



# India and Oman: A Saga of Commerce, Culture, and Connectivity

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## Abstract

India and Oman share a deep-rooted historical relationship shaped by trade, cultural exchanges, and maritime connectivity. This research article explores the evolution of India-Oman trade relations, tracing their origins from ancient maritime routes to modern economic partnerships. The study highlights the role of Indian merchants in Oman's commercial landscape and the impact of bilateral agreements on trade and investment. Additionally, it examines the cultural ties fostered through centuries of migration, shared traditions, and the influence of the Indian diaspora in Oman. The paper also discusses contemporary collaborations in key sectors, including energy, infrastructure, and technology, emphasising their significance in strengthening diplomatic and economic ties. By analysing historical records, economic data, and cultural narratives, this research underscores the enduring and dynamic nature of India-Oman relations and their potential for future growth in an increasingly interconnected world.

**Keywords:** India-Oman relations, maritime trade, cultural exchange, Indian diaspora, economic cooperation, historical trade routes, bilateral agreements, commerce, connectivity, diplomatic ties.

## I. Introduction

India and Oman have shared a profound and enduring relationship rooted in trade, culture, and maritime connectivity. This connection dates back over 5,000 years, to the days of the Indus Valley Civilization and the Magan (modern Oman) civilization, when merchants exchanged goods such as copper, spices, and textiles through ancient maritime routes. Over time, these trade relations evolved into deep cultural and economic ties that continue to shape the bilateral relationship between the two nations. Today, India and Oman maintain strong diplomatic, economic, and strategic engagements, further strengthening their historical bond.

Trade between India and Oman has been a cornerstone of their relationship for centuries. The Indian Ocean, serving as a vital corridor of commerce, facilitated the movement of Indian traders to the Omani ports of Muscat and Sohar. Oman's strategic location at the crossroads of Asia, Africa, and the Middle East made it a crucial hub for maritime trade, linking India with the Arab world and beyond. Commodities such as frankincense, dates, pearls, and copper from Oman were exchanged for Indian textiles, spices, and precious stones, fostering economic interdependence. The influence of Indian traders and artisans in Oman is evident even today in the country's commercial sectors and architectural heritage.

Beyond commerce, cultural interactions between India and Oman have been equally significant. Indian influences are evident in Omani cuisine, language, music, and traditions, reflecting centuries of interaction. The Indian diaspora in Oman, one of the largest expatriate communities in the country, has played a vital role in shaping Omani society. Indian traders, labourers, and professionals have contributed significantly to Oman's economic and infrastructural development, particularly in the fields of trade, construction, healthcare, and education. The cultural affinity between the two nations is further reinforced by familial ties, shared traditions, and mutual respect for diversity.

In the contemporary era, India and Oman have expanded their trade and economic engagements through formal agreements and strategic collaborations. Oman is India's key trading partner in the Gulf region, with bilateral trade spanning energy, infrastructure, healthcare, and technology. India imports crude oil and Liquefied Natural Gas (LNG) from Oman, while Indian exports to Oman include machinery, electronics, automobiles, and pharmaceuticals. The India-Oman Joint Commission and other economic forums have facilitated investment opportunities, joint ventures, and technology transfers, further enhancing their economic partnership.



Beyond trade and culture, India and Oman share strong diplomatic and strategic ties. Oman has been a crucial defense partner for India, with bilateral security cooperation in areas such as counterterrorism, maritime security, and intelligence sharing. Joint naval exercises and defense agreements have strengthened mutual security interests, given Oman's strategic position along the Arabian Sea. Additionally, Oman has been a gateway for India's engagement with the Gulf Cooperation Council (GCC), reinforcing India's broader economic and geopolitical objectives in the region.

Despite their long-standing relationship, the full extent of India-Oman trade and cultural ties remains an area of academic interest. This research seeks to analyse the historical trajectory of these relations, their economic impact, and the evolving dynamics of bilateral cooperation in the modern era. By exploring archival records, trade data, and cultural interactions, this study aims to provide insights into the enduring legacy and future potential of India-Oman relations. Through this analysis, the research will highlight how commerce, culture, and connectivity have been central to fostering a unique and mutually beneficial partnership between India and Oman.

## **II. Methodology**

This research adopts a multidisciplinary approach, combining historical analysis, economic data evaluation, and qualitative insights to explore India-Oman trade and cultural relations. Primary and secondary sources, including historical trade records, government reports, bilateral trade agreements, and economic data from organisations such as the Ministry of Commerce and Industry of both countries, are analysed to understand the evolution of commercial ties. Additionally, scholarly articles, books, and case studies provide contextual insights into the cultural exchanges between India and Oman. This comprehensive methodological framework ensures a well-rounded understanding of India-Oman relations from historical, economic, and sociocultural perspectives.

## **III. Objectives**

The primary objective of this research is to analyse the historical and contemporary trade and cultural relations between India and Oman. It aims to explore the evolution of commercial ties, from ancient maritime trade routes to modern economic partnerships, and assess their impact on both nations. Additionally, the study seeks to examine the role of the Indian diaspora in Oman and its

contributions to economic growth and cultural exchanges. Another key objective is to evaluate the significance of bilateral trade agreements and strategic collaborations in sectors such as energy, infrastructure, and technology. Furthermore, the research intends to highlight the influence of cultural interactions, including shared traditions, linguistic exchanges, and culinary influences, in strengthening diplomatic and people-to-people ties. Lastly, this study aims to provide policy recommendations for enhancing trade and cultural cooperation between India and Oman, ensuring a sustainable and mutually beneficial partnership in the future.

## **IV. Results**

The research findings indicate that India and Oman have maintained a robust and dynamic relationship, deeply rooted in trade and cultural exchanges. Historical analysis confirms that maritime trade between the two nations dates back thousands of years, with Oman serving as a vital link between India and the Arab world. Contemporary trade data highlights Oman as a key economic partner for India in the Gulf region, with bilateral trade flourishing across sectors such as energy, infrastructure, and technology. The Indian diaspora in Oman has played a crucial role in economic development, contributing significantly to trade, business, healthcare, and education. Cultural interactions, including linguistic influences, culinary traditions, and shared customs, continue to strengthen people-to-people ties. The study also reveals that strategic partnerships, such as bilateral trade agreements and defense cooperation, have reinforced diplomatic relations. Overall, the research underscores the enduring and evolving nature of India-Oman commerce, culture, and connectivity, demonstrating the potential for further economic and cultural collaboration in the future.

## **V. Discussion**

The research highlights the historical depth and contemporary significance of India-Oman trade and cultural relations, emphasising their evolution from ancient maritime exchanges to modern economic partnerships. The enduring nature of these ties is evident in the continued expansion of trade, with Oman serving as a strategic gateway for India's engagement with the Gulf region. The role of the Indian diaspora in Oman has been particularly significant, contributing not only to economic sectors such as trade, healthcare, and technology but also to cultural integration. Shared traditions, language influences, and culinary exchanges further



reinforce the historical bond between the two nations. Strengthening bilateral agreements, promoting cultural diplomacy, and expanding trade beyond traditional sectors can unlock further opportunities. As India and Oman continue to navigate a rapidly changing global economic landscape, their long-standing relationship provides a strong foundation for deeper collaboration in trade, technology, and cultural exchange.

## **VI. Conclusion**

The research underscores the deep-rooted and evolving relationship between India and Oman, shaped by centuries of trade, cultural exchanges, and strategic partnerships. From ancient maritime commerce to modern economic collaborations, both nations have successfully built a dynamic and mutually beneficial relationship. The role of the Indian diaspora in Oman has been instrumental in fostering economic growth and cultural integration, further strengthening people-to-people ties. While trade remains a cornerstone of this relationship, cultural diplomacy and strategic alliances have also played a crucial role in enhancing bilateral cooperation. Despite challenges such as trade barriers and economic fluctuations, the potential for future collaboration remains strong. By leveraging historical ties, expanding trade opportunities, and deepening cultural engagements, India and Oman can continue to strengthen their partnership in the years to come, ensuring sustainable economic growth and stronger diplomatic relations.

## **Importance**

This research article is significant as it provides a comprehensive analysis of the longstanding trade and cultural relationship between India and Oman, highlighting its historical roots and contemporary relevance. Understanding these connections is crucial for policymakers, businesses, and scholars seeking to enhance bilateral economic and diplomatic ties. The study offers insights into how trade has evolved over centuries, the role of the Indian diaspora in Oman's economic growth, and the cultural exchanges that continue to shape people-to-people interactions. Additionally, it identifies key opportunities and challenges in trade and investment, providing recommendations for strengthening future collaborations. By bridging historical perspectives with modern economic trends, this research contributes to a deeper understanding of India-Oman relations and serves as a valuable resource for fostering strategic partnerships, trade agreements, and cultural diplomacy between the two nations.

## **Evolution of India-Oman Trade Relations:**

India and Oman have shared a deep and enduring trade relationship spanning thousands of years. This connection has evolved through various phases, from early maritime exchanges to structured economic partnerships in the modern era. The geographical proximity of the two nations, combined with their strategic locations along key trade routes, has played a crucial role in fostering economic ties. Trade between India and Oman can be traced back to the Bronze Age when the Indus Valley Civilization engaged in maritime commerce with the Magan civilization (modern Oman).<sup>1</sup> Archaeological findings indicate that copper from Oman was supplied to the Indus Valley in exchange for timber, beads, and agricultural products.<sup>2</sup> This early economic interdependence laid the foundation for a long-lasting trade relationship.

During the classical period (500 BCE – 1500 CE), Indian and Arab merchants dominated the maritime trade routes connecting South Asia with the Middle East and East Africa. Muscat and Sohar emerged as prominent trade hubs, facilitating the exchange of Indian textiles, spices, and gemstones for Omani frankincense, dates, and copper.<sup>3</sup> The monsoon wind patterns enabled seasonal navigation, further strengthening the trade links. The cultural exchanges that accompanied trade during this period laid the groundwork for India's long-standing influence on Oman's commercial and social landscape.

The arrival of European powers in the Indian Ocean disrupted traditional trade networks between India and Oman. The Portuguese occupied major Omani ports, including Muscat, from 1507 to 1650, significantly altering trade patterns.<sup>4</sup> Indian merchants, particularly from Gujarat and Kerala, adapted to this shift by establishing alternative trading routes and partnerships. By the mid-17th century, Oman regained control over its ports and expanded its maritime influence under the Al Bu Said dynasty. Omani traders played a crucial role in linking Indian goods with East African and Arabian markets. Indian textiles and food grains became essential commodities in Oman, while Omani merchants facilitated the export of frankincense and dates to Indian ports.<sup>5</sup> This period marked the resilience of India-Oman trade ties despite European colonial disruptions.

During British colonial rule, both India and Oman were integrated into the broader British trade network. Indian merchants, particularly from Gujarat, played a dominant role in Oman's economy, supplying textiles, spices, and essential goods. The influence of Indian commerce was so



significant that the Indian rupee became the official currency of Oman until the 1970s. The 19th and early 20th centuries also saw increased migration of Indian traders, laborers, and financiers to Oman. Indian businesses managed key sectors of the Omani economy, from retail trade to banking.<sup>6</sup> The close economic ties fostered during this period established a strong Indian presence in Oman, which continues to shape trade and cultural interactions today.

India's independence in 1947 and Oman's modernization under Sultan Qaboos from 1970 marked a new phase in bilateral trade relations. Oman embarked on a rapid economic transformation, fueled by oil revenues, and sought to diversify its economy. India emerged as a key partner in Oman's development, contributing expertise in trade, infrastructure, and business sectors.<sup>7</sup> During the 1980s and 1990s, energy trade became a cornerstone of the India-Oman economic relationship. Oman emerged as a significant supplier of crude oil and liquefied natural gas (LNG) to India, while Indian exports to Oman diversified to include machinery, pharmaceuticals, and consumer goods. The establishment of formal economic agreements, such as the India-Oman Joint Commission, facilitated investment and business collaborations, strengthening bilateral trade.

The 21st century has seen a deepening of economic cooperation between India and Oman, with trade expanding into sectors such as infrastructure, technology, and defense. Bilateral trade has grown steadily, supported by agreements such as the Oman-India Joint Investment Fund (OIJIF), which promotes investment in key industries.<sup>8</sup> Indian companies have played a crucial role in Oman's economic diversification efforts under Vision 2040, particularly in renewable energy, healthcare, and manufacturing. Oman's strategic location along the Arabian Sea continues to make it a vital gateway for India's trade with the Gulf Cooperation Council (GCC) countries. Enhanced defense and security cooperation, including joint naval exercises, has further strengthened economic and diplomatic ties. Additionally, the Indian diaspora in Oman remains an essential driver of trade and business collaborations, contributing to the country's economic growth.<sup>9</sup>

### **Key Sectors Driving Contemporary Trade Between India and Oman**

India and Oman share a strong economic partnership, with bilateral trade expanding significantly over the past decade. The total trade volume between the two nations reached

approximately US\$12.4 billion in 2022–2023, reflecting a more than twofold increase from US\$4.6 billion in 2012–2013. This growth is driven by key sectors such as energy, metals, fertilizers, agriculture, and manufacturing, which form the backbone of contemporary trade between the two nations. The following sections analyze the major sectors contributing to India-Oman trade, supported by statistical data and relevant insights.

#### **1. Energy Sector**

The energy sector plays a crucial role in India-Oman trade relations, with petroleum and natural gas forming a significant portion of bilateral trade. Oman is a key energy supplier to India, particularly in petroleum gas, refined petroleum, and crude oil. Oman is a major supplier of petroleum gas and refined petroleum to India, with exports totaling over \$1 billion annually. India, in return, exports refined petroleum products to Oman, strengthening energy interdependence.<sup>10</sup> The increasing demand for energy in India makes Oman a strategic partner in ensuring energy security.

#### **2. Metals & Industrial Raw Materials**

India and Oman have strong trade relations in iron, steel, and aluminum products, which are essential for manufacturing and construction. Oman imports semi-finished iron and steel from India, contributing to its construction and infrastructure sectors.<sup>11</sup> India imports aluminum products from Oman, which are used in various industries, including automotive and electronics. The growing infrastructure projects in Oman and India suggest a further rise in trade for industrial materials.

#### **3. Fertilizers & Chemicals**

Fertilizers form a key component of Oman's exports to India, supporting India's large agricultural sector. Oman exports nitrogenous fertilizers in significant volumes. Oman is a major supplier of nitrogenous fertilizers to India, helping sustain agricultural productivity.<sup>12</sup> India exports various chemical derivatives to Oman, which are used in industries ranging from manufacturing to healthcare. The rising demand for fertilizers in India ensures continued trade growth in this sector.

#### **4. Agriculture & Food Products**

Agriculture is another major driver of India's exports to Oman, particularly rice, spices, and processed food items. India is a leading exporter of rice and spices to Oman, meeting the food demands of Oman's population, including its large Indian diaspora. Processed foods and dairy products from

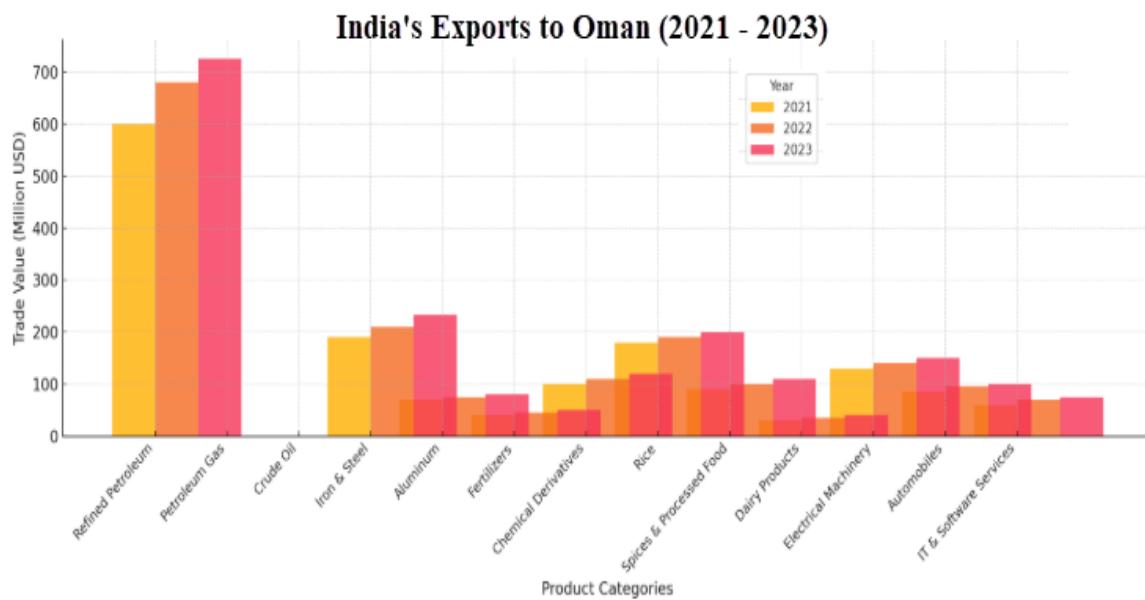


India are becoming more popular in Oman.<sup>13</sup> Oman's imports in this sector are likely to grow, given its dependency on agricultural imports to meet domestic consumption.

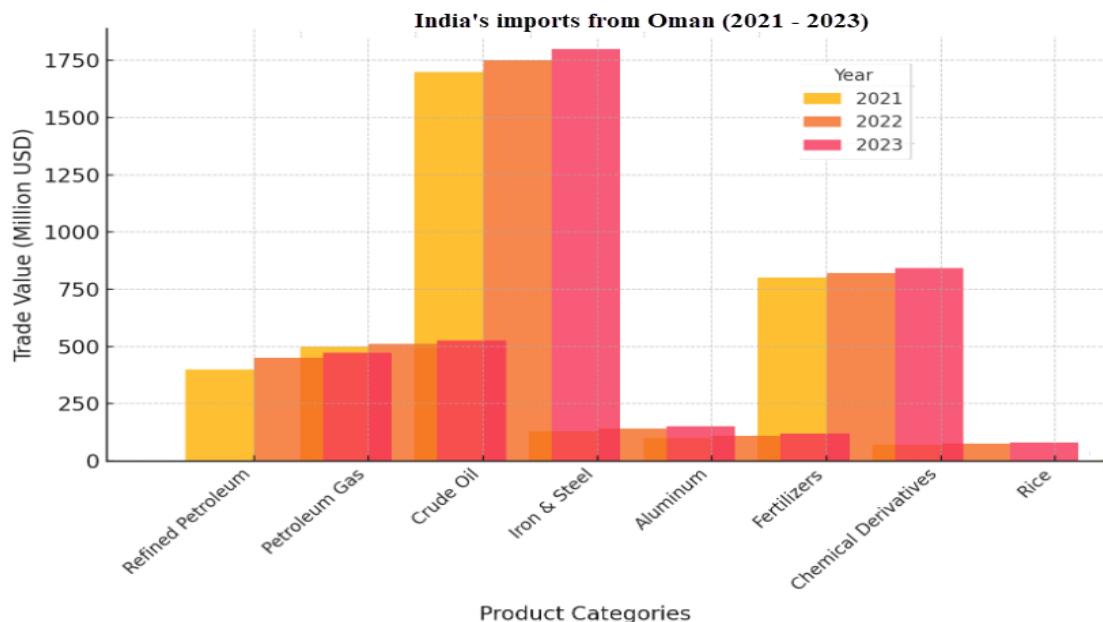
### 5. Manufactured Goods & Technology

The trade of manufactured goods, machinery, and electronic products between India and Oman has

seen steady growth in recent years. Indian companies have expanded their technology and IT services in Oman, contributing to digital transformation efforts. The automobile and spare parts industry is growing, with Indian manufacturers supplying Omani markets. Oman's investment in smart infrastructure presents opportunities for Indian firms in IT and digital services.



Source: <https://tradingeconomics.com/india/exports/oman>



Source: <https://tradingeconomics.com/india/imports/oman>



**India-Oman Trade Data (2021-2023) in Million US\$**

(Source: <https://tradingeconomics.com>)

Sector	Trade Item	2021	2022	2023
<b>Energy</b>	India's Exports (Refined Petroleum)	600	680	726
	Oman's Exports (Crude Oil + LNG)	2,200	2,260	2,300
<b>Metals &amp; Industrial</b>	India's Exports (Iron & Steel)	190	210	233
	Oman's Exports (Aluminum + Steel)	230	250	270
<b>Fertilizers &amp; Chemicals</b>	India's Exports (Chemical Derivatives)	100	110	120
	Oman's Exports (Fertilizers)	800	820	843
<b>Agriculture</b>	India's Exports (Rice)	180	190	199
	India's Exports (Spices & Processed Food)	90	100	110
	India's Exports (Dairy Products)	30	35	40
<b>Automobiles &amp; Technology</b>	India's Exports (Automobiles)	85	95	100
	India's Exports (Electrical Machinery)	130	140	150
	India's Exports (IT & Software Services)	60	70	75

**Bilateral agreements and influence:**

India and Oman have built a strong economic relationship over the years, facilitated by a series of bilateral agreements that have strengthened trade, investment, and strategic partnerships. These agreements have played a pivotal role in enhancing economic cooperation, fostering mutual growth, and ensuring stability in key sectors such as energy, infrastructure, and defense.<sup>14</sup> The foundation of India-Oman trade relations was established centuries ago through maritime trade routes, but formal economic cooperation gained momentum in the late 20th century. The India-Oman Trade Agreement of 1953<sup>15</sup> was one of the earliest efforts to facilitate smoother trade between the two nations. This agreement laid the groundwork for tariff reductions, customs simplifications, and trade facilitation, allowing Indian and Omani businesses to engage in import-export activities with fewer restrictions.

During the 1990s, India and Oman began expanding their cooperation beyond trade. The Bilateral Investment Promotion and Protection Agreement (BIPA)<sup>16</sup>, signed in 1997, encouraged

direct investment by providing security and guarantees for investors from both nations. This agreement ensured protection against expropriation, dispute resolution mechanisms, and equal treatment of investors, leading to increased Indian investments in Omani infrastructure, oil refineries, and manufacturing industries. The Double Taxation Avoidance Agreement (DTAA)<sup>17</sup> signed in 1997 helped boost trade by eliminating the burden of double taxation for businesses operating in both countries. These agreements fostered a business-friendly environment, attracting Indian companies such as L&T, Jindal, and Tata, which contributed significantly to Oman's industrial growth.

In the last two decades, India and Oman have deepened economic cooperation through a range of agreements focused on investment, labor, energy, and logistics. The signing of the India-Oman Joint Investment Fund (IOJIF)<sup>18</sup> in 2010 was a key milestone, promoting joint investments in critical sectors like tourism, technology, and renewable energy. This fund provided financial backing for Indian and Omani businesses to expand into each other's markets, further solidifying economic



interdependence. The Comprehensive Economic Partnership Agreement (CEPA)<sup>19</sup> discussions, initiated in recent years, have also sought to create a free trade framework that would further liberalize the movement of goods and services. Additionally, Oman's inclusion in India's International North-South Transport Corridor (INSTC) strategy has positioned it as a crucial hub for trade routes between India, the Gulf, and Europe.

The bilateral agreements signed over the decades have not only increased trade volumes but also facilitated knowledge exchange, skill development, and defense cooperation. With Oman playing a strategic role in India's energy security and future agreements are expected to focus on green energy collaborations, digital economy expansion, and enhanced maritime security partnerships.

### **Role of the Indian Diaspora**

The Indian diaspora in Oman has played a crucial role in shaping the country's economic development. With historical trade links dating back centuries, Indian merchants, traders, and workers have contributed significantly to Oman's commercial and industrial sectors. As of 2023, there are approximately 680,000 Indians in Oman, making them the largest expatriate community, accounting for nearly 20% of Oman's total population.<sup>20</sup> This workforce is active in diverse fields such as construction, healthcare, finance, retail, and information technology. The construction and infrastructure sectors are heavily reliant on Indian labor, with a significant presence of skilled and semi-skilled workers. Indian professionals also hold key positions in Oman's banking and finance industries, contributing to investment growth and economic planning. The India-Oman bilateral trade reached \$12.4 billion in 2023<sup>21</sup>, with a notable portion facilitated by Indian business networks operating in Oman.

Indian entrepreneurs in Oman have established successful businesses in retail, textiles, food, and manufacturing, further strengthening bilateral economic ties. Several Indian-origin businesses have become well-integrated into Oman's economy, contributing to the growth of SMEs (small and medium enterprises). Indian-owned enterprises in Oman's retail sector contributed nearly \$1.5 billion to the economy in 2022<sup>22</sup>, reflecting their dominance in consumer markets. Many Indian investors have played a role in Oman's industrial diversification, particularly in IT services, healthcare, and education. The Oman-India Joint Investment Fund (OIJIF), set up in 2010, continues

to support these business initiatives, fostering financial collaboration between the two countries.

The healthcare sector in Oman benefits significantly from the Indian diaspora, with many Indian doctors, nurses, and healthcare professionals working in Omani hospitals. Indian medical professionals constitute around 50% of the private healthcare workforce in Oman as of 2023.<sup>23</sup> Similarly, the education sector has seen significant Indian involvement, with Indian schools in Oman catering to over 50,000 students. These institutions not only serve the Indian community but also provide high-quality education to Omani and other expatriate students, strengthening cultural and academic exchanges between the two nations.

Beyond economics, the Indian diaspora has enriched Oman's cultural landscape. Bollywood films, Indian cuisine, and festivals such as Diwali and Holi are widely celebrated in Oman, influencing local traditions and fostering cultural integration. Indian cultural associations and social organizations regularly host events that promote Indo-Omani friendship.<sup>24</sup> Omani citizens engage actively with Indian traditions, with Indian fashion, yoga, and Ayurveda gaining popularity. This cultural affinity has reinforced people-to-people connections, further solidifying diplomatic and economic relations.

Given the historical and contemporary contributions, the Indian diaspora is expected to play an even more vital role in Oman's Vision 2040 initiative, which focuses on economic diversification and modernization. With increasing Indian investments in sectors like renewable energy, logistics, and technology, the diaspora will remain a crucial bridge between India and Oman's economies.

### **Cultural Exchanges Between India and Oman:**

Cultural exchanges between India and Oman have played a pivotal role in deepening the historical, economic, and social ties between the two nations. The influence of language, traditions, cuisine, and artistic heritage has not only shaped social interactions but has also contributed to bilateral trade, tourism, and business relations. These cultural linkages have reinforced people-to-people connections, thereby strengthening diplomatic and economic cooperation.

Language has been one of the strongest pillars of Indo-Omani cultural exchange. Owing to historical maritime trade and migration, several Indian languages, especially Hindi, Urdu, Malayalam, and Gujarati, are widely spoken and understood in Oman.<sup>25</sup> Similarly, Arabic has influenced Indian languages, particularly in trade



and commerce vocabulary. The linguistic familiarity between Indian expatriates and Omanis has enhanced trade relations, reduced communication barriers, and facilitated smoother integration of Indians into Omani society.

Indian traditions and festivals have gained widespread acceptance and participation in Oman, creating a vibrant cultural synergy. Events like Diwali, Holi, Eid, Navaratri, and Onam are celebrated across Oman, not just by the Indian community but also by Omanis and other expatriates. Omani cities like Muscat, Salalah, and Sohar host large-scale Diwali and Eid festivals, with special markets selling Indian sweets, decorations, and attire. Many Omani youth participate in Holi events, enjoying the festival of colors, while Navaratri dance celebrations attract a diverse audience. Indian clothing, such as sarees, lehengas, and kurtas, is popular among Omani women, particularly during festive occasions. The rising popularity of Indian festivals has boosted trade in Indian textiles, jewelry, and handicrafts. In 2023, Indian ethnic wear exports to Oman grew by 15%, reaching \$120 million, as Indian fashion gained prominence.

Indian cuisine has significantly influenced Omani food culture, with biryani, samosas, kebabs, dosa, and Indian sweets being widely consumed. Many Indian dishes have been adapted into Omani cuisine, blending flavors to create a unique Indo-Omani gastronomic experience. Over 1,000 Indian restaurants and eateries operate in Oman, ranging from high-end dining establishments to small street-food vendors. Oman imports a significant quantity of Indian spices, tea, rice, and lentils, supporting the Indian agro-industry. Indian-style biryani and kebabs have become staples in Omani households and are served at major gatherings. The growing demand for Indian food products has fueled bilateral trade in the agricultural sector, benefiting both economies.

Bollywood and Indian performing arts have played a crucial role in shaping Omani entertainment preferences. Indian movies, music, and dance forms are immensely popular, with a significant audience base among Omanis. Most major Bollywood releases are screened in Omani theaters, often with Arabic subtitles. Indian classical and contemporary dance forms like Kathak, Bharatanatyam, and Bhangra are performed at cultural festivals in Oman. Several Indian musicians and film stars perform live concerts in Muscat and Salalah, drawing large crowds. The rise of Indian entertainment content in Oman has encouraged more tourism and cultural exchanges, with Omanis

traveling to India for film festivals, music concerts, and art exhibitions.

Religious and spiritual exchanges between India and Oman have strengthened cultural ties. Hindu temples, mosques, and churches in Oman cater to the spiritual needs of the Indian community, ensuring their cultural identity remains preserved. The Shiva Temple in Muscat, dating back over 125 years, stands as a symbol of Indo-Omani historical ties. Indian-origin Sufi saints have historically contributed to Oman's religious harmony, creating deep-rooted spiritual connections. Omani travelers visit India for religious tourism, exploring destinations like Ajmer Sharif, Varanasi, and Rishikesh for spiritual enrichment. This religious harmony has helped foster greater social acceptance and mutual respect between the two nations.

#### **Challenges and Opportunities:**

- India and Oman share a long-standing history of trade and cultural exchanges, strengthened by economic cooperation, people-to-people ties, and strategic partnerships. However, despite these strong ties, there are several challenges that both nations must address to further enhance bilateral relations. At the same time, numerous opportunities exist to expand trade, investment, and cultural interactions. This section explores the key challenges and opportunities in India-Oman trade and cultural relations in the 21st century.

- Oman's economy is heavily reliant on oil and gas exports, with hydrocarbons contributing nearly 70% of its GDP. While India imports a significant portion of its oil needs from Oman, trade diversification is limited, creating vulnerabilities in times of fluctuating oil prices. While India is Oman's second-largest trading partner, non-oil trade remains relatively low, with limited penetration of Indian goods into Omani markets. Indian companies often face challenges such as complex regulations, high tariffs, and strict quality control measures, restricting trade expansion.

- Customs and trade regulations in Oman require extensive documentation, increasing trade costs for Indian exporters. Non-tariff barriers, such as stringent food safety standards, impact the entry of Indian agricultural and processed food products. Despite strong maritime links, direct flight and shipping routes remain limited, increasing transportation costs. Improving port infrastructure and streamlining logistics networks will be crucial for enhancing trade efficiency.

- The Indian workforce in Oman exceeds 680,000, comprising a significant share of the country's labor force. However, recent Omani



government policies, such as Omanization (local job prioritization), have impacted employment opportunities for Indian expatriates. The Omanization policy aims to increase local employment, reducing dependence on expatriate workers. However, Indian professionals remain crucial for sectors such as healthcare, IT, and construction. Ensuring a balanced workforce policy will be vital to maintaining Indo-Omani economic cooperation.

- Despite deep historical ties, cultural understanding between India and Oman needs further enhancement. Challenges include: limited awareness of Indian traditions and business practices among Omanis. Restricted promotion of Omani culture in India, limiting cross-cultural exchanges. Expanding cultural diplomacy through festivals, exchange programs, and educational initiatives can strengthen mutual understanding and people-to-people ties.

- Diversification beyond hydrocarbons presents significant trade opportunities for India and Oman. India can collaborate with Oman in solar and wind energy projects. Indian firms can invest in Oman's special economic zones (SEZs), such as Duqm and Sohar Free Zones. India, as a global pharmaceutical hub, can supply affordable medicines and healthcare services to Oman.

- Boosting direct maritime and air links between Indian ports and Omani ports will facilitate trade growth. India's investment in Oman's logistics sector, particularly in warehousing and supply chain solutions, can improve efficiency. The India-Oman Joint Investment Fund (OIJIF) has already facilitated joint projects. Expanding investment in fintech, infrastructure, and digital trade will further boost economic cooperation.

- Cultural exchanges offer immense opportunities to strengthen bilateral relations. Initiatives like expanding Indian film and tourism promotions in Oman, attracting more Omani visitors to India, introducing joint cultural festivals to celebrate Indo-Omani heritage, enhancing mutual understanding. Further, India needs to promote Indian higher education institutions in Oman to encourage student exchanges.

- To overcome trade challenges and unlock new opportunities, policy reforms and economic agreements play a crucial role in strengthening India-Oman ties. Existing frameworks like the India-Oman Comprehensive Economic Partnership Agreement (CEPA) discussions, bilateral investment treaties, and trade agreements have helped, but there is room for deeper collaboration.

- One of the main challenges Indian exporters face is high tariffs and stringent regulations in Oman for certain products, including textiles, processed foods, and automobiles. Streamlining customs procedures and reducing non-tariff barriers can significantly boost bilateral trade. Several successful Indo-Omani joint ventures exist, like Jindal Shadeed Iron & Steel LLC, and India-Oman Fertilizer Company (OMIFCO), has strengthened agricultural cooperation. Further, Lulu Group's expansion in Oman, employing thousands of workers and enhancing retail sector growth. Encouraging more joint ventures in technology, infrastructure, and sustainable energy will further strengthen economic ties.

- India is a global leader in IT services, artificial intelligence (AI), and fintech, while Oman is expanding its digital economy. Collaboration can be strengthened by encouraging Indian IT firms to set up operations in Oman and assist in digital transformation projects. Promoting cross-border fintech solutions and digital payment integrations to facilitate seamless trade. Supporting Omani startups through Indian venture capital investments and accelerator programs. As digital trade grows, both nations must enhance cybersecurity and data protection measures. Establishing a bilateral cybersecurity task force can help develop secure digital trade frameworks and safeguard critical infrastructure from cyber threats.

- Regular high-level dialogues between India and Oman can address key economic, security, and cultural issues. Initiatives like Annual India-Oman strategic dialogues to align trade, defense, and cultural policies. Strengthening bilateral cooperation within regional organizations like the GCC, IORA, and BIMSTEC. Collaborating on global issues such as climate change, sustainable development, and counter-terrorism. Oman plays a critical role in maritime security in the Indian Ocean region. To enhance strategic security cooperation, both nations should conduct joint naval exercises to ensure maritime security and anti-piracy operations. Develop defense technology partnerships, particularly in shipbuilding, cybersecurity, and drone technology. Enhance intelligence-sharing mechanisms to combat regional security threats.

<sup>1</sup><https://oxfordre.com/asianhistory/display/10.1093/acrefore/9780190277727.001.0001/acrefore->



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