyze the trade between India and Qatar. The period of study is ten years started from 2011 to 2020; the second objective is to examine the trade composition between India and Qatar during 2011-2020. The paper will provide the details of major commodities being imported and exported between these two countries.

## **3. RESEARCH GAP**

Many studies have been conducted on Indo-GCC relations but a few were conducted on Indo-Qatar and particularly no study was conducted on India's economic relations with Qatar during 2011-2020. Under such a scenario this paper is a modest attempt to trace the hard realities regarding Indo-Qatar economic relations. The study also suggests the measure to strengthen the further relationship between India and Qatar.

## **4. AN OVERVIEW OF INDIA QATAR TRADE**

India and Qatar enjoy excellent bilateral relations characterized by cordial political, economic, and cultural ties. India-Qatar bilateral trade dates back to thousands of years ago.

India is among the countries that purchase from the state of Qatar materials like Ethylene Prop byline, aluminum, urea, and Polyethylene. The important materials which Qatar imports from India include accessories, textile products, garments, cosmetics, cotton clothes, transport types of equipment, tools, minerals, meats, and pharmaceuticals. Besides both India and Qatar have a good relation in the banking sector. At the trade cooperation level, in the last few years witnessed several developments marked by the visits of the delegations from the higher bodies of the trade and industry in India, as an office of the Qatar National Bank and an extended branch of the bank of Doha were set up in Mumbai, India.

The trade and economic cooperation and the investment exchanges are regarded as the pivot of the economic and trade relations between Qatar and India added to it the remittances which the Indian expatriate community in Qatar send to India which, according to the Indian sources, are estimated to be around 750 million dollars per annum.

Because of the economic development and the tangible growth witnessed by India in the last few years, India's need for more sources of energy is increasing. India over the last five years is known for relying on the policy known as "Energy Security" through which it relies on the countries which are politically and socially stable to provide the sources of energy. In this regard, India places Qatar on the top of the Arab countries for natural gas and other sources of energy. This would come to strengthen the orientations of the Indian leadership to receive more gas from Qatar for the reasons stated above.

The concerned authorities in Qatar including the Qatar Investment Authority exhibited their interests to invest in India in the domain of the infrastructures which include roads, highways, economic corridors, airports, ports, tourism, and hotels apart from the projects related to gas and fertilizers. In turn, India is seriously looking forward to the direct investment in the manufacturing and production of the liquefied natural gas and chemical industries thereof especially the industry of fertilizers, urea, petrochemicals including the projects concerning the infrastructures related to the industry of the natural gas and drillings of oil, minerals, and power. There is a growing interest shown by the Indian companies in contributing to the construction, infrastructures, communications, information technology, energy, and other fields.

S.No	Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
1	Export	375.39	807.95	687.18	969.06	1054.98	902.13	784.56	1471.88	1611.16	1268.35
2	%Growth		115.23	-14.95	41.02	8.87	-14.49	-13.03	87.61	9.46	-21.28
3	Import	6819.87	12916.35	15693.08	15707.99	14604.71	9022.16	7646.22	8409.22	10721.70	9685.98
4	%Growth		89.39	21.50	.10	-7.02	-38.22	-15.25	9.98	27.50	-9.66
5	Total trade	7195.26	13724.30	16380.26	16677.05	15659.69	9924.29	8430.78	9881.10	12332.86	10954.33
6	Trade balance	-6819.87	-12108.4	-15005.9	-14738.9	-13549.7	-8120.03	-6861.66	-6937.34	-9110.54	-8417.63

Source: Compiled from Director General of Commercial Intelligence and Statistics

Table 1 shows that the export trade of India with Qatar has increased in recent years, it was USD 375.39 Million in 2011, which now in 2020 has reached USD 1268.35 Million. On the other hand, the import of India from Qatar has also increased. In 2011 USD 6819.87 Million of goods were imported from Qatar, in 2020 it amounted to USD 9685.98 Million. Total trade between India and Qatar was around USD 11Billion in 2019-20.

## 5. INDIA-QATAR TRADE COMPOSITION

India's main items of export to Qatar for the last ten years are depicted in Table 2. Mineral Fuels (27), especially High-Speed Diesel (27101930), and other petroleum products like Tar, Light Diesel, etc. are the major items in this category. In the cereal (10) category, rice is the biggest exporting item to Qatar by India. A significant amount of Meat (02) and Rubber (40) are also exporting by India to Qatar. Furthermore, some items export to Qatar have been increased in recent years like Plastic (39) and Organic Chemicals (29), etc.

HSN	Commodity	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
02	Meat and Edible Meat Offal	15.29	28.69	24.14	27.75	31.47	33.50	31.76	27.88	31.70	27.73
10	Cereals	10.78	40.09	122.90	89.13	236.10	64.09	116.83	137.83	132.71	111.16
27	Mineral Fuels/Oil	7.69	309.24	29.74	47.10	60.88	43.12	48.00	61.01	63.08	35.47
29	Organic Chemical	11.43	15.56	13.67	28.57	18.64	16.43	10.87	79.51	98.86	63.07
39	Plastic	7.67	7.59	12.81	11.11	14.83	18.11	19.63	59.49	64.44	49.57
40	Rubbers and article	8.11	11.18	10.51	11.70	10.12	11.56	8.41	16.19	18.93	15.51
73	Articles of Iron	36.02	57.16	68.84	56.80	74.76	68.53	70.34	93.90	142.44	105.11
84	Nuclear Reactor	36.12	37.61	63.22	69.08	85.27	89.92	55.84	73.23	80.70	66.93
85	Electrical Machinery	83.61	76.94	63.42	66.09	72.79	76.42	79.23	89.24	96.38	58.68
87	Vehicles other than Railway	14.92	38.65	55.31	49.66	69.34	86.34	29.66	33.88	54.13	65.40
89	Ships and Boat	0.01	9.18	0.00	268.79	44.18	24.08	0.95	0.01	29.39	0.01

**Source: Compiled from Director General of Commercial Intelligence and Statistics**

Import from Qatar by India includes mainly Mineral Fuels (27), Fertiliser (31), Iron (72), and Aluminium (76).

<b>Table 3. Major Commodities import from Qatar to India (Million USD)</b>											
<b>HSN</b>	<b>Commodity</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
27	Mineral Fuels/Oil	6060.9	11697.83	14578.34	14590.81	13415.31	7942.43	6762.1	7207	9270	8431
31	Fertilizers	7.41	115.21	4.07	40.40	0	28.05	30.12	53.66	116	136
39	Plastic	205.75	258.93	360.50	358.84	361.73	335.12	272.75	323.5	266	191
72	Iron and Steel	19.36	20.14	3.34	3.63	5.46	2.85	4.39	6.77	13.3	11.6
76	Aluminum	52.08	97.15	81.29	62.46	68.77	81.91	98.81	133.2	137	74

Source: Compiled from Director General of Commercial Intelligence and Statistics

## 6. INDIAN DIASPORA IN QATAR

Qatar hosts more than seven lakhs Indians. Indian nationals comprise the largest expatriate community in Qatar and are engaged in a wide spectrum of professionals, including medicine, engineering, education, finance, banking, business, media, and labor. They are highly regarded for their honesty, hard work, qualifications, and contribution to the development and progress of Qatar. Recently during the Covid-19 pandemic, India and Qatar have also worked together to face it and coordinated smooth operation of flights under an Air Bubble arrangement.

## 7. RECENT DEVELOPMENT IN INDIA QATAR RELATIONS

India (Petronet) has signed an agreement to purchase 7.5 million tons of LNG from Qatar each year for a 25-year term, with the first shipment occurring in 2004. Full deliveries of 7.5 million tonnes started in January 2010. In reality, spot shipments are purchased from time to time. For example, in the fiscal year that began on April 1, 2014, Petronet (May 2014) signed a deal to purchase 0.8 million tons of LNG from Qatar's RasGas. The gas is imported from the 10-million-tonne-a-year Dahej regasification terminal at Petronet in western India. Petronet received its 1000th cargo from RasGas at Dahej in December 2014. Petronet signed a new deal with RasGas on 31 December 2015 to purchase an additional 1.0 million tons of LNG annually for the duration of the current 25-year contract, which expires in 2028.

In December 2020, the Minister of Foreign Affairs, Mr. Jaishankar, met with business leaders in Qatar and highlighted India's investment prospects while appreciating its commitment to strengthening the bilateral relationship.

## 8. CONCLUSION AND SUGGESTIONS

India's trade with Qatar is mainly based on oil and gas imports from Qatar. Like other GCC Countries, India's trade with Qatar is also focused on these items. Qatar is supplying more than 80% of India's natural gas. One other aspect of this relationship is India's Diaspora and both countries have acknowledged this. Trade Balance is in favor of Qatar. India is facing a huge trade deficit out of the bilateral trade with Qatar. From India's perspective, both energy security and the Diaspora community are important while Qatar also needs India due to India's growing importance in the South Asian region. Both countries can work together in lots of areas like maritime security, combating terrorism, medical tourism, logistics, etc. The starting of the year 2021 has also brought some good news for Qatar and India that more than 3 years long Gulf Crisis has now seemed to end as US President Donald Trump has initiated to mediate between Qatar and rest of GCC Countries to end the crisis. It will be a great relief for Qatar as well as India. Now India can easily enhance its relations with Qatar more than before.

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