

Brief on India-Oman Economic and Commercial Relations

The economic and commercial relations between India and Oman are robust and buoyant. Bilateral trade during FY 2019-2020 stood at US\$ 5.931 billion. Bilateral trade for the year 2020-2021 (Apr 2020-Feb 2021) is USD 4.63 billion. Investment flows, both ways, have been robust, as reflected in numerous joint ventures, established both in India and Oman. There are over 4000 India-Oman joint ventures in Oman with estimated investment of over US\$ 7.5 billion. Indian companies have emerged as leading investors in Oman, particularly at Sohar and Salalah Free Zones.

2. Both India and Oman accord high priority to strengthening economic and commercial relations between the two countries. Economic cooperation between India and Oman is reviewed through the institutional mechanism of India-Oman Joint Commission Meeting (JCM). Traditionally, meeting of India-Oman Joint Business Council (JBC) also takes place parallel to JCM and serves as a platform for interaction between captains of industry in India and Oman. The 9th Session of the India-Oman Joint Commission Meeting (JCM) was held on 19th October 2020 through virtual platform. It was co-chaired by H.E. Hardeep Singh Puri, Minister of State for Commerce and Industry and H.E. Qais bin Mohammed al Yousef, Minister of Commerce, Industry and Investment Promotion of the Sultanate of Oman. The JBC was also proposed to be held at the earliest. The JCM afforded an opportunity to review the entire gamut of bilateral economic relations between India and Oman. A number of new areas for cooperation were identified during the discussions such as food security, space cooperation, pharmaceuticals, minerals and mining, etc.

3. Key existing Agreements and MOUs relating to bilateral economic cooperation between India and Oman cover Legal and Judicial Cooperation in Civil & Commercial Matters; Avoidance of Double Taxation (Protocol amending certain provisions of DTAA is under negotiation); Oman-India Joint Investment Fund (OIJIF); Cooperation between the State Audit Institution of Oman and the Office of the Comptroller and Auditor General of India; and Cooperation in the fields of Tourism; Health; Peaceful use of Outer Space; Science & Technology; Civil Aviation; Energy including renewable energy – Wind Bio & Solar; Agriculture. The Agreement on Maritime

Transport between India and Oman was signed during the visit of Hon'ble External Affairs Minister of India to Oman from 23-25 December 2019.

India-Oman Bilateral Trade

4. India is among Oman's top trading partners. India's exports to Oman in FY 2019-20 was US \$ 2,261.81 million. Oman was India's 35th largest export market for the FY 2019-20. India's imports from Oman in FY 2019-20 was US \$ 3,669.33 million. Oman was India's 29th largest import source for the FY 2019-20. Overall, Oman was India's 34th largest trading partner with total trade of US\$ 5931.14 million. India was the 3rd largest market for Oman's crude oil exports for the year 2019 after China and Japan. India was also the 3rd largest market for Oman's non-oil exports for the year 2019 after UAE and Saudi Arabia and the 3rd largest source of its import after UAE and China.

5. The bilateral trade witnessed a decline in 2014-15, and in 2015-16 on account of fall in oil prices. During FY 2016-17, bilateral trade improved and reached above US\$ 4 billion. During FY 2017-2018, the bilateral trade saw exponential growth and reached US\$ 6.7 billion, registering a 67.5 per cent increase over FY 2016-17. The main reason for this hike in bilateral trade was recovery in oil prices and import of higher quantities of oil by India from Oman. During FY 2018-19, the bilateral trade stabilized at US\$ 5.003 billion and it has seen an upward trend during 2019-20 reaching US \$ 5.93 billion. For the year 2020-2021 (Apr 2020- Feb 2021) bilateral trade is USD 4.63 billion.

Volume of India-Oman bilateral trade in recent years

<i>Values in US\$ million (Source, DOC, MOCI)</i>				
Financial Year	India's export to Oman	India's Imports from Oman	Total Bilateral Trade	Growth in bilateral trade (%)
2012-13	2599.49	2009.72	4609.21	-1.26
2013-14	2812.27	2951.18	5763.45	25.04
2014-15	2,379.44	1,752.24	4,131.69	-28.31
2015-16	2,190.86	1,673.00	3,863.86	-6.48

2016-17	2,728.30	1,674.71	4,018.79	3.97
2017-2018	2,439.46	4,264.29	6,703.76	67.5
2018-19	2,246.31	2,757.60	5003.91	-25.36
2019-20	2,261.81	3,669.33	5931.14	18.53
2020-21(April-Feb)	2096.71	2530.22	4626.93	-

6. Main items of India's exports to Oman: Mineral fuels, mineral oils and products of their distillation; articles of iron and steel; cereals; machinery and mechanical appliances; electrical machinery & equipment; rice; iron & steel; organic chemicals; etc. in addition to traditional export items like tea, coffee, spices, dairy produce, articles of apparel, meat and other food items, etc.

7. Main items of India's imports from Oman: Petroleum oils and oils obtained from bituminous minerals crude; Liquefied Natural Gas; petroleum gases and other gaseous hydrocarbons; mineral or chemical fertilizers (nitrogenous); salt, sulphur; earths and stone; plastering materials, gypsum, lime and cement; urea; crude oil (through spot purchase); aluminium; iron & steel; cement, asbestos, mica, organic chemicals; ores, slag and ash; etc.

8. Potentials for enhancing bilateral trade: India and Oman, given the advantage of proximity, connectivity and familiarity with each other's markets, have great potentials for enhancing bilateral trade. Even during COVID19, India has been a reliable source of supply for fruits, vegetables and other essential items to Oman. Some commodities with scope for more trade with Oman, as identified by Department of Commerce of India, include petroleum products, gems & jewelry, engineering products, pharmaceuticals, cement & ceramic products, products of chemicals & allied products, iron & steel products, ready made textiles, footwear, articles of plastic and other material. Indian Embassy has been encouraging Indian businesspersons to do more business with Oman in sectors with untapped potential like renewable energy, engineering goods, food security, power equipment, minerals and mining, IT & ITES, pharmaceuticals, etc. Oman Shipping Company has recently started operations to two ports in India – Nhava Sheva and Mundra – from Sohar Port in Oman.

India-Oman Bilateral Investment

9. Investment flows, both ways, have been robust, as reflected in numerous joint ventures, established both in India and Oman. According to Oman's Ministry of Commerce and Industry, there are over 4000 Indian

enterprises and establishments in Oman with an estimated investment of over US\$ 7.5 billion.

10. Oman-India Joint Investment Fund (OIJIF): The OIJIF is a 50-50 Joint Venture between State Bank of India and State General Reserve Fund (which has now become Oman Investment Authority) of Oman. It was set up in July 2010 as a special purpose vehicle (SPV) to invest in India. OIJIF commenced its operations in 2011 with initial seed capital of US\$ 100 million which was fully invested across seven Indian companies from diversified sectors (i.e. **Solar Industries**, ING Vysya Bank, HBL Power Systems, **Indus Teqsite**, GSP Crop Science, **NCDEX** and **SSIPL**). OIJIF Tranche-I had made three exits (two complete and one partial), with an internal rate of return of 35% and a multiple of 2.5 times, and has returned around 67% of the capital drawn down from investors. OIJIF has launched Fund II in 2017 with target corpus of USD 300 million and has announced first closure at US\$ 220 million. The Tranche II capital raised has so far been invested across seven companies viz. DCB Bank, Divgi TorqTransfer Systems (automotive industry), Annapurna Finance Pvt. Ltd. (microfinance), Stanley Lifestyles (luxury furniture space) and PNB Metlife (private life insurer) and most recently (November 2019) in Capital Small Finance Bank in Punjab with an investment of RO 4.5 million (Rs.84 crores) and a 5% stake in Prince Pipes and Fitting Ltd for Rs100 crore.

11. According to data of Department of Industrial Policy & Promotion (DIPP), the cumulative FDI inflows from Oman during April-2000 to March 2021 is US\$ 549.53 million. In February, 2021, Oman Oil Company (OQ), an Omani public sector company, which has 36.6% stake in Bharat Oman Refineries Limited (BORL) in the Bina Refinery, MP, has sold its entire stake to Bharat Petroleum Corporation Ltd (BPCL) for Rs. 2400 crore.

12. Indian investments in Oman: Indian firms have invested heavily in Oman in various sectors like iron and steel, cement, fertilizers, textile, cables, chemicals, automotive, etc. Indian entities comprise the largest foreign investors in Sohar, with an estimated total Indian investment of over US\$2 billion in projects from Larsen and Toubro, Jindal Shadeed Iron & Steel, Indsil Ferrochrome, Metkore Alloys & Industries, Moon Iron & Steel Company and SV Pittie Sohar Textiles, etc.,. Sohar Port and Freezone and Madhav Surfaces (a JV between Al Khanjar Commercial Agencies, a subsidiary of Khimji Ramdas and Madhav Ashok Ventures Private Limited (MAVPL) based in India) signed a land lease agreement for establishment of a quartz manufacturing plant with total investment of US\$ 10 million. In Salalah, Indian investments are in manufacturing projects like TVS Chennai's Dunes Oman LLC (automotive), Oswal Group's Saltic FZCO (Chemicals), Hind Aluminium (Cables), Kailash Group's guar processing unit, Nagarjuna Fertilizer plant, Future Bio Organics, Deepak Nitrate, Petiva Sugar factory, etc. In Duqm Special Economic Zone also, an Indo-Oman JV Sebacic Oman has undertaken a US\$ 62.7 million project for setting up the largest Sebacic acid plant in Middle-East. 'Little India' a tourism complex project in Duqm, worth US\$ 748 million on completion, has also been undertaken by the same Indian company. ACME India Ltd, plans to invest US \$2.5 billion to manufacture green ammonia and green hydrogen in Oman. This manufacturing facility will be in Duqm, Oman, and will supply green ammonia to Europe, America and Asia region. A MoU to set up the facility to produce 2,200 metric MT of green ammonia per day has been signed by the company with The Oman Company for the Development of the Special Economic Zone at Duqm (Tatweer) in March, 2021.

13. In addition, L&T, Jindal, EPIL, Shapoorji Pallonji, Shriram, Aditya Birla Group, Nagarjuna Construction Company, Simplex, KEC International, etc. are some of the well-known Indian companies which have been

executing various projects in Oman. Indian firms have gained a reputation for excellence in sectors like construction and engineering, waste management, logistics, manufacturing, finance and capital, software solutions, communications, oil and gas etc.

14. Indian financial institutions such as State Bank of India, Bank of Baroda, HDFC Ltd and ICICI Securities operate in Oman. Proposal to launch RuPay card in Oman is under active consideration in collaboration with Central Bank of Oman. Public Sector Undertakings such as Air India, Air India Express, Life Insurance Corporation (LIC), New India Assurance Co., Telecommunications Consultants India Ltd. (TCIL), Engineers India Ltd.(EIL), Engineering Projects India Limited (EPIL) and National Building Construction Company (NBCC) have presence in Oman.

15. **ITEC:** Under the Indian Technical & Economic Cooperation (ITEC) Programme, Omani Officials have been availing training in many premier institutes of India. In FY 2020-21, Oman was offered 125 slots under ITEC programme. For the year 2021-22, 125 ITEC slots has been allocated for Oman. Due to COVID-19 pandemic, physical courses are not being conducted. However, e-ITEC courses are being conducted online.

Trade and investment promotion activities:

16. Indian business delegations, coordinated by various Indian Chambers, regularly visit Oman to participate in trade exhibitions like BIG Show, Infra Oman, COMEX, IMTEC, Oman Health Exhibition & Conference, Oman Food & Hospitality Exhibition, Mineral and Mining Exhibition, Oil and Gas West Asia etc. Similarly, Omani business delegations also visit India to participate in exhibitions related to sectors like Health, Food, Ceramics, IT and Electronics, etc. To facilitate interactions and tie-ups between business communities of India and Oman, Indian Embassy regularly organizes various sector-specific Business-to-Business Meetings. The Embassy also organizes 'India Business Forum' regularly and annual 'Invest in India' Seminars. The Embassy also organizes events aimed at promotion of tourism and medical tourism to India. Due to COVID-19, events have been organized on virtual platform.

17. If you are looking to invest in India:

All facilitation and hand-holding support to investors under the "Make in India" program is being provided by Invest India.

Indian Embassy can also be contacted at : [com.muscat\[at\]mea.gov.in](mailto:com.muscat@mea.gov.in), [com.oman\[at\]mea.gov.in](mailto:com.oman@mea.gov.in) and [sscom.muscat\[at\]mea.gov.in](mailto:sscom.muscat@mea.gov.in)

Government of India's policies related to investment : <https://dipp.gov.in/policies-rules-and-acts/press-notes-fdi-circular>

Trade Inquiries: The Embassy regularly responds to trade queries and facilitates in linking of exporters from India or Oman to potential importers in other country. Trade queries may be emailed at [com.muscat\[at\]mea.gov.in](mailto:com.muscat@mea.gov.in).

June 2021