

INDO-KUWAITI RELATIONS: THE POST-GULF WAR II PHASE

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CERTIFICATE

This is certify that the dissertation entitled "**INDO-KUWAITI RELATIONS: THE POST-GULF WAR II PHASE**", submitted by Ms. **M. Sofia Rashida** is her own work and has not been submitted to any other University or institution or for any other diploma or degree.

We recommend that this dissertation may be placed before the examiners for evaluation.

Dr. Anwar Alam
Supervisor.

Prof. Gulshan Dietl
Chairperson.

with love

to

Amma and Daddy

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PREFACE

The Iraq-Kuwait Crisis of 1990 and the subsequent Gulf War II marked a turning point in the history of Indo-Kuwaiti relations. India's ambivalent stand during the war caused a severe set back in the relations between the two countries. However, not withstanding the strained relationship preceding and during the course of the war, both the countries made several efforts to normalise their ties in the post-war phase.

The Gulf has been a major source of oil to India. Kuwait is one of the major contributors in this factor and India occupies second place next only to Japan in its oil imports from Kuwait. The Gulf Crisis of 1990 accentuated the already existing energy crisis in India. The invasion of Kuwait by Iraq led to the decline of the supply of crude oil from Kuwait and Iraq as well. The events in Kuwait had its implications in India not only on the economy but also on Indian migrants in Kuwait. The Crisis had led to the return of Indian migrants, which resulted in the loss of their financial and material assets. The Gulf Crisis caused strain in the relation between India and Kuwait because of the ambivalent stand taken by India during the crisis.

The present study is concerned with the Indo-Kuwaiti relations after the Gulf crisis. It is necessary for us to understand the response of

Indian government towards the crisis and the reasons for the strain in the relations between India and Kuwait. With the shift of India's foreign policy the relations between India and Kuwait were normalised which resulted in the various agreements and joint ventures between the two countries for the mutual benefit. This study also deals with the enhancement of the political, diplomatic and economic relations in the post-Gulf war II phase. Indians in Kuwait has been a major factor in the bilateral relations and how far Indians were able to cope with the Gulf crisis and how far they were able to erase the bad memories from the minds of Kuwaitis which they had about India during the crisis.

The method adopted in this study is both historical and analytical. This study is based primarily on official reports, documents, books, periodicals, newspapers etc. This study is divided into five chapters and the details of the contents are as follows.

The first chapter is Introduction in nature, which gives the brief historical overview of the relations between India and Kuwait till 1990.

The second chapter deals with the political and diplomatic relations between India and Kuwait in the Post-Gulf War II phase. An attempt has been made in this chapter to analyse the factors responsible for the normalisation of the relations that were at very low ebb during the

crisis. It will also analyse to what extent the global, regional and bilateral factors have been responsible in shaping the process of normalisation. This chapter makes a chronology of major agreements and Memorandum of Understanding (MOUs) signed between two countries in the realms of diplomacy, politics and defence. A special attention is given to the Babri Masjid demolition issue to show to what extent religious sentiments affected otherwise mutually beneficial bilateral relations and to what extent Pakistan is a factor in Indo-Kuwaiti relations. A special emphasis is given on the Prisoners of War (POWs).

The third chapter chiefly revolves around the economic relations between the two countries. An attempt is made to assess the economic relations against the backdrop of India's policy of economic liberalisation and changing patterns of trade between the two countries. It deals with the balance of trade and the major joint ventures between India and Kuwait. It also makes an attempt to recognise the thrust areas for the joint ventures between the two countries. In the end, an analysis is made whether the economic liberalisation of Indian economy has really helped in balance the trade with Kuwait.

The fourth chapter analyses the Indians in Kuwait in the socio-cultural context. It attempts to study the role of Indians in Kuwait in sustaining and strengthening the socio-cultural relations between the

two countries. An attempt is made to analyse the composition of workforce and the working conditions of Indian labour in Kuwait. It also deals about the plight of Indians and the loss inflicted on the Indian workforce during the crisis. It also deals with the remittances sent by the Indian work force and to what extent, these remittances help the migrant families' back home in improving their economic condition and the standard of living.

The fifth chapter is the conclusion which sums up critically the analyses of the issues dealt in the previous chapters.

Chapter - I
INTRODUCTION

Geographically, located in the south of Asia and surrounded by the Arabian Sea, Bay of Bengal, Indian Ocean and the Himalayas, India occupies an important place in regional and order. The two Indian seas, Arabian Sea and Bay of Bengal that encircle the coasts of India, had a good number of harbours and emporiums which were the centre of exports and imports of India. And across the Arabian Sea from the western coast of Indian sub-continent lies the Arabian Peninsula.¹ The antiquity of India's relations with the Arab world can be traced back to the third millennium B. C. The presence of Indian traders from Makran and Baluchistan in the cities of Elane and Sumer, a little closed society with its own rites and customs,² provides us the evidence of trade and commercial ties between the Indians and Arabs even during the ancient times. The trade was predominantly sea borne and Mohenjadaro was probably a busy port carrying on trade with Ur and Kish and perhaps also with Egypt.³ Among the commodities of trade, cotton was an important one and the Indian cotton was known in the Arab world as '*Sindhu*' and this in turn passed on to Greek in the form of '*Sindon*'.⁴ India's cultural as

¹ M. S. Agwani, *Contemporary West Asia*, (New Delhi, Har-Anand Publications, 1995), p. 24.

² Maqbul Ahmad, *Indo-Arab Relations*, (New Delhi, Indian Council for Cultural Relations, 1969), p. 78.

³ *Ibid.*, p. 1.

⁴ *Ibid.*, p. 78.

well as scientific ties with the Arab World established as early as the eighteenth century. The Scientific literature of India introduced on the academic institutions and centres of higher learning and research in Baghdad belonged to Maurya and Gupta period.⁵ And in the end of eighteenth century A.D, astronomy was introduced in Baghdad. The Sankrit astronomical works, introduced at that time were Aryabhatiya by Aryabhat of Kusumapura and Khandakhadyaka by Brahma Gupta and a number of Arab astronomers engaged themselves in the study of the Indian works.⁶ Along with astronomy, mathematics is also introduced to Arabs by the al-Fazari, who translated the sanskrit mathematical treatises into Arabic. The Indian numeral system and the concept of zero became widely spread throughout the Arab world.⁷

Kuwait, a tiny oil rich country is situated in the northwest extreme of the Persian Gulf with Saudi Arabia at the northwestern border. The history of present day Kuwait dates back to 1750 AD when the Utub tribe assumed power in the region which was previously a part of the Ottoman Empire of Turkey. The rule of *Al-Sabah* family began in 1750 when the people of Kuwait decided to appoint a Sheikh to administer their affairs and provide them with

⁵ Ibid., p. 10.

⁶ Ibid., pp. 11-12.

⁷ Ibid., p. 13.

peace and security and represent them in their dealings with the Ottoman government.⁸

In the late 1770s the raids of Wahabis, tribe of Central Asia, frequently threatened Kuwait. To protect them from the Wahabi's incursion, Kuwait came in close contact with the English East India Company. The English East India Company had established its centres in the Gulf to facilitate the despatch and distribution of merchandise. Kuwait, highly prosperous during the first half of the eighteenth century, thus served as an important transit point for the passage of Indian goods to West Asia and Europe.⁹ The relation between India and Kuwait flourished during this period. The main imports from India were teak especially for ships, muslin, cotton, spices, fruits and other luxuries while Kuwait exported pearls and dates and Kuwaitis used to carry goods to and from India.¹⁰ Kuwait signed a treaty with Britain in 1899, on account of the fear of external aggression and in return they surrendered their external affairs to Britain which ultimately led to the influence of Britain in the vital sectors of the government.

⁸ Gyaneshwar Pathak, "Indo-Kuwait Relations: An Overview" in A. K. Pasha, (ed.), *India and Kuwait: Strategic, Economic and Political Developments*, (Delhi, Gyan Sagar Publications, 1999), p. 244.

⁹ Mirza Nehal Ahmad Baig, "Indo-Kuwait Relation: Areas of Cooperation in A. K. Pasha (ed)"*India and Kuwait*", p. 259.

¹⁰ Ibid.

Both, India and Kuwait were under the rule of a common colonial power, which provided an additional opportunity for constant interaction between the two countries. During the first half of the twentieth century, the volume of trade between India and Kuwait reduced due to the two World Wars. India's Independence in 1947 did not hinder anyway but continued the relationship with Kuwait. The political ethos generated by India's freedom struggle, particularly the events since 1920, exercised a remarkable influence on free India's official policies and popular attitudes towards the Arab problem.¹¹ India's freedom struggle created awareness among the Arabs including Kuwaitis about the virtues of democratic form of government based on the principles of equality, fraternity and liberty and they realised their rights.¹² The people of Kuwait demanded complete freedom from Britain particularly the freedom to determine their foreign affairs. Kuwait became independent and the ruling Sheikh became the new Amir of Kuwait on 19 June 1961. In December 1961, the elections were held for the first time in the history of Kuwait, to elect 20 members for the Constituent Assembly to draw up the Constitution of Kuwait. The Constitution was ratified on 11 November 1962 by the Amir of Kuwait, Sheikh Abdullah Al

¹¹ M. S. Agwani, p: 219.

¹² Gyaneshwar Pathak, p: 241.

sabah.¹³ The first parliamentary elections were held on 23 January 1963 based on the provision of the Constitution and 50 members were elected for the National Assembly. Though “the elections were held in the absence of formal political parties and the candidates contested the election as independently, it paved the way for the formation of the democratic form of the government which was fully capable of fulfilling its citizens’ rightful demands.”¹⁴

The Independence of Kuwait opened a new chapter in the bilateral relations of India and Kuwait. The contours of bilateral cooperation expanded and the terms became friendlier resulting in many political, economic and cultural agreements between the two countries. Moreover, there was a broad convergence of perception on many crucial issues such as democracy and secularism and principle and ideology of Non-Aligned Movement. This commonality of political approach brought the two countries more closer. In the first Kuwaiti crisis, when Iraq headed by Premier Abdul Karim Qasim claimed its stakes on Kuwait within six days of its independence on 25 June 1961. India supported Kuwait's independence and India became the first non-Arab country in Asia to recognise Kuwait as a sovereign independent state.¹⁵ Kuwait reciprocated to the good will gesture of India by condemning the Chinese aggression on India in 1962. The Amir of

¹³ Gyaneshwar Pathak, p: 246.

¹⁴ Ibid., pp: 246-247.

¹⁵ Isteyaq Ahmad, "Indo-Kuwait Relations: Historical Background and Trade", in A. K. Pasha (ed), "India and Kuwait", p: 233.

Kuwait termed the Chinese aggression as "the naked aggression against India" and supported India in its struggle.¹⁶ A delegation led by the Crown Prince of Kuwait, Sheikh Sabah Al-Saleem Al-Sabah and Prime Minister, Sheikh Sabah, visited India on a thirteen day visit and assured support to India's stand point on the Sino-Indian and Indo-Pak disputes by calling for direct negotiations without any outside interference for solving all outstanding problems. Kuwait and India signed various agreements on non-alignment, peaceful co-existence and partial test ban treaty.¹⁷

During the Indo-Pak war of 1965, there was large-scale resentment against India in Kuwaiti press, but the government remained neutral. In April 1966, Kuwaiti Minister for Commerce and Industry visited India and as a result of which a Joint Indo-Kuwaiti committee was formed to identify the industrial and technical areas for cooperation. During the Indo-Pak war of 1971, Kuwait along with other Gulf States declared their solidarity with Pakistan and strongly denounced India as an aggressor. Kuwait criticised India for being responsible for the dismemberment of Pakistan, though there was a concern for the refugee problem because of the inflow of 10 million refugees from East Pakistan. During this period India's relations with Kuwait stood at low ebb. But the set back was temporary and the

¹⁶ Ibid., pp: 233-234.

¹⁷ Ibid., p. 234.

relations became normal when the External Affairs Minister of India, Swaran Singh, visited Kuwait in 1971 and held talks with Kuwaiti's Foreign Minister, Sheikh Sabah Al-Ahmed Al-Jaber. Both the sides agreed to establish an inter-governmental joint committee for economic and technical cooperation.¹⁸ In 1973, the delegations from India and Kuwait reached an agreement according to which India would purchase Urea, Ammonia, Sulphur and Petroleum products from Kuwait.¹⁹ In 1974, the Indian Commerce Minister D.P.Chattopadhyaya and Kuwaiti Minister of Commerce and Industry, Khaled Al-Adasani signed a long-term trade agreement. The agreement had the validity of five years initially but renewable automatically after every five years. This agreement resulted in the formation of a Joint Committee to identify the fields, projects and commodities for expansion of economic cooperation and promoting trade exchange between the two countries.²⁰ This trade agreement further enhanced the volume of exports and imports between the two countries. In February 1974, both the countries signed an agreement providing the operation of airlines between India and Kuwait and in 1977, the Indian Minister for Industry visited Kuwait and reiterated India's support to the Arab cause and also the participation of India in

¹⁸ Mirza Nehal Ahmad Baig, p: 264.

¹⁹ Ibid., p: 262.

²⁰ Ibid., pp: 262-263.

the economic developments of the Sheikhdome.²¹ In 1979, India enjoyed a near monopoly on certain commodities like galvanised iron products and cast iron pipes. By the end of 1970s, Indian projects in Kuwait were worth Rs. 2029.9 millions covering the construction of bridges and fly overs, water supply and sewage air port terminals and runways, schools, Universities, hospital buildings and other office buildings.²² The EPI got the five major projects including Rs. 2300 millions for Ardiya Housing complex in joint ventures with a Japanese company, the Institutional Authority of India (IAAI) along with EIP, built the Kuwait's International Airport and the lightening tower, MECON and HSCL got a contract to build roads, highways, an oil refinery and a sponge iron plant and ACC has built a cement factory.²³ Among the private companies of India Parley's have set up a soft drink and bottling plant in Kuwait, Biocco Lawrence have established an electrical repair shop and West Erectors and Fedders Lloyds are engaged in insulation of thermal station, fertilizers and distillation plants and the major contract got by India was the prestigious project of constructing a gaint township at a cost of \$ 185 millions, the largest contract awarded by Kuwaiti Government to a

²¹ Ajaynath Jha, p: 300.

²² Isteyaq Ahmed, p: 235.

²³ Ibid.

foreign company."²⁴ The 1970s saw the improvement in the bilateral relations with the visit of the various ministers from both the sides.

In September 1980, the visit of the Amir of Kuwait, Sheikh Jaber Al-Ahmad Al-Jaber Al-Sabah opened up a new chapter in the bilateral relations between both the countries. Kuwait offered to provide investment for selected projects and also showed readiness to sponsor many joint ventures and the areas envisaged for cooperation were paper, pulp, drugs and pharmaceuticals, hotels, hospitals, cement and fertilizers.²⁵ In 1981, Kuwait signed an agreement with India to supply oil, when there was a shortage of oil in India due to the Iran-Iraq War. The Amir's visit was reciprocated by the visit of the then Prime Minister, Indira Gandhi, to Kuwait in May 1981. The discussions were mostly related to the problem of regional security and for the further expansion of economic relations between India and Kuwait.²⁶ During this visit, the government of India announced to offer 26 to 40 per cent equity shares to the Gulf investments and 19 new areas were identified for the joint ventures.²⁷ The visit of the Prime Minister, Indira Gandhi strengthened the relations between the two countries. "Her visit was undertaken at a time where the very

²⁴ Ibid., pp: 235-236.

²⁵ Ajaynath Jha, "Indo-Kuwait Relations: Growing Economic Cooperation" in A. K. Pasha, *India and Kuwait*, p. 305.

²⁶ Mirza Nehal Ahmad Baig, p: 265.

²⁷ Isteyaq Ahmad, p: 235.

centre of US policy had been shifted from Europe to the Gulf region. Moreover the American role in the Arab-Israeli conflict, the ongoing Lebanese crisis on the one hand and the US experiences in Iran on the other, led to the increasing awareness of the national interests as shown by the Gulf States to resist from getting sucked into the new theatres of confrontation opened up by America in such a strategically sensitive area and hence her visit was directed in the wide context of immediate and longer interests of both India and Kuwait."²⁸ Her visit focussed not only the economic benefits, but also the security concerns in the region. The 1980s saw the further enhancement of the relations between India and Kuwait due to the mutual interests of both the countries.

On 2 August 1990, Iraq invaded Kuwait. Iraq and Kuwait had a long-standing dispute regarding the Rumaila oil field. Iraqi's claim on Kuwait dates back to 1936-41, and it was then based on the fact that Kuwait was a part of Iraq during Ottoman rule and this claim was reiterated during Kuwait's Independence in 1961.²⁹ Within six days of Kuwaiti's Independence Iraq's premier, Abdul. Karim Qasim challenged the Kuwait's Independence and claimed sovereignty over Kuwait. Kuwait, however, rejected the Iraq's claim and announced that it would defend its independence and territorial integrity. Kuwait

²⁸ Ajaynath Jha, pp: 301-302.

²⁹ A.H.H. Abidi, p: 129.

requested the help of Britain and the British troops started moving towards Kuwait and Britain also passed a resolution condemning Iraq, but the resolution was defeated by a Soviet veto.³⁰ By the interference of Arab League Ministerial Council, Kuwait was recognized as an independent sovereign state and was admitted into the League of Arab States as its eleventh member on 21st July, 1961 and it became the member of United Nations on 14 May 1963.³¹ There was a continuous threat from Iraq to Kuwait and there were instances when Iraq has occupied some of the territory of Kuwait and in september 1976, Iraq criticised the Kuwait regime and revived their claim to the entire state of Kuwait and there by mobilized the troops to occupy a small area in the northern part of Kuwait.³² After this claim, Iraq and Kuwait held negotiations and agreed to appoint a committee to reduce the problems like smuggling and encroachment on their borders, but no agreement was reached on the alignment of their boundary line.³³ Immediately after the Iran-Iraq war in 1988, Iraq agreed for the demarcation and the two states agreed to constitute a joint committee to undertake the task. But this time, Kuwait refused the offer of Iraq's claim of Bubiyan. And again in

³⁰ Ibid., p: 134.

³¹ Ibid., p: 135.

³² Ibid., p: 138.

³³ Ibid.

October 1988, Iraq sent its army into the territory of Kuwait and the army marched into the Kuwaiti territory up to a depth of 20 kilometres, however, the latter retrieved the situation and Iraq withdrew its troops from Kuwait territory.³⁴

In 1990, according to Iraq, the Kuwaitis had been extracting oil from the disputed field for its own benefit depriving Iraq of its rightful share. Iraq also charged that Kuwaitis had been over-producing oil and are doing all this intentionally to bring the international price of oil to a low level to stall the economic reconstruction of Iraq in the wake of eight years Iran-Iraq war.³⁵ The President of Iraq, Saddam Hussein demanded from Kuwait a compensation of US \$20 billions for oil that Kuwait allegedly stolen from the Rumaila oil fields and US \$12 billions war time loan be written off. Iraq also claimed the Bubiyan and Warbah islands in the Gulf and demanded an access to the sea through Kuwait.³⁶ Kuwaiti rejected the demands and a high level meeting was held on 1 August 1990 at Taif between the Iraqi Vice-President of the Revolutionary Command Council, Izzat Ibrahim and Kuwaiti Prime Minister, Sheikh Saad Al-Abdullah Al-Salim Al-Sabah

³⁴ Ibid., p:139.

³⁵ Agwani, p: 60.

³⁶ Derbani Raychaudari, "The Gulf-War: A Challenge to India's Foreign Policy", in Arun Kuamr Banerji (ed.), *The Gulf-War and the Energy Crisis in India*, (Calcutta, K. P. Bagchi & Company, 1993), p. 68.

and however talks failed, and soon Iraq invaded Kuwait on 2 August 1990 and declared it as the 19th province of Iraq.

Iraq's invasion of Kuwait caught the Government of India unaware as many other countries. Iraq's invasion coincided with the collapse of the Soviet Union and the emergence of United States as the sole super power in the New World order. Iraq's invasion evoked a global criticism. Initially, India disapproved of Iraq's invasion but did not condemn it. The stand taken by India was criticised by Kuwait as ambiguous and ambivalent but later India did strongly condemned Iraq's action and called for an unconditional withdrawal of Iraqi forces from Kuwait. The shift in the policy of India has to be seen in the global scenario. The collapse of Soviet Union was a major blow for India, which had been an ally and a source of diplomatic support and beyond that it provided arms and a good market for Indian goods.³⁷ India had to change its foreign policy and adjust it according to the existing New World Order.

³⁷ G. P. Ramachandra, "India's Foreign Policy in Post Cold War Era", in K. Raman Pillai, (ed.), *Indian Foreign Policy in 1990s*, (Delhi, Radiant Publishers, 1997), p. 26.

Chapter - II

INDO-KUWAITI POLITICAL AND DIPLOMATIC RELATIONS

The act of Iraq's invasion of tiny oil rich country Kuwait, on 2 August 1990 was condemned throughout the world and they called for the immediate withdrawal of Iraqi forces from Kuwait. India disapproved Iraqi's action and later demanded its immediate withdrawal from Kuwait, but as a major power in South Asia and the leading member of Non Aligned Movement (NAM) did not take any worthwhile diplomatic initiative to resolve the Gulf conflict.¹ India's traditional ties with Iraq restrained India from taking a stand against Iraq. After India's Independence in 1947, the relations between India and Iraq improved considerably and Iraq remained neutral during the Indo-Pak war of 1965 and 1971 while many Arab States stood against India during the Indo-Pak war of 1971. India's relations with Iraq have always been stable which improved further in the light of various agreements of mutual benefit and cooperation. More than all these, it is a matter of politico-strategic gratification to India that Iraq has been the only country in the OIC to have always supported India's position on Kashmir.² Under these circumstances India was restrained from taking a hard position against Iraq. India's domestic turmoil due to the Mandal Commission report further restrained India in actively participating to resolve the Gulf crisis. As India did not take any stand

¹ J.K. Baral and J.N. Mahanty, "India and the Gulf crisis", *Pacific Affairs*, 65(3) 1992, p. 371.

² P.S.Jayaramu, "India and the Gulf Crisis" in Arun Kumar Banerji's *The Gulf War and the Energy Crisis in India*, (Calcutta, K.P.Bagchi and Company, 1993), p.39.

openly, Kuwait and other GCC states assumed that India supported Iraq, which created misunderstandings between India and Kuwait. On account of India's ambivalent position the relations between India and Kuwait stood at low ebb.

The V.P. Singh led National Front Government in 1990 confined its energies mostly to the evacuation of 1,72,000 Indian nationals in Kuwait and to ensure the uninterrupted supply of crude oil to India. Though I.K.Gujral, the then External Affairs Minister of India, was one of the few foreign dignitaries who were able to visit Iraqi occupied Kuwait and met President Saddam Hussein, the meeting confined to the evacuation of Indians and while returning he brought along with him the first batch of two hundred stranded Indians.³ And between August and October 11, 1990, the Air India operated a total of 477 flights to evacuate the 1,60,000 Indians from Iraq and Kuwait.⁴

Kuwait was not only dissatisfied with the stand taken by India during the Iraqi occupation but it expected India to condemn in strong terms the Iraqi occupation which India did not do till then. Kuwaiti government expressed their displeasure in numerous ways. The Foreign Minister of Kuwait did not hesitate to stress their gratefulness to Pakistan for its support and he said, "Pakistan's

³ The Hindu, 23 August 1991.

⁴ P.S.Jayaramu,pp:40-41.

position was very clear and we are grateful to it that it stood with us and those who stood by us we say thank you and those who supported Iraq let them deal with it.”⁵

Kuwait not only supported Pakistan in getting a resolution on Kashmir passed in Organisation of Islamic Conference (OIC) but also made Pakistan one of the major beneficiary in the huge post-war reconstruction programme of Kuwait.⁶

The change of government in India has also changed its policy on the Gulf Crisis. The then Prime minister of India, Chandrasekhar, took a pro-Kuwaiti stand and called for an unconditional withdrawal of Iraqi forces from Kuwait. India’s support to the resolution No. 678/November 28. 1990 which recalled and reaffirmed its earlier resolutions 660, 661, 662, 664, 665, 666, 667, 669, 670, 674, and 677 and which gave a final ultimatum to Iraq to withdraw its forces by 15 January 1991⁷ and the permission granted to the refueling of the American war planes at Bombay, Madras and Agra airports eased the tension between India and Kuwait, though the refueling of war planes had led to lots of criticism of government within the country. The shift in the policy of the Indian government has to be seen in the domestic

⁵ The Hindu, 1 November 1991.

⁶ Bansidhar Pradhan, "Indo-Kuwaiti Relations:Back on the track" *Link*, 8 March 1992,p:25.

⁷ Maqsudul Hasan Nuri, "India and the Gulf Crisis" *BISS Journal*, vol: 13, no: 1. January 1992, p: 25.

as well as in the global context. Domestically, India was faced with several problems i.e., the government's decision to implement the Mandal Commission report and "the communalization of Indian politics by L.K. Advani and Co. through the infamous *Rath Yatra* over the Mandir-Masjid dispute in Ayodhya".⁸ India also faced the loss of crude oil supplies from both Iraq and Kuwait which compelled New Delhi for alternative supplies and India lost nearly \$3 billions in foreign exchange alone which includes \$ 2.36 billions of extra import of oil, \$200 millions to evacuate the Indians from Kuwait and \$ 200 millions as loss of exports to these two states and about \$ 200 millions as loss of remittances sent by Indian migrants from both the countries.⁹ These, along with other economic compulsions made India to seek IMF loans. In the Post Cold War era, United States', that emerged as the sole super power, support became very crucial in getting the IMF loan for India. This can be seen as the background for the shift in India's policy during the crisis and the support of India for most of the United Nations Security Council's resolutions.

Kuwait's Minister of state for Home Affairs, Dr. Abdur Rehman Al-Awadhi visited India and explained the destruction caused to Kuwait by the invasion and sought India's support and assistance for

⁸ Bansidhar Pradhan, p: 26.

⁹ A.K.Pasha, *India and West Asia: Continuity and Change*, (Delhi, Gyan Sagar Publications, 1999),p: 62.

tackling the many tasks ahead of his country.¹⁰ Awadhi's visit can be considered successful as India extended its support in the reconstruction of Kuwait. After the evacuation of Iraqi forces from Kuwait, Madhav Sinh Solanki, the then External Affairs Minister of India, visited Kuwait in February 1992 and this was India's first high level official visit to Kuwait after its liberation. The Minister held talks with Amir of Kuwait, Sheikh Jaber Al-Ahmed Al-Sabah and Deputy Prime Minister and Foreign Minister of Kuwait, Sheikh Salem Al-Sabah. Solanki was able to erase the misunderstandings that Kuwait had about India's position during the Crisis. During this visit, a bilateral cooperation agreement was signed which provides the establishment of an Indo-Kuwait Joint Commission.¹¹ Mr. Habib Jowher Hayat, Communication Minister of Kuwait, visited India in February 1992 while Solanki was still in Kuwait and a Memorandum of Understanding on bilateral cooperation in the field of information was signed and India assured to help on reconstituting Kuwait's telecommunication network. A significant outcome of the visit was the Kuwait's support to India's stand on Kashmir despite the fact that the Government of Kuwait had supported Pakistan on Kashmir issue in the successive meetings of OIC. The rulers of Kuwait assured that

¹⁰ Mirza Nehal Ahmad Baig, "Indo-Kuwaiti Relations: Areas of Cooperation" in A.K.Pasha's *India and Kuwait: Strategic, Economic and Political developments*, (New Delhi, Gyan Sagar Publications, 1999), p:268.

¹¹ Annual Reports, Ministry of External Affairs, Government of India, 1992-93, p:48. and in *The Times of India*, 8 December, 1992.

they would advise Pakistan to resolve the dispute bilaterally and amicably in accordance with the 1972 Simla agreement.¹² When Kuwait and India decided to enhance its relations and carry on with the already existing ties, the demolition of Babri Masjid occurred and it had its repercussions in the entire Arab World including Kuwait.

THE DEMOLITION OF BABRI MASJID

On 6 December 1992, the Babri Masjid, which was a 450 old structure, was razed on ground by frenzied *karsevaks*, who stormed the disputed Ramjanmabhoomi- Babri Masjid site for the construction of Ram Temple. This unpardonable act of vandalism was criticized through out the world especially in the West Asian countries. The first statement in West Asia came from the General Secretary of OIC, Mr. Hawid-Al-Ghabid, who denounced the demolition and said, “the Indian Government allowed fundamentalist Hindus to cause damage to the great symbol of Islam in India, light must be shed on this barbarous act and those responsible must be punished.”¹³ The GCC described the events as “sacrilege and unpardonable act” and adopted a resolution, which expressed its deep condemnation of the Babri Masjid demolition, which was described as a crime against Muslim holy places.¹⁴

¹² Bansidhar Pradhan, p: 26.

¹³ The Times of India, 8 December 1992.

¹⁴ Annual Reports, 1993-94, p. 32.

In Kuwait, the people and the press reacted with outrage and anger to the demolition of Babri Masjid, though the Kuwaiti Government's reaction was subdued and muted on account of the improving bilateral relations with India. The Kuwaiti press had reacted sharply to the demolition of Babri Masjid and one editorial in the Kuwait Times on 7 December 1992, described the event as an assault on Muslims and further says.

“something outrageously incredible has happened. How strongly one wishes it had never happened... Security forces could not do more than just watch the bizarre spectacle... The demolition of the mosque... could have been prevented by authorities. That was not done and the outrage was allowed to happen as something inevitable. Enforcing a court order remains the responsibility of a government anywhere on earth. Government that fails to enforce a court order in sensitive situation risks being held hostage by unruly elements and disruptions... India has traditionally maintained good relations with Islamic countries. How come India's Hindu militants have done what their Israeli counterpart did not dare do?”¹⁵

The cooperative societies in Kuwait, *Al-Soabhahiya* and *Al-Ahmadi's* decision to dismiss all the non-Muslim Indian employees in protest against the demolition of Babri Masjid was prevented at the

¹⁵ The Kuwait Times, 7 December 1992 and also in A.K.Pasha's *India and West Asia*, pp: 87-88.



behest of the Kuwaiti Government. Though, the Kuwaiti Government criticized the demolition it did not want to strain the relations with India, which was moving positively after the Gulf crisis of 1991.

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The Kuwaiti Deputy Prime Minister and Foreign Minister, Mr. Sheikh Sabah Al-Ahmed Al-Jaber Al-Sabah visited India in 1993 on two days official visit to thank India for its support to the Kuwaiti cause during its membership of United Nations Security Council.¹⁶ He met President of India, Dr. Shankar Dayal Sharma and External Affairs Minister, Mr. Dinesh Singh and urged the Indian Government to rebuilt the Babri Masjid and hand it over to the Muslim community and he also reiterated Kuwait's support to India on Kashmir issue and wanted the dispute between India and Pakistan be resolved through the Shimla accord and United Nations Resolutions.¹⁷ In April 1993, the visiting leader of the Kuwait Parliamentary delegation, Abdel Mohsin Al-Midej once again urged Pakistan to solve the Kashmir issue through peaceful means under the Shimla agreement.¹⁸

The year 1994 marked a new phase in the consolidation of bilateral relations. The Chief Justice of Kuwait, Mohammed Yusuf Al-Rifai visited India on an eight-day official visit and he called on the

¹⁶ Annual Reports, 1993-94, p:32.

¹⁷ Isteyaq Ahmad, "Indo-Kuwait Relations: Historical Background and Trade" in A.K.Pasha's *India and Kuwait*, p: 240.

¹⁸ Ibid.



President, Dr. Shankar Dayal Sharma, and the Vice President of India Mr. K.R. Narayanan. Subsequently a four member high level ministerial delegation from Kuwait visited India from February 28 to March 2, 1994 led by the Secretary General of Kuwait Institute of Medical Specialization (KIMS), Dr Saleh Al-Kandari, whose primary aim was to explore areas of mutual interests for both countries in medical professions.¹⁹

The relations between India and Kuwait were further strengthened with the bilateral visits and agreements in 1995. A delegation from the Parliamentary Friendship Association of Kuwait National Assembly visited India. In September Sheikh Salem Al Sabah of the Kuwait National Committee for Missing and Prisoners Of War Affairs (NCMPA) and in July a delegation from the Ministry of Transport and Communication visited India. Captain Satish Sharma, Minister of State for Petroleum and Natural gas visited Kuwait in September 1995 and held meetings with his counterpart. Further, a delegation from Federation of Indian Chambers of Commerce and Industry (FICCI) and Spices Board visited Kuwait in October and November 1995. A nine member parliamentary delegation led by the then Lok Sabha speaker, Shivraj Patil visited Kuwait in November 1995²⁰ and a number of bilateral agreements were signed. A Protocol

¹⁹ Ibid., p: 241.

²⁰ Annual Reports, 1995-96, p: 39.

on scientific and technical cooperation between Council of Scientific and Industrial Research (CSIR) and Kuwait Institute for Scientific Research was signed in June 1995, a Memorandum of Understanding on Civil Aviation between the Ministry of Civil Aviation and Kuwait Ministry of Transport was signed in July 1995, a Memorandum of Understanding between Indian Oil Corporation (IOC) and Kuwait Petroleum Corporation (KPC) for setting up of an oil refinery in Orissa in September and a protocol on cooperation between FICCI and Kuwait Chamber of Commerce and Industry (KCCI) was reached in October 1995.²¹

The Foreign Secretary of India visited Kuwait on April 1996 and called on the Kuwait Foreign Minister and held discussions with his counterpart, Sulaiman Majid Al-shaheen.²² The Prime Minister and External Affairs Minister of India sent their felicitations to the Crown Prince and Prime Minister, Sheikh Saad Al Abdullah and the Foreign Minister, Sheikh Sabah Al-Ahmad Al-Jaber Al-Sabah on their reappointment to the National Assembly after the elections.²³

In April 1997, the NAM Ministerial Conference was held in New Delhi, India. The Minister of State for Cabinet Affairs of Kuwait, Al Dakheel participated in the NAM conference in New Delhi. The Civil

²¹ Ibid., pp: 38-39.

²² Ibid., 1996-97, p: 37.

²³ Ibid.

Aviation minister of India, C.M. Ibrahim visited Kuwait in November 1997 and a fourteen member parliamentary delegation led by the speaker of Lok sabha visited Kuwait in October 1997. They called on the Amir and Crown Prince and held meetings with the Speaker of Kuwait National Assembly.²⁴

Secretary (East) and Joint Secretary (Gulf) of India visited Kuwait on 10-11 June 1998 after the nuclear test of India and held detailed discussions with the Kuwait Foreign Secretary H.E. Mr. Sulaiman Majid Al-Shaheen and Deputy Prime Minister and Foreign Minister of Kuwait, Mr. Sheikh Sabah Al-Ahmed Al-Sabah and explained India's position on the nuclear tests to the leaders of Kuwait.²⁵ On 29 August 1998, the Congress I President, Mrs. Sonia Gandhi visited Kuwait and held meetings with the Amir, the Crown Prince and Prime Minister of Kuwait. A parliamentary delegation led by the Deputy speaker of Kuwait National Assembly, H.E. Mr. Talal Mubarak Al-Ayyar visited New Delhi from 27 September to 1 October 1998 and the delegation was called on the President.²⁶

The series of bilateral visits between India and Kuwait in the post-Gulf War II era pointed out the realisation of the importance of

²⁴ Annual Reports, 1997-98, p: 37-39.

²⁵ Ibid.

²⁶ Annual Reports, 1998-99, p:38.

each other's energies. These bilateral visits between the two nations strengthened the already existing relations.

SECURITY AGREEMENTS

In the Post Gulf war II scenario Kuwait felt that the collective defence of GCC was largely symbolic. Kuwait's reliance on collective Gulf Arab defence was shattered with its invasion by another Arab nation²⁷ Kuwait perceive threat from its neighbour as well. In this context, "Kuwait realised the necessity of independent armed forces for the nation to protect itself from external aggression. Kuwait has spent millions of dollars in buying defence equipment from the United States."²⁸

India on the other hand, was ambivalent on all political issues during the Gulf crisis of 1990-91. In the present global scenario, "when United States has emerged as the sole super power and trying to have a series of military bases in the Gulf, India cannot afford to be in a state of political paralysis whenever there is a military confrontation in the Gulf, India should initiate a comprehensive review of Indian policy towards the Gulf, define a set of basic Indian interests in the region and unveil a course of diplomatic activism."²⁹

²⁷ The Times of India, 1 March 1993.

²⁸ The Observer, 22 October 1994.

²⁹ The Hindu, September 1996.

Kuwait is seeking cooperation with the countries like Pakistan and India and with Pakistan it has entered into an arrangement for strengthening its armours of battle tanks.³⁰ Kuwait has also signed defence cooperation agreements with United States, Russia and China. Kuwait is looking forward for the defence cooperation with India and according to Yousuf Alyan, Publisher-Editor of *the Kuwait Times*, "India and China are the emerging great powers of the world".³¹ Kuwait has sought India's help in building its armed forces. Indian government has reciprocated to the gesture and it has offered one training slot in 1994-95 to Kuwait at Defence Service Staff College, Wellington.³² Indian army has also assisted the Kuwait in cleansing the minefields laid by Iraq during the occupation.³³ The fundamental reason behind Kuwait's quest for building an independent and self-sufficient armed force seems to be its decision of not depending too much on the west for national security. India should take advantage of the situation and it should engage in consultation with Kuwait and has to reach to the bilateral peace and security agreements with Kuwait. The possible areas of defence cooperation should be discussed between the two countries.

³⁰ The Times of India, 1 March 1993.

³¹ The Observer, 22 October 1994.

³² Gyaneshwar Pathak, "Indo-Kuwait Relations: An Overview" in A.K.Pasha's *India and Kuwait*, p: 254.

³³ The Times of India, 1 March 1993.

PRISONERS OF WAR (POWs)

During the Gulf War II, both Iraq and Kuwait held many Prisoners of War (POWs). With the liberation of Kuwait on 26 February 1991 by the US led multinational forces, the United Nation Security council passed two resolution 686 on 2 March and 687 on 3 April 1991 which called upon Iraq to release the POWs immediately and to extend their cooperation to International Committee of the Red Cross (ICRC) for the release of the POWs. This led to the formation of tripartite commission with ICRC as the chairman. Kuwait and Iraq participated in the early meetings of the commission. The members of the commission include Kuwait, Saudi Arabia, United States, United Kingdom and France on one side and Iraq on the other.³⁴ A memorandum was signed during the first meeting in which all the members committed themselves to the Geneva Convention of 1949.

After the preliminary meetings of the Commission, both the sides exchanged a good number of POWs through the ICRC. Later the work of the Commission was slowed down largely due to the non-participation of Iraq and the Commission stopped its work in October 1991. The committee was reconvened in 1993 and Iraq did not participate in the meetings. In these meetings, Kuwait submitted the

³⁴ Summary of humanitarian tragedy, POWs, NCMFA, p: 2.

files of 605 individuals who were still in the Iraqi prisons, which, Iraq has declined to accept.

According to the National Committee for Missing and POWs Affairs (NCMPA), the foremost agency in Kuwait working for the release of the POWs, 605 POWs are still held by Iraq. Among them 598 are men and 7 women. 481 civilians which includes 82 police officers and 124 military which includes 96 members of army and 28 members of national guard. The Kuwaiti POWs also includes 35 members from other nationalities including one Indian national.

Kuwait is trying to build international pressure on Iraq for the release of 605 POWs held in Iraqi prison. Kuwait approached India for the release of POWs and India has supported the Kuwait's concern for POWs since its liberation in 1991. When External Affairs Minister of India, Madhavsinh Solanki, visited Kuwait in 1992, he conveyed India's firm support in securing the release of Kuwaiti POWs from Iraq³⁵. A high level delegation of NCMPA visited India in August 1999 with Dr.Sultan Ahmad Al-Khalaf as the head of the delegation. This delegation first met Dr Najma Heptullah, the vice-chairperson of Rajya Sabha and appealed India for its support in the release of POWs. Dr Heptullah assured the delegation of her support for the release of POWs and asked the international community to intervene and solve

³⁵ Bansidhar Pradhan, p: 26.

this humanitarian problem and she also appealed Iraq to release the other country's nationals and to abide by the United Nations Resolutions.³⁶

The delegation under the leadership of Dr. Sultan Ahmad Al-Khalaf, then met the External Affairs Minister of India, Jaswant Singh and focussed on the issue of Iraq's boycott of the tripartite and technical committee meeting. Dr. Al-Khalaf urged the minister to exploit India's good relations with Iraq to convince the Iraqi regime to return to the negotiations as well as support the Security Councils proposed committees on the POWs and the stolen property.³⁷ The Minister expressed his full understanding of the humanitarian case and of the suffering of the POWs. He was confident that solving this humanitarian case would help in lifting the sanctions imposed on Iraq³⁸

The delegation also met Nareshwar Dayal, Secretary (East), Ministry of External Affairs and discussed the continued suffering of the families of the POWs and requested the Indian government to support the committee proposed by the Security Council on humanitarian grounds. Mr. Dayal affirmed that this humanitarian

³⁶ NCMPA delegation visits India, Kuwaiti News, vol.5, no.9, September 1999, p:8.

³⁷ Ibid., pp:8-9.

³⁸ Ibid., p: 9.

issue will not be ignored and promised that everybody will do his best to discuss the issue at regional and international level.³⁹

The delegation then met the Additional Secretary for United Nations, Mr. Dalip Lahiri, the Joint Secretary, Gulf division Mr. Talnuz Ahmad, Mr. R. Ramaswami, the member of the National Human Rights commission, Mr. Natwar Singh, Chairman, foreign cell, All India Congress Committee and the senior officials of the Ministry of External Affairs and briefed them with the latest development about the POWs issue and requested the support on the issue of Prisoners of War. A painting competition was organized for children by Indian Social Mission for Kuwaiti Prisoners Of War and the paintings were inspired by the agony and suffering of these prisoners still languishing in Iraqi jails.⁴⁰

The delegation considered their visit successful and they were assured of India's support on the issue of POWs in the international arena by the Indian government and the officials.

PAKISTAN AS THE FACTOR IN INDO-KUWAITI RELATIONS

Since its inception, Pakistan's main motive remained to contain India politically and militarily. Pakistan began to hold many

³⁹ Ibid.

⁴⁰ Ibid.

international Islamic conferences. The first Prime Minister of Pakistan, Liaquat Ali Khan and Chaudhary Khaliquzzaman, a prominent Muslim League leader, were in the forefront of initiating and sponsoring numerous Islamic Conferences and several Islamic organizations had been established with headquarters in Karachi.⁴¹ Pakistan's interest in international Islamic conferences has both domestic and foreign policy dimensions. Domestically, a certain degree of Pan-Islamism had become the *sine quo non* for furthering political ambitions and in foreign policy, Pakistan wanted to use Islamic solidarity in its confrontation with India.⁴²

The formation of Organisation of Islamic Conference (OIC) in 1971 has served the purpose of Pakistan to engineer its own national interests in its conflict with India. Pakistan has used OIC as a platform to denounce India's secularism and the Indian political system and Pakistan has succeeded in using the prestige of OIC in the Muslim world for its self-serving political interests in the sub-continent.⁴³ But some countries like Kuwait among OIC resisted Pakistan's attempt to use OIC as a platform for its interest.

⁴¹ Kalim Bahadur, "Pakistan as a factor in India-OIC Relations" in A.K.Pasha's *India and the Islamic World*, (New Delhi, Radiant Publishers, 1998), p: 21.

⁴² Isteyaq Ahmad, p: 234.

⁴³ Kalim Bahadur, p: 19.

Though Pakistan used Pan-Islamism as the basis to get the support of the Islamic nations in its conflict against India, Kuwait has supported India or remained neutral in many instances. During Indo-Pak war of 1965, the Kuwait government remained neutral and did not take any side, even though the Kuwaiti press was against India. In the thirteen day visit to India, Crown Prince Sheikh Sabah Al-Saleem Al-Sabah and Prime Minister of Kuwait, Sheikh Sabha extended supported to India's stand point on Indo-Pak disputes and called for direct negotiations without any outside interference for solving all outstanding problems.⁴⁴ But during the Indo-Pak war of 1971, Kuwait along with other Muslim states supported Pakistan and strongly denounced India as an aggressor.⁴⁵ Though there was a general sympathy with India on the refugee question, the Gulf States like Kuwait vehemently criticised India for its role in the emergence of an independent Bangladesh.⁴⁶ During this time, the relations between India and Kuwait were at very low ebb. But the relations were revived with the visit of the then External Affairs Minister, Swaran Singh to Kuwait in 1973.

During the Gulf War II, India's response to the Gulf Crisis was ambivalent. Though Indian government denounced the Iraqi action

⁴⁴ Isteyaq Ahmad, p. 234.

⁴⁵ Ajaynath Jha, "Indo-Kuwait Relations: Growing Economic Cooperation" in A.K.Pasha's *India and Kuwait*, p: 299.

⁴⁶ Isteyaq Ahmad, pp: 234-235.

and demanded its withdrawal from Kuwait, but it did not take any initiative to resolve the conflict.⁴⁷ Pakistan taking advantage of this situation placed the resolution on Kashmir in the OIC. Kuwait which had earlier taken a stand that the Kashmir issue should be resolved bilaterally between New Delhi and Islamabad, supported Pakistan in getting the resolution passed and Pakistan became one of the major beneficiary in the huge post war reconstruction programme of Kuwait.⁴⁸ The change of government in India and the visit of the then External Affairs Minister, Madhavsinh Solanki to Kuwait in February 1992 pacified Kuwait to an extent. Mr. Solanki held talks with the ruler of Kuwait, Sheikh Jaber al Ahmed al Sabah and the Deputy Prime Minister and Foreign Minister, Sheikh Salem Al-Sabah. The Kuwaiti rulers supported India's stand on Kashmir and strongly supported India in resolving the crisis bilaterally. Pakistan's effort to get the support of Kuwait on Kashmir by taking the issue of Babri Masjid demolition also went in vain. Kuwait had been supporting India and held the view that the Kashmir issue should be resolved bilaterally without any third party mediation. Pakistan's several efforts to raise the Kashmir issue in the name of pan-Islamism and the violation of Human Rights in Kashmir were all resisted, though

⁴⁷ J.K.Baral and J.N.Mahanty, p: 371.

⁴⁸ Bansidhar Pradhan, p: 25.

Kuwait supported the request made to India to allow a team of OIC to examine the violation of Human Rights in Kashmir.

Despite Pakistan's effort to use the pan-Islamism for its own purpose, Kuwait has constantly resisted the attempt of Pakistan and maintained cordial relations with India except for a brief period during Gulf Crisis. In spite of Pakistan always being a factor in the relations between India and Kuwait, it did not affect the mutual interest of both the countries in terms of bilateral visits, cultural relations and trade and commerce.

Chapter - III

INDO-KUWAITI ECONOMIC RELATIONS

As far as the economic relations between India and Kuwait are concerned, it can be traced back to several centuries. India had always enjoyed warmer and more cordial relations with the Arab World and Arabs had trade ties with Kerala even before the advent of Islam in the seventh century AD¹, which was confined to the trade of pearls and spices. The arrival of European companies in Asia and the subsequent colonisation of Indian subcontinent by the British brought both India and Kuwait more closer. The English East India Company established centres in the Gulf to facilitate the despatch and distribution of merchandise and Kuwait served as an important conduit for the passage of Indian goods to West Asia and Europe.² This facilitated the interaction between the two countries and the trade that was essentially limited to pearls and spices expanded. The process of decolonisation and the subsequent Independence of India and Kuwait in 1947 and 1961, enable them to expand the economic relations, which resulted in many agreements. The major agreement came in 1974 when a long term trade agreement was signed between the Government of India and Kuwait which provided the formation of a joint committee to identify the fields, projects and commodities for the expansion of economic cooperation and promoting trade exchange

¹ Mirza Nehal Ahmad Baig's "Indo-Kuwait Relation: Areas of cooperation" In A.K.Pasha's *India and Kuwait: strategic, economic and political development* (New Delhi, Gyansagar publications, 1999), p:258.

² Ibid., p:259.

between the two countries.³ For Kuwait, Oil is an important source of economy, which are about 9.3 percent of the total global oil reserves.⁴ India is one of the leading importers of the petroleum products from the Gulf. And Kuwait has always been an important source of oil for India and in 1999, India imported about worth \$ 2.5 billions of Kuwaiti oil which is second only to Japan.⁵ India and Kuwait have always enjoyed good economic relations except for a brief period of the time during the Gulf Crisis. In the following section, the focus is on the transactions between India and Kuwait in terms of exports and imports and the financial cooperation between the two countries with a brief introduction to the economy of Kuwait.

ECONOMY OF KUWAIT

Before the discovery of oil in Kuwait, the economy was largely depended on the fishing, pearl diving, boat-building etc. The economy of Kuwait underwent a radical change with the discovery of oil in 1938. Oil has provided Kuwait a very important place in the Global economy and Kuwait's per capita Gross National Product (GNP) has

³ Ibid., pp:262-263.

⁴ Muhammad Azhar, "The Kuwaiti Economy: Reconstruction and ahead" in *contemporary Gulf Economics and Indo-Gulf Relations*, (New Delhi, New Horizon publishers, 1999), p: 43.

⁵ Kuwaiti News, vol: 5, No: 5, May 1999 p: 7.

been one of the highest in the World.⁶ With the export of oil in 1940's a substantial amount of revenues began to flow in Kuwait and the oil boom in 1970's brought massive amount of revenues to Kuwait making it one of the richest developing countries in the world. The Gross Domestic Product (GDP) of Kuwait has been very much influenced by the size of the oil revenue inflows and therefore the GDP of Kuwait fluctuated⁷ during the 1980's due to decline in the global oil prices. In 1989, oil exports constituted 90.7 percent of total exports while imports constituted 54.7 percent. The Kuwait's economy is heavily dependent with the rest of the world via trade and the degree of interdependence has increased as the nation's income from oil has risen and supply reflects the increased standard of living that the income has made possible. Thus, the Oil sector plays a pivotal role in the economy of Kuwait.⁸ In 1989, the GDP of the country is KD 7.127 billions and it slumped to KD 5.247 billions in 1990 due to the Iraqi invasion of Kuwait and the year 1991 saw further decrease of 39.2 percent taking the GDP to its lowest in many years.⁹

⁶ Muhammad Azhar, p: 35.

⁷ Ibid., pp:36-37.

⁸ Nazim Ali, "Public Expenditure as an Instrument of Economic Policy in Kuwait:" in Girijesh Pant (ed) *The political Economy of West Asia*, (New Delhi, Manak publications Pvt. Ltd, 1994), p: 199.

⁹ Gurdip Singh (ed), *Doing business with Kuwait*, (New Delhi, Himala publishers, 1994), pp: 24-25.

The financial crisis caused by the Iraq's invasion and the cost of reconstruction and the defence expenditure made Kuwait nearly bankrupt. The state did not have adequate resources, so it became imperative that the development activities are transferred to the private sector and, the security imperatives also have been demanding that Kuwait goes for globalization of its economy so that the Western stakes into country's economy and security get further enhanced.¹⁰ Kuwait Petroleum Company has been negotiating with foreign companies particularly from United States for production sharing deals for the oil field nearby the border with Iraq by which the production can be enhanced from around 10,000 b/d to over 30,000 b/d from Rutaga Well¹¹. Thus, privatisation is seen as a strategy to mobilize finances as well as enhance the security salience of the country and the state took active interest in the privatisation process.¹² The World Bank has emphasized the importance of privatisation and it has assessed 74 enterprises owned by the state could be privatised in a phased manner over a period of five years.¹³ A committee was appointed by the government to examine the recommendation of World Bank and this committee proposed the

¹⁰ Girijesh pant, *The Arab Gulf Economics: From Crisis to Reform*, (New Delhi, Har-Anand Publications, 1996), pp: 143-144.

¹¹ Ibid., p:144.

¹² Ibid.

¹³ Ibid.

partial selling of stock share in oil sector and it called for joint ventures with international and local investors.¹⁴

These liberal policies have helped Kuwait to achieve remarkable progress in the field of economy and the GDP has been recording steady growth from 1992. In 1992, there was an increase in GDP to KD 6.367 billion as compared to 1991. GDP was on steady rise to KD 7.952 billions in 1995 to 9.277 billion in 1996¹⁵. But the over dependence on the oil revenues that constitutes 90 percent of the state income makes the state extremely vulnerable to the oil price fluctuation. The IMF in its latest Article IV report recommends the government to strengthen the structure of the budget by raising non-oil revenues in order to minimise the volatility of income and it also suggests that the revenue raising measures could include a restructuring of company taxes, the introduction of consumption tax and increase in fees and charges on public sector services.¹⁶

India has also initiated the policy of economic liberalisation in the early 1990s though the liberalisation of economy was started during the Rajiv Gandhi Government (1984-89). In 1990, the Government announced the new policy of foreign trade and Industrial

¹⁴ Ibid., pp: 144-145.

¹⁵ Middle East Economic Digest, 27 Feb 1998, p:12

¹⁶ Ibid.

policy in 1991. The Industrial Policy 1991, which was announced on 25 July 1991 "liberalised the laws regulating domestic industry and it took measures to promote foreign investment with a view to make Indian economy more dynamic and to provide free business environment. This policy is aimed at encouraging to invest in business activities, increase competition and establish a free market-oriented economic systems".¹⁷ This Industrial Policy encouraged the "private sectors to enter all industrial and manufacturing activities except a few strategically sensitive areas such as defence, atomic energy etc. The Foreign Direct Investment is granted upto 51 percent foreign equity in high priority industries."¹⁸ These policies encouraged the foreign investors to invest in various sectors of the Indian economy. The government has announced various measures to increase the investment in the Indian industries. India's share in the global FDI flows rose from 1.8 percent in 1996 to 2.2 in 1997.¹⁹

INDO -KUWAITI ECONOMIC TIES DURING THE GULF CRISIS

In 1991, when Iraq invaded Kuwait, the affair of the tiny nation came to a halt in general and economy in particular. The economy of

¹⁷ S.Sunanda, "Indo-Qatar Economic Relation current status and future prospects" in A.K.Pasha's *India, Bahrain and Qatar: Political, Economic and strategic dimensions*,(New Delhi, Gyansagar publications, 1999), pp: 175-176.

¹⁸ Ibid., p: 176.

¹⁹ Economic Survey, Government of India 1998-1999 p: 85.

Kuwait paralysed to a larger extent and the oil production declined which is the backbone of the country's economy. During this period, the Indo-Kuwaiti trade stood at low ebb. In 1989, the trade between India and Kuwait was US\$ 753 millions and declined to US\$ 261 millions in 1991 which is only 0.7% of India's total trade. The ambivalent stand maintained by India during the Gulf Crisis and India's inability to take a stand against Iraq, as it is a continuous supplier of crude oil created a large-scale resentment in Kuwait. Kuwait was deeply disappointed with India and the visit of the then External Affairs Minister, I.K. Gujral, in 1990 was mostly confined to the evacuation of Indians from Kuwait rather than the strong condemnation of Iraqi aggression.

The next Prime Minister, Chandra Sekhar, took a pro-Kuwaiti stand and called for an unconditional withdrawal of Iraqi forces from Kuwait. The visit of the Union Commerce Minister of India, Dr. Subramanyam Swamy in April 1991, erased further the bad memories and improved the trade relations between India and Kuwait. Soon Dr. Abdur Rehman Al-Awadhi, Minister of State for Home Affairs of Kuwait, visited India and explained the destruction caused to Kuwait by the invasion especially to the oil fields and sought India's support and assistance for tackling the many tasks ahead of his country.²⁰

²⁰ Mirza Nehal Ahmad Baig, p: 268.

The trade relations began to improve and the figures raised from \$ 261 millions in 1991 to \$ 1133 millions in 1992. From 1992 onwards, the trade between India and Kuwait was on steady rise as the volume of India's trade and Kuwaiti's total trade improved in the global context. The trends of the trade between India and Kuwait can be seen in the table given below:

Trends in Indo-Kuwaiti trade (millions of US\$)

| Year | Indo-Kuwait trade | Kuwait's total trade | India's total trade | % in Kuwait's trade | % in India's trade |
|-------------|--------------------------|-----------------------------|----------------------------|----------------------------|---------------------------|
| 1989 | 753 | 17427 | 35136 | 4.3 | 2.1 |
| 1990 | 497 | 12209 | 41803 | 4.0 | 1.2 |
| 1991 | 261 | 4293 | 37381 | 6.1 | 0.7 |
| 1992 | 1133 | 11768 | 41725 | 9.6 | 2.7 |
| 1993 | 1173 | 15893 | 41957 | 7.4 | 2.8 |
| 1994 | 1580 | 16063 | 49672 | 9.8 | 3.2 |
| 1995 | 2028 | 17575 | 64993 | 11.5 | 3.1 |
| 1996 | 2357 | 21533 | 74497 | 11.0 | 3.2 |
| 1997 | 2656 | 20898 | 72200 | 12.7 | 3.6 |

Source: Direction of Trade Statistics, IMF, Washington, various issues and see appendix p:87

It is observed that after 1991, the trade between India and Kuwait is on constant rise. In 1991, the trade between India and Kuwait is \$261 millions as compared to \$753 millions in 1989. There was a sharp decrease in the trade between the two countries due to the Gulf Crisis. But India's percentage in the Kuwait's total trade remained unaffected with 6.1 percent in 1991 as compared to 4.3 percent in 1989, on the contrary, Kuwait's percentage in India's total trade is just 0.7 percent as compared to 2.1 percent in 1989 which is

due to the increase in the India's total trade to the world. The trade between India and Kuwait raised considerably in 1997 with \$ 2656 millions which is 12.7 percent of the Kuwait's total trade and 3.6 percent of India's trade to the world.

Though the trade between India and Kuwait has improved considerably, the balance of trade has always been in favour of Kuwait. India is always in a disadvantageous position where the imports are higher than the exports. But India had enjoyed a favourable balance of trade with Kuwait only during 1976-1980, the imbalance in trade began as a result of the increase in the import of fertilizers and petroleum products during 1980's, while the export remained constant. The deficit in trade increased from \$169 millions in 1991 to \$ 2330 millions in 1997.

Table: 2

BALANCE OF TRADE (\$ MILLIONS)

| Year | India's export to Kuwait | India's import from Kuwait | Balance of trade |
|-------------|---------------------------------|-----------------------------------|-------------------------|
| 1989 | 178 | 575 | -397 |
| 1990 | 76 | 421 | -345 |
| 1991 | 46 | 215 | -169 |
| 1992 | 168 | 965 | -797 |
| 1993 | 107 | 1066 | -959 |
| 1994 | 194 | 1386 | -1192 |
| 1995 | 144 | 1884 | -1740 |
| 1996 | 149 | 2208 | -2059 |
| 1997 | 163 | 2493 | -2330 |

Source: Direction of Trade Statistics, IMF, Washington, various issues.

INDIA'S IMPORTS FROM KUWAIT

Kuwait has always been an important source of petroleum producer to India and India is one of largest importers of oil from Kuwait next to Japan. India had imported \$ 575 millions worth of products from Kuwait in 1989. But during the Gulf Crisis, the imports reduced considerably to \$215 millions. The volume of Indian imports from Kuwait increased in the subsequent years after the Gulf Crisis in 1990-91 and stood at \$ 965 millions in 1992. From 1992, there was a considerable rise in the Indian imports from Kuwait, which reached upto \$ 2493 million in 1997.

INDIA'S IMPORTS FROM KUWAIT (\$ MILLION)

| Year | India's import from Kuwait | India's import from World | India's percentage of import from Kuwait |
|-------------|-----------------------------------|----------------------------------|---|
| 1989 | 575 | 19297 | 3.0 |
| 1990 | 421 | 23990 | 1.8 |
| 1991 | 215 | 19509 | 1.1 |
| 1992 | 965 | 23227 | 4.2 |
| 1993 | 1066 | 21699 | 5.0 |
| 1994 | 1386 | 25477 | 5.4 |
| 1995 | 1884 | 34456 | 5.5 |
| 1996 | 2208 | 40090 | 5.5 |
| 1997 | 2493 | 38916 | 6.4 |

Source: Direction of Trade Statistics, IMF, Washington, and various issues.

It is observed that the imports from Kuwait have increased considerably along with the imports from other countries. The percentage of India's imports from Kuwait to that of world is 3.9

percent in 1989 which reduced to 1.8 percent and 1.1 percent in 1990 and 1991 respectively. This decline is due to the Gulf Crisis that affected the imports from Kuwait. After liberation of Kuwait, the imports from Kuwait increased to 4.2 percent to that of imports from world and from 1992 India's imports from Kuwait is on constant increase as well as India's imports from the world. India's imports from Kuwait stood at 6.4 percent of the total share of import from the world in 1997.

The commodity composition of Indian imports from Kuwait consists mostly of Petroleum products. The Petroleum products constitute 90 to 95 percent of the total imports from Kuwait. India imports 95,000 barrels of crude oil and 103,000 barrels of refined oil every day from Kuwait.²¹

INDIA'S IMPORTS FROM KUWAIT: PETROLEUM AND NON-PETROLEUM PRODUCTS (Rs. Lakhs)

| Year | Total | Petroleum imports | Non-petroleum import | Percentage of the petroleum import |
|---------|-----------|-------------------|----------------------|------------------------------------|
| 1993-94 | 355391.81 | 332203.3 | 23188.5 | 93.5% |
| 1996-97 | 847371.99 | 805229.1 | 42142.91 | 95% |

Source: Monthly statistics for foreign trade in India, Directorate General Commercial Intelligence and Statistics, Ministry of Commerce, Govt. of India, march 1994 & 1997 and Muhammad Azhar's *Contemporary Gulf Economic and Indo-Gulf Relations*, New Horizon Publishers New Delhi, 1999, p.206.

²¹ Isteyaq Ahmad, "Indo-Kuwaiti relation: Historical Background and Trade" in A.K.Pasha's *India and Kuwait*, p: 242.

Among the Petroleum products, Kerosene/Aviation oil forms an important product of imports. India imports about 50 percent of the Kerosene/Aviation oil from Kuwait of its global Kerosene oil imports. The other Petroleum products imported by India includes 31 percent of gas oil and 20 percent of crude oil during 1995-96 from Kuwait. While kerosene forms 53 percent of India's global imports, LPG constitutes only 5 percent of India's global import from Kuwait.

INDIA'S PETROLEUM IMPORTS FROM KUWAIT (MILLION TONNES)

| Type | Imports from Kuwait | Imports from World | % of imports from Kuwait | Imports from Kuwait | Imports from world | % of imports from Kuwait |
|-----------------------|---------------------|--------------------|--------------------------|---------------------|--------------------|--------------------------|
| | 1994-95 | | | 1995-96 | | |
| Crude Oil | 4.60 | 27.34 | 17 | 5.40 | 27.22 | 20 |
| Gas oil | 2.56 | 8.60 | 30 | 3.95 | 12.70 | 31 |
| Kerosene/aviation oil | 2.08 | 3.92 | 53 | 2.20 | 4.58 | 48 |
| LPG | 0.03 | 0.60 | 5 | - | - | - |
| Fuel oil | - | - | - | 0.08 | 1.19 | 7 |

Source: Adapted from Middle East Economic Digest, 10 Jan. 1996 P: 15 and Muhammad Azhar p: 207.

The import of non-petroleum products which comprises only 5 to 10 percent of the total imports from Kuwait includes fertilizers, metalifer ores and metal scrap, sulphur and unroasted pyrates, organic and inorganic chemicals etc. Fertilizers form the major non-petroleum import product from Kuwait constituting 25% of the total

import. The import of fertilizers have increased from worth of Rs. 13313.4 lakhs in 1993-94 to Rs. 20843.7 lakhs in 1996-97 whereas the import of metalifer ores and metal scrap has reduced marginally from Rs. 6769.5 lakhs in 1993-94 to Rs. 6382.3 lakhs in 1996-97. There was an increase in the imports of pulp and waste paper sulphur and unroasted pyrites etc. But the import of non-petroleum products reduced from 6.5 percent of the total import in 1993-94 to 5 percent in 1996-97.

NON-PETROLEUM IMPORTS FROM KUWAIT (RS. LAKHS)

| Commodity | April 1993-March 1994 | April 1996 to March 1997 |
|--------------------------------|----------------------------------|-------------------------------------|
| Total | 353391.9 | 84732.0 |
| Pulp and waste paper | 39.1 | 995.72 |
| Sulphur and unroasted pyrites | 1065.2 | 2878.2 |
| Metalifer ores and metal scrap | 6769.5 | 6382.3 |
| Fertilizers manufactured | 13313.4 | 20843.7 |
| Organic chemicals | - | 1784.0 |
| Inorganic chemicals | - | 3290.8 |

Source: MSFTI & DGCI&S, Calcutta, March 1994 and 1997 and Muhammad Azhar p: 208.

India's Exports to Kuwait

Prior to the Gulf Crisis of 1990, India's total exports to Kuwait stood at \$ 178 millions in 1989. But during the crisis it reduced to \$76 millions in 1990 and \$46 millions in 1991. Though there was an increase in the exports to Kuwait after 1991, but when compared to India's total exports to the world, the exports to Kuwait is very less

and there was not much increase in the exports. In 1993, the total export to Kuwait stood at \$107 millions and increased to \$ 194 millions in 1997. There was a decline in export during 1995 and 1996 though it recovered in 1997, which was about \$163 millions. India's export to Kuwait and to the World is given in the following table.

INDIA'S EXPORTS TO KUWAIT (\$MILLION)

| Year | Exports to Kuwait | Exports to World | Percentage of exports to Kuwait |
|-------------|--------------------------|-------------------------|--|
| 1989 | 178 | 15839 | 1.1 |
| 1990 | 76 | 17813 | 0.4 |
| 1991 | 46 | 17872 | 0.3 |
| 1992 | 168 | 18498 | 0.9 |
| 1993 | 107 | 20258 | 0.5 |
| 1994 | 194 | 24195 | 0.8 |
| 1995 | 144 | 30537 | 0.5 |
| 1996 | 149 | 34407 | 0.5 |
| 1997 | 163 | 33289 | 0.4 |

Source: Direction of Trade Statistics, IMF, Washington, various issues.

It is observed that there is a sharp decline in the India's exports to Kuwait as compared to the world. In 1990, India's exports to Kuwait is 0.4 percent of the India's total exports to the World. There was not much increase in the India's export to Kuwait. In 1997, it was just 0.4% of the total exports to world. This decline in the export to Kuwait is also responsible for the imbalance in trade between the two countries. After the Gulf Crisis, Kuwait depended mainly on the industrially developed countries for its import rather on the developing countries, which is the main reason for the decrease in India's export to Kuwait.

COMMODITY COMPOSITION OF INDIA'S EXPORTS TO KUWAIT

| Commodity | April 1993- March 1994 | April 1996- March 1997 | Rate of growth (%) |
|---|---------------------------|---------------------------|-----------------------|
| Total | 33127.5 | 54551.0 | 65 |
| Tea | 1124.8 | 295.8 | -74 |
| Coffee | 489.4 | 2109.7 | 330 |
| Pulses | 449.7 | 802.7 | 78 |
| Rice (Basmati) | 7335.6 | 9747.6 | 33 |
| Rice (other than Basmati) | 1177.1 | 2249.5 | 90 |
| Spices | 319.2 | 519.4 | 62 |
| Oil meals | 1283.2 | 2988.0 | 132 |
| Fruits & vegetables | 982.2. | 1364.5 | 38 |
| Meat & preparation | 1573.0 | 1574.4 | 4 |
| Marine products | 831.4 | 644.5 | -23 |
| Gems and Jewellery | 1209.9 | 4401.8 | 264 |
| Glass, glassware & ceramics | 351.7 | 1032.0 | 193 |
| Man made yarns, fabrics, made ups | 1750.7 | 3716.4 | 112 |
| Cotton yarn, fabrics, made ups | 853.7 | 1681.9 | 97 |
| RMG cotton incl.accessories | 1400.9 | 3874.5 | 1.77 |
| Machinery & instrument | 940.1 | 2625.2 | 180 |
| RMG man made fabrics | 715.2 | 822.2 | 15 |

Source MSFTI & DGCI&S, Calcutta, March 1994 & 1997 and Muhammad Azhar p: 203.

Among the commodities exported from India to Kuwait, the maximum increase can be seen in coffee and the export of which increased from Rs. 489.4 lakhs in 1993-94 to Rs. 2109.7 lakhs in 1996-97. The growth rate of coffee is around 330 percent. Basmati

Rice is the most important commodity exported to Kuwait and India has exported Basmati rice worth of Rs. 7335.6 lakhs in 1993-94 and this is increased to Rs. 9747.6 lakhs in 1996-97 which is an increase of 33 percent in three years. The export of Gems and Jewellery increased from 1209.9 in 1993-94 to 4401.8 in 1996-97, which is an increase of 264 percent. The increase in exports can be identified in Glass, Glassware and Ceramics etc from Rs. 351.7 lakhs in 1993-94 to Rs. 1032 lakhs in 1996-97 with growth rate of about 193 percent. The increase in exports can also be seen in oil meals, man made yarns, fabrics, made ups, RMG cotton including accessories, machinery and instruments, pulses, spices etc. Tea, which was an important commodity of Indian export, decreased from Rs. 1124.8 lakhs in 1993-94 to Rs. 295.8 lakhs in 1996-97, which declined at a rate of 74 percent. The decrease in the exports can also be identified in marine products, which declined from Rs. 831.4 lakhs in 1993-94 to Rs. 644.5 lakhs in 1996-97.

TRENDS IN MARKET SHARE IN KUWAIT

Kuwait's size of global imports is substantial and during 1996, the size of the total Kuwaiti imports was \$ 8.1 billion²². The developed countries have always dominated the market scenario in Kuwait. Until Gulf War II, the industrial countries claim of Kuwait's import was

²² Muhammad Azhar, *Contemporary Gulf Economies*, p: 208.

worth \$3909 million which is 61 percent of the total import of Kuwait while remaining 39 percent was held by the developing countries. In the post-Gulf war II period, the imports of Kuwait from industrial countries had gone up to \$ 5319 millions and the developing countries recorded only \$ 1593 millions which is just 23 percent of the total Kuwaiti imports and by 1996 the industrial countries held 80 percent of the total Kuwaiti import while developing countries controlled the remaining 20 percent of the import.

In the Post Gulf War II phase, Kuwait depended largely on the industrial countries for imports, United States being the largest contributor. US exports to Kuwait comprise of 29.3 percent in the total of 78.8 percent of the industrial countries in 1991. United States maintained their share in the Kuwait market despite many competitors. Japan stands second to United States in the export to Kuwait, but Japan's share slightly declined to 12.2 percent in 1996 from 16.2 percent in 1991, but it still holds 12.2 percent of the total share in the market while compared to the other countries. Japan is followed by United Kingdom, France, Italy, Germany etc., United Kingdom's trade with Kuwait has increased substantially after the Gulf War II. In 1991 U.K's exports to Kuwait were 7 percent but it increased to 12.3 percent in 1996. On the whole, it can be observed that Kuwait has largely depended on the developed countries for its imports.

KUWAITI IMPORT FROM THE INDUSTRIAL AND DEVELOPING COUNTRIES (\$ MILLIONS)

| Year | 1989 | 1991 | 1993 | 1994 | 1996 |
|----------------------|-------------|-------------|-------------|-------------|-------------|
| Total | 6369 | 3494 | 6912 | 6629 | 8113 |
| Industrial countries | 3909 | 2755 | 5319 | 5556 | 6483 |
| United States | 833 | 1025 | 1110 | 1558 | 2177 |
| Japan | 810 | 567 | 1071 | 686 | 944 |
| France | 213 | 89 | 886 | 845 | 304 |
| Italy | 342 | 153 | 421 | 444 | 585 |
| United Kingdom | 415 | 244 | 514 | 956 | 995 |
| Developing countries | 2486 | 417 | 1593 | 1073 | 1630 |
| China | 217 | 36 | 96 | 115 | 112 |
| Hongkong | 31 | 13 | 68 | 84 | 79 |
| India | 178 | 46 | 107 | 144 | 149 |
| Korea | 222 | 71 | 118 | - | - |
| Pakistan | 37 | 10 | 36 | 27 | 35 |
| Singapore | 76 | 27 | 84 | 80 | 79 |
| Thailand | 103 | 23 | 75 | 122 | 93 |
| Turkey | 172 | 12 | 112 | 190 | 117 |

Source: Direction of Trade Statistics, Washington, various issues.

The developing countries claim of Kuwait import was worth \$ 2486 million in 1989 that is about 38.9 percent of the total import of Kuwait. But it declined sharply after the war to 20 percent of the total imports of Kuwait. In the pre-Gulf war period Korea was the largest exporter to Kuwait followed by China. But, after the Gulf Crisis in 1990, there was a sharp decline in the Kuwaiti imports from the developing countries, but Korea still held the largest share among the developing nations with 1.7 percent in 1993. China was the second largest exporter to Kuwait before 1990, but its position decline in the post Gulf War phase and import from China declined to 1.4 percent in

1996. India held 2.8 percent of share in the pre-war phase, but it reduced sharply after the war as the other developing nations with 1.5 percent in 1993. In 1994, India held 2.2 percent of the total market share, which was higher than China. But Turkey held the dominant position with 2.9 percent of the total share in 1994. But in 1996, India held the first position of the exports among the developing nations with 1.8 percent of the total market share closely followed by Turkey and China with 1.4 percent each. The other developing nation which export to Kuwait though at a limited scale are Hongkong holding 1 percent, Pakistan 0.4 percent, Singapore 1 percent, Thailand 1.1 percent, etc. By 1996 India had become the major source of imports for Kuwait among developing nation, second being Turkey and China.

INDIA AND KUWAIT: FINANCIAL COOPERATION

As far as financial cooperation is concerned India and Kuwait has always been cooperative to each other. As a result of this, both the countries saw the exchange of the high level delegation and the conclusion of a number of agreements.

After the Independence of Kuwait in 1961 India has invested in many projects in Kuwait, which were worth Rs. 2029.9 millions, vis-à-vis the construction of bridges, flyovers, water supply, sewage, airport terminals and runways, schools, Universities, hospital buildings and

other office buildings.²³ Kuwait has also provided aid to India and its investments in India included many projects such as hydrothermal power, fertilizers, stadiums etc.

During the Gulf War, Indo-Kuwaiti relations were at very low ebb due to the stand taken by India. But India's support for the disciplinary action by the United Nations Security Council on Iraq and its approval to Security Council's resolutions 661 and 662 that imposed economic and military sanctions against Iraq improved the relations. After the Gulf Crisis, India had got many contracts in the reconstruction programme of Kuwait. For example, the Telecommunications consultants India Ltd. (TCIL) has got a contract worth Rs. 11 crores for installing telephone system which had already held a contract of \$3 millions for telecom system in Kuwait in the pre-Gulf war period, Southern Petro-Chemicals Ltd was given a contract worth over \$70 millions.²⁴ Engineers India Ltd (EIL) was given a contract of \$1 million by the Kuwait National Petroleum Corporation (KNPC) to assess the damages to Kuwait's oil refineries.²⁵

In 1993, Gulf Aviation Services Company (GASCO) and Taj Group of Hotels signed a deal worth \$ 56 millions that marked the

²³ Isteyaq Ahmad, p: 235.

²⁴ Gyaneshwar Pathak, "Indo-Kuwait relation: An overview" in A.K.Pasha's *India and Kuwait*, p: 252.

²⁵ Isteyaq Ahmad, p: 239.

opening of the new chapter in the field of Indo-Kuwait joint venture projects.²⁶ Kuwait Airways and Gulf Airways have invested in the Jet Airways, private Indian Airlines.²⁷ The Kuwait Real Estate Investment Consortium (KREIC) invested Rs. 28.5 million in a polyester filament yarn project in Maharashtra.²⁸ In February 1998, Kuwait promised to extend a loan worth of Rs. 35 crores for setting up Kerala Fisheries Development Project for prawn culture which is repayable in 22 years with five years of grace period.²⁹ Kuwait Petroleum Corporation (KPC) and Indian Oil Corporation (IOC) are considering a 9-mt/y expansion of their refinery at Paradip in Orissa and are nearing a formal joint venture agreement.³⁰ KPC and IOC are nearing a formal agreement on a joint venture at Daitari in Orissa which is estimated to cost Rs. 4000 crores in which KPC and IOC each will hold 26 percent equity in the refinery. KPC will supply 50 percent of crude oil required for the refinery.³¹ IOC, which was the monopoly importer of crude oil, is currently KPC's biggest customer, importing 5mt/y of crude oil and 3.5 mt/y of aviation fuel, kerosene and motor spirit.³²

²⁶ Ibid., p: 241.

²⁷ Ibid.

²⁸ Mirza Nehal Ahmad Baig, p: 270.

²⁹ Ibid., p: 266.

³⁰ Middle East economic digest, 16 Jan 1998 p: 14.

³¹ Muhammad Azhar, p: 217.

³² Middle East economic digest, 16 Jan 1998 p: 14.

Indian companies are also making roads into Kuwait engineering and electricity markets. SPIC, having won a five-year maintenance contract on the Mina Abdullah refinery in Kuwait, is now going into partnership with the local Integral Services Corporation (ISC) to offer full project engineering services.³³ India is considering setting up a joint venture project in Kuwait in the area of fertilizers and petrochemicals, which would help Kuwait in utilising the surplus gas of Kuwait.³⁴

While investing in India, Kuwait also has certain reservations such as the system of taxation in India. It has appealed to the Indian government to reconsider its demands with regard to tax on imports of capital equipment for domestic refineries, it expects India to retain its existing policy of 12 percent post-tax return on network for refineries and Indian government is contemplating to do away with this pricing formula as a part of its policy of decontrolling prices of petroleum products into India.³⁵

³³ Middle East economic digest, 13 Jan 1995 p: 9.

³⁴ Muhammad Azhar, p: 217.

³⁵ Ibid.

Chapter - IV

INDIANS IN KUWAIT AND SOCIO-CULTURAL RELATIONS

The discovery of oil in the Gulf in 1920's and the subsequent oil boom in 1970's necessitated the Gulf States to recruit labour force, both skilled and unskilled from abroad. The foreign workers were recruited to manage professional and technical as well as clerical and production related jobs from construction workers to the engineers.¹ Initially it was Arabs who formed the major group of expatriate labour in the Gulf States. But, the subsequent years witnessed the increase in Asian labour force, "on account of the fear that Arabs bring in the radical ideologies that pervade public life in Iraq, Egypt, Syria, Libya, Iran and Jordan. Another reason for the Gulf States to prefer non-Arabs was that the Arab migrants claim the same medical benefit, free schooling, subsidized housing and government employment that state ensures to the local Arab population, whereas the Asian migrants do not make any such claims upon the state for benefit"² moreover the Asian labour is cheaper than the Arabs. Among the Asian workers, the South Asian labour force constitutes the largest community in the Gulf States. In Kuwait, 70 percent or more of the labour force has been comprised of foreign workers since the country gained independence in 1961.³

¹ Sulayman S. Al-Qudsi & Nasra M. Shah, "The Relative Economic progress of male foreign workers in Kuwait" in *International Migration Review*, vol: 25, No: 1 1994 p: 141.

² Myron, Weiner, "International migration and development: Indians in the Persian Gulf" in *Population and Development Review* No: 8, Vol:1, March 1982 p:12.

³ Sulayman S. Al-Qudri, p: 141.

Kuwait, with small indigenous population, depended largely on the foreign labour force. Kuwait began to export crude oil from 1946 and the output accelerated in the 1970's at the rate of 17 percent a year.⁴ The expansion of the industries and the construction of new projects led to the influx of more and more foreign workers into Kuwait. By the mid-1970's Kuwait had imported a labour force that was twice as large as the indigenous national labour force, i.e., 2,11,000 to 87,000.⁵ In the 1970's the labour force in Kuwait consists mostly of South Asians with 21,000 Indians, Pakistanis and Sri Lankans. From 1980's there was a gradual increase of the migrant workers from South Asia in general and India in particular.

India has been a major source of labour from the past few centuries. In the nineteenth and twentieth centuries, the Britishers used to recruit Indians to work in different parts of the world mainly to Singapore, Malaya, Ceylon, Mauritius and South Africa.⁶ After the First World War, the emigration of labour stood at low ebb. But after the independence of India in 1947, there was a revival of the international transfer of labour, with a difference, to new destinations and fresher pastures in the West and the newly liberated countries in Africa and Asia, particularly West Asia.⁷ Since the Oil boom of the

⁴ Myron Weiner, p: 23.

⁵ Ibid.

⁶ Garnier J. Beaujoy, *Geography of Population*, (London, Longman Publications 1966), p: 1.

⁷ P.R. Gopinathan Nair and E.T. Mathews, "Socio-Economic characteristics of emigrants and Emigrant's households: A case study of two villages in Kerala", *Economic and Political weekly*, 15 July 1976, p: 1141.

mid-1970's, India has been a major source of international labour force to the Gulf region and nearly a fifth of the migrant labour force in the Gulf States is estimated to be from India and by the time of Gulf Crisis, the Indian workforce in Gulf were around 1.5 to 1.7 millions.⁸

INDIANS IN KUWAIT

Indian labour links with Kuwait dates back to the days of fishing and pearl diving and even before the advent of British, Arab traders visited Kerala, with some settling in the Indian town of Calicut and inter-marrying with the local population and Indians found work in Kuwait as pearl divers.⁹ Indian influence in Kuwait grew with the establishment of British power in Kuwait too. Indian officials lived and worked in Kuwait and the Indian rupee became the official currency.¹⁰

The discovery and development of oil in Kuwait, during 1950's and 1960's, brought number of foreign workers who were mostly consisting of Palestinians and Arabs. The Oil boom in 1970's accelerated the flow of migrant labour and there was an influx of foreign workers from South Asia. After 1975, the Kuwaiti nationals were only 41 percent of the population while the expatriate population stood at 59 percent. An estimation of the Indian migrant population in

⁸ Thomas Isaac, "Economic consequences of the Gulf crisis: A study of India with special reference to Kerala" in Piyasiri Wickramasena (ed.) *"The Gulf Crisis and South Asia"*, (Geneva, International Labour Office, 1993), p:60.

⁹ Myron Weiner, p:24.

¹⁰ Ibid.

Kuwait and other countries in the West Asia in given in the following table.

**ESTIMATE OF INDIAN MIGRANT POPULATION IN WEST ASIA
(in '000)**

| Country | 1975 | 1979 | 1983 | 1989 | 1990 |
|--------------------|--------------|---------------|---------------|--------------|---------------|
| U.A.E. | 107.5 | 152.0 | 250.0 | 225.0 | 400.0 |
| Saudi Arabia | 34.5 | 100.0 | 270.0 | 240.0 | 400.0 |
| Oman | 38.5 | 60.0 | 100.0 | 184.0 | 200.0 |
| Kuwait | 32.1 | 65.0 | 115.0 | 100.0 | 170.0 |
| Bahrain | 17.3 | 26.0 | 30.0 | 77.0 | 60.0 |
| Qatar | 27.8 | 30.0 | 40.0 | 50.0 | 40.0 |
| Iraq | 7.5 | 20.0 | 50.0 | 35.0 | 90.0 |
| Libya | 1.1 | 10.0 | 40.0 | 25.0 | - |
| Others | - | - | 21.0 | 21.0 | - |
| Total | 266.3 | 163.0 | 916.0 | 957.0 | 1367.0 |
| Growth Rate | | 73.86% | 97.80% | 4.46% | 42.1% |

Source: Deepak Nayyar's "International Labour Migration from India: A Macro Economic Analysis" in Rashid Amjad's (ed) *To the Gulf and Back* p: 101 and Annual Reports, Ministry of Labour, Government of India, 1991.

The migration of Indians to Kuwait was on constant rise from mid-1970s. Kuwait was one of the major destinations thronged by the Indian immigrants after UAE, Saudi Arabia and Oman. In 1975, U.A.E. had 107,500 Indian expatriates holding various jobs with Oman being second with 38,500 Indian work force in various fields. But in 1983, there was an increase in the Indian immigrants to Kuwait holding the third position with 1,15,000 Indians working in various sectors and Saudi Arabia accommodating the largest number of Indian expatriates working in all the spheres of the economy whereas U.A.E.'s position declined to second with 2,50,000 Indians. But in 1987, there was a decline in the number of the migrants from India in Kuwait. An important reason for the absolute decline in the

non-Kuwaiti workforce including India in late eighties was the economic deceleration with the fall in oil revenues from mid-eighties and the decision by the Government of Kuwait for the Kuwaitisation of the economy.¹¹ But this did not prevent the Indians from migrating to Kuwait and in the subsequent years the number of migrants from India increased and reached upto 1,70,000 in 1990.

In August 1990, when Iraq invaded Kuwait, the Indians who were stranded in Kuwait and repatriated were 1,60,000 of which more than 50 percent are from Kerala, while 15,000 stayed in Kuwait. But within few month of the liberation of Kuwait from the clutches of Iraqi forces, more than 80,000 Indians returned to their jobs to reconstruct the war ravaged Kuwait.¹² From 1990, there was an increase in the number of Indian workers migrating to Kuwait. By 1994, there were about 2,43,240 Indians and by 1998, there were 2,25,000 Indian workers estimated to be working in the various sectors of the economy in Kuwait and Kuwait has retained its position by being the fourth largest labour importing country from India in the Gulf.

The Indian labour force in Kuwait is distributed into skilled, semi-skilled and unskilled labourers. Out of the total Indian labour force estimating 1,25,000 who are economically active in Kuwait in early 1990's, 44,000 is estimated to be unskilled labourers and the remaining 81,000 comprised of semi-skilled and skilled labourers.

¹¹ Thomas Isaac, p: 60.

¹² Mirza Nehal Ahmad Baig, "Indo-Kuwait Relation: Areas of cooperation" in A.K.Pasha's *India and Kuwait: Strategic, Economic and Political Development* (Delhi, Gyan Sagar Publications, 1999), p: 261.

The estimate of the occupational distribution of the Indian migrant workforce in Kuwait is given in the following table.

**ESTIMATION OF OCCUPATIONAL DISTRIBUTION OF INDIAN
MIGRANT WORK FORCE IN KUWAIT**

| Category | Workers | Percentage |
|---|---------|------------|
| <u>Unskilled</u> | | |
| 1. maids | 20000 | 16.0 |
| 2. cooks, waiters | 5600 | 4.5 |
| 3. other unskilled | 18400 | 14.7 |
| <u>Semi-skilled (Production related jobs)</u> | | |
| 4. construction workers | 8200 | 6.6 |
| 5. others | 33400 | 26.7 |
| <u>Semi-skilled (Office)</u> | | |
| 6. clerks | 7100 | 5.7 |
| 7. sales | 6200 | 5.0 |
| <u>Skilled</u> | | |
| 8. mechanics & technicians | 10200 | 8.1 |
| 9. accountants | 1400 | 1.1 |
| <u>Professionals & Managerials</u> | | |
| 10. Professionals & technical | 4100 | 3.4 |
| 11. para-medical | 3900 | 3.1 |
| 12. teachers etc. | 900 | 0.7 |
| 13. managerial | 2500 | 2.0 |
| <u>Others</u> | | |
| 14. Business | 3000 | 2.4 |
| Total | 125000 | 100.0 |

Source: Adopted from Thomas Isaac's "Economic consequences of Gulf Crisis: A study with Spl. Reference to Kerala "in Piyasiri Wihramasekara's *The Gulf Crisis and South Asia*, ILO, Geneva, 1993, p: 64.

The unskilled labourers were divided into various categories such as housemaids around 20,000, the cooks, waiters etc. numbered at 5,600 and the remaining 18,400 of the unskilled category is estimated to be the general unskilled labour in Kuwait.¹³ The semi-

¹³ Thomas Isaac. p:64.

skilled workers were mostly in the production related jobs and then in the office related work. In the production-related jobs, there were construction workers estimated to be around 8200 and others at 33,400 and the workers in the office, which includes clerks and sales are numbered at 7100 and 6200 respectively. There were about 14,200 Indians engaged in skilled jobs as mechanics, technicians and accountants and the number of professionals and managers were around 11,500 with professionals and technicians at 4200, 3900 paramedical workers, workers with managerial skills were about 2500 and 900 Indians were engaged in the teaching profession.

Among the Indian migrants to Kuwait and the other Gulf Countries, 50 percent of the migrants are estimated to be from Kerala and the remaining from Andhra Pradesh, Punjab, Gujarat, Goa, Maharashtra and Tamil Nadu. Kerala is the major supplier of doctors and nurses to the hospitals in the Gulf Countries including Kuwait.¹⁴

The earnings of these migrants were based on their occupation. The major part of the earnings was sent to their households in the form of remittances. The remittances of these Indian migrants help to earn foreign exchange reserves for the country. The foreign exchange reserve of India was on constant rise though there was a decline

¹⁴ PR. Gopinathan Nair, "India" in Godfrey Gunatilleke (ed) *Migrating Asian Workers to the Arab world*, (Tokyo, The UN University Press, 1986), pp: 70-71.

during 1990-91 due to the Gulf Crisis. In the following table it can be seen that there has been an increase in the remittances of the migrants during 1995-96 and 1996-97 when compare to the previous years resulting in increase in the foreign exchange reserves.

PRIVATE TRANSFERS OF THE INDIAN MIGRANTS

| Year | Rupees (in crores) | US \$ (millions) |
|---------|--------------------|------------------|
| 1989-90 | 3823.9 | 2295 |
| 1990-91 | 3711.0 PR | 2069 PR |
| 1991-92 | 9418.9 | 3587 |
| 1992-93 | 8124.0 | 2651 |
| 1993-94 | 16573.0 | 5265 |
| 1994-95 | 25416.0 | 6200 |
| 1995-96 | 28660.2 PR | 8506 PR |
| 1996-97 | 43968.1 PR | 12367 PR |
| 1997-98 | 43764.4 | 11830 |

Remittances includes gifts also

PR- Partially Revised

Sources: Annual Reports, Ministry of Labour, Government of India, 1994-95 and 1998-1999.

GULF CRISIS AND THE PLIGHT OF INDIAN MIGRANTS

During the Gulf crisis of 1990, more than 1.90 lakhs of Indian migrants were repatriated from Kuwait and Iraq of whom more than one lakh are from Kerala.¹⁵ The remittances of the Indian migrants roughly constitutes Rs. 2381 millions and the Indian migrants had sent only 35 percent of their savings to their houses, keeping the

¹⁵ B.A. Prakash, "Gulf migration and its Economic impact: The Kerala experience", *Economic and Political Weekly*, vol. 33, no: 50, 12-18 Dec, 1998 p:3210.

major portion in Kuwait itself either in the form of consumer durables or as financial assets.¹⁶

With the breakdown of the banking system during the crisis, the benefits could not be claimed and the consumer durables were abandoned and "the accumulated end-of-service benefits due to the workers is the most important item of loss."¹⁷ The estimate of the total loss suffered by Indian migrants from Kuwait during the Gulf crisis is given in the table below.

**ESTIMATES OF TOTAL LOSS SUFFERED BY INDIAN MIGRANTS
FROM KUWAIT (million KD)**

| Items | Direct Estimates (migrants' claims) | Indirect Estimates |
|---|--|--------------------|
| End-of-service Benefits | 276 | 133 |
| Last Salary | N.A. | 36 |
| Overtime payments | N.A. | 5 |
| Encashable leave entitlements | N.A. | 18 |
| Salary arrears | 178 | N.A. |
| Personal effects+ | 212 | - |
| Automobiles | 72 | 36++ |
| Bank deposits | 46 | 61 |
| Rental deposits | N.A. | 3 |
| Deposits for public utilities | N.A. | 6 |
| Loss in conversion of KD at discounted rate | N.A. | 21 |
| Uncashed tickets | N.A. | 1 |
| Business assets | 3.6 | N.A. |
| Total | 627.4 | 320 |

Source: Thomas Isaac P. 72

Note: N.A. Not Available

+ includes jewellery and consumer durables other than automobiles

++ includes consumer durables

¹⁶ Thomas Isaac p:69

¹⁷ Ibid p:70

At the end of Gulf Crisis, many Indians who returned to India migrated back to Kuwait. The professionals were by and large able to emigrate to the Gulf and among the skilled, semi-skilled and unskilled general labour only 50 percent have returned. For the major section of the unskilled labour, particularly female labour, the remigration became difficult.¹⁸

The share of the remittances of the Indian migrants from West Asian countries is 75 percent of the total remittances acquired by India and the share of Kerala is assumed to be at 50 percent.¹⁹ In Kuwait, the citizens generally opt for the government jobs which is more lucrative, safe and less burdensome whereas the foreign workers were primarily in private sector. The Government provides salaries and perks which is more than the private sector and the Government spends about 90 percent of oil revenue in salaries of the Government employees and a low level state employee is paid 300 KD per month.²⁰ There is a tendency in the Gulf States that the migrants from the developed countries were paid more than those are from the developing countries. On an average in Gulf Countries an Asian earns nearly 108 percent less on the same job than an European or

¹⁸ Ibid., p:75.

¹⁹ B.A. Prakash, p: 3210.

²⁰ Subhash Narula, "Indian migrants in Kuwait - their remittances behaviour" in *"saving - Investment Portfolio of migrant workers from India in the Gulf countries"*, (New Delhi, ICSSR, 1995), pp:90-91.

an American does with relatively less education and experience.²¹ There is a sort of discrimination vis-à-vis the wages paid to an Asian worker and the worker from the western countries. The distribution of monthly earnings of an Indian migrant according to the occupation is given in the table below.

DISTRIBUTION OF MONTHLY EARNINGS BY OCCUPATION

| Occupation | Earnings (KD) | | | | | Average Salary (KD) |
|---------------------------|---------------|---------|---------|---------|-------|---------------------|
| | <100 | 100-200 | 200-300 | 300-400 | >=400 | |
| Unskilled | 37.10 | 52.6 | 8.20 | 2.10 | 0.00 | 127.67 |
| Semi-Skilled (Production) | 22.50 | 55.60 | 12.40 | 4.50 | 5.00 | 184.01 |
| Semi-skilled (Office) | 9.10 | 50.00 | 24.20 | 10.60 | 6.10 | 249.77 |
| Skilled | 11.20 | 47.50 | 25.00 | 6.30 | 10.00 | 211.10 |
| Professional | 6.00 | 21.00 | 19.40 | 16.50 | 37.30 | 404.51 |
| Total | 19.50 | 48.10 | 16.2 | 6.80 | 9.40 | |

Source: Thomas Isaac p: 68.

The average monthly earning of an Indian worker is 150 KD for an unskilled worker i.e. hotel waiters and bearers, cooks, maids etc, and 300 KD for skilled workers and 600 KD for middle workers and 1000 KD for technical and professional workers.²² “Among the unskilled workers, in most of the cases, housing (single accommodation), food and clothing are also provided by the employer, thus making the real income more higher than money income”²³.

²¹ Fathima Ahmed, "Whims Rule a pay structure", *Arab times*, Kuwait, 17 May 1982.

²² Thomas Isaac, p:68.

²³ Subhash Narula, p: 103.

Among the Indian migrants in Kuwait, there is discrimination between the male and the female employees. It is estimated that the average monthly earnings of an Indian male worker i.e. for white collar jobs 325 KD, blue collar jobs 147 KD and services 76 KD and on an average it is 187 KD for all occupations where as the female professionals and technical workers receives 248 KD, clerical workers 232 KD, service workers 42 KD and the workers in other occupations on an average receives 163 KD each.²⁴

The main aim of the Indian migrants in the Gulf Countries is to save and send the remittances to their houses. It is found that the proportion of remittances sent home is high among the unskilled and semi-skilled labourers than the business class. The unskilled workers sent 71 percent of their earnings to their houses whereas the business class sends only 36 percent of their earnings as remittances back home because of the high standard of living²⁵ and it is assumed that many of the families of the business class have also migrated to Kuwait. The following table shows the income, expenditure and the remittances sent by the migrants in Kuwait to India according to their occupation.

²⁴ Thomas Isaac, pp: 68-69.

²⁵ Subhash Narula P:94

AVERAGE ANNUAL INCOME, SAVINGS AND REMITTANCES

(000's rupees)

| Occupation | Income | Expenditure | Savings | Remittances | % of remittances in earnings |
|----------------|--------|-------------|---------|-------------|------------------------------|
| Unskilled | 45 | 10 | 35 | 32 | 71 |
| Semi-skilled | 72 | 22 | 50 | 48 | 66 |
| Skilled | 125 | 45 | 80 | 80 | 64 |
| Professionals | 117 | 40 | 77 | 64 | 55 |
| Business class | 430 | 180 | 250 | 155 | 36 |

Source: Subhash Narula, "Indian migrant workers in Kuwait – their remittances behaviour" in *Saving-Investment Portfolio of migrant workers from India in the Gulf countries* ICSSR, New Delhi, 1995, p: 104.

The remittances were usually dispatched to India by four major authorised money exchanges specialised in remittances. They are Kuwait India International Exchange Co. (WLL), Kuwait Overseas Exchange Co, International Monetary and Exchange Co., and Dollareo Exchange Co Ltd²⁶ and there are many other institutions, which are used as an exchange platform for the private transfers to India.

The remittances sent by the migrants helped in many ways to improve the economic status of their migrant families in India. For example, in Kerala, the large number of low-income households climbed to higher levels.²⁷ The increase in the per capita income has resulted in the significant changes in the composition of consumption such as the "food basket of the state has been transformed from one dominated by cheap carbohydrate substitute like Tapioca and

²⁶ Ibid.

²⁷ B.A. Prakash, p: 3212.

relatively cheap protein sources like sea fish to one predominantly consisting of costlier cereals, milk, meat, imported vegetables and processed foods. The share of expenditure on non-food items has increased from 26 percent to 28 percent in rural areas and from 29 percent to 41 percent in urban areas and the share of consumption of durable goods is 6.0 percent and 3.7 percent in rural and urban areas respectively as against an all India average of 2.3 percent.²⁸ The large inflow of remittances has also resulted in the extensive increase of the construction activities and employment, “the large number of employment opportunities were generated in tertiary sector like transport, communications, trade and commerce, education, health services, banking etc. There was an increase in the wage rates of all categories of the casual labourers resulting in the increase in the income levels of the poor in Kerala”.²⁹

But, this large inflow of remittances also has certain negative impact. The large inflow of remittances has resulted in the abnormal rise of land value in urban and rural areas and the increase in the price can also be seen in the construction materials, consumer goods, food products and in the charges of health, education, transport etc. This has affected the different sections of people in different ways. The impact of the increase in prices on the non-migrant families is

²⁸ Thomas Isaac, p: 80.

²⁹ B.A. Prakash, p: 3212.

tremendous. "The poor, middle class and fixed income groups who were in need of land for constructing houses found it to be beyond their reach to purchase land. The price hike has adversely affected their welfare and purchasing power."³⁰

The process of migration itself brings a lot of social, psychological and cultural problems for immigrants and their families. The migrants suffer with the adjustment problems dealing with a foreign unfamiliar environment and the separation from the family.³¹ Among them, the job security is the most serious problem. Not only, the work permits of most workers are for limited, specified periods, but also the spectre of sudden job loss and forced repatriation constantly haunts them.³² The migration of the male members in the family has a lot of social, psychological and cultural impact on the migrant families. It has been reported that the children of the migrant families are turning to alcohol and drugs and it has become difficult for the mothers to control their children in the absence of their fathers.³³ The migrant families have number of problems such as the weakening of the family, marital disruption,

³⁰ Ibid.

³¹ P.R. Gopinathan Nair, "Asian migration to the Arab world, Kerala (India)" in Godfrey Gunatilleke (ed.) *Migration to the Arab world: Experience of Returning migrants* (Tokyo, The UN University Press, 1991), p:38.

³² P.R. Gopinathan Nair, "India" p: 87.

³³ Ibid., p:103.

neglect of children and their education and psychological stresses and strain on the spouse".³⁴There were evidences of the maltreatment on the domestic workers by the unscrupulous agents in Kuwait and complaints had been made to the Human Rights groups. India had imposed the ban on the migration of the domestic servants in February, but after the talks with the Government of Kuwait, India has assured to lift the ban by the end of 2000.³⁵

The migration on the whole does not have much negative effects on the migrant families, though there is psychological pressure on them. The remittances increased the economic status of the people and the families of the migrants were able to get better education compare to others and the chances of social mobility is more. Remittances of the migrants help to add foreign exchange reserves of the country. In the case of Kerala, which comprises 50 percent of the migrants to Kuwait, "the remittances has very large impact on the regional economy, the remittances has given the biggest push to the poor and industrially backward economy of Kerala".³⁶

³⁴ P.C.Jain, "Gulf migration and its impact on India and Indo-Gulf relations", *Journal of Peace Studies*, New Delhi, Vol. 5 no: 1, Jan-Feb 1998.

³⁵ The Hindu, 17th July 2000.

³⁶ B. A. Prakash, p. 3213.

SOCIO-CULTURAL RELATIONS

The presence of Indians in Kuwait have helped in fostering and sustaining the Socio-Cultural relations between India and Kuwait which can be traced back to centuries. The visit of Arab traders with some settling down in Kerala and the presence of Indian officials in Kuwait during the British rule helped in many ways to understand each other's culture.

Indians in Kuwait were allowed to create congenial communities for themselves. Sports clubs, libraries and debating associations, film societies, reading rooms and the centre for other cultural activities has sprung up in all the Gulf States including Kuwait.³⁷ Indian migrants have established schools for their children on their own. The Indian middle class has a social club, the Indian Arts club whose 600 members are mainly executives, businessmen, doctors and engineers and their families.³⁸ There are hardly any restrictions on the various social activities of the Indian migrants in Kuwait.

Indians are granted some degree of religious freedom unlike Saudi Arabia where the government has strictly restricted the

³⁷ P.R. Gopinathan Nair, "India", p: 85.

³⁸ Myron Weiner, p: 25.

migrants' activities. In Kuwait, the Indians were allowed to construct a large church for the Catholic Christian Community.³⁹

In Kuwait, the Hindi films and songs of India are popular among the Indian migrants as well as the Kuwaiti nationals. It should be noted that a mega show was organised on 18 Nov. 1999 at Green Island called India'99 in which the famous Bollywood stars, Salman Khan and Karishma Kapoor along with Kamaal Khan, the pop artist, and others performed in front of the huge crowd.⁴⁰ The huge response to this show reflects the interest of Kuwaitis towards the Indian shows and their culture.

An Indo-Kuwaiti Friendship Association has been formed to encourage the cultural exchanges among the citizens of both the countries. This association made its debut in Hyderabad by organising a weeklong cultural event.⁴¹ This was organised on the anniversary of Kuwait liberation and apart from highlighting the initiative launched by the association to forge strong cultural, educational and political ties between the two countries, it also projected the cause of Kuwaitis Prisoners Of War (POWs) in Iraq.⁴²

³⁹ P.R. Gopinathan Nair, "India", p: 85.

⁴⁰ Kuwaiti News Jan 2000, p: 7.

⁴¹ Gyaneswar Pathak, "Indo-Kuwait Relation: An Overview" in A.K. Pasha's *India and Kuwait*, p: 256.

⁴² Ibid.

The support of Indians to the cause of POWs and highlighting the issue in India has really helped in enhancing the cultural bonds between the two countries. In Ravindra Bharathi Art Gallery in Hyderabad, an exhibition showing various developmental aspects in Kuwait was also organised during the weeklong event and a film depicting the Indo-Kuwaiti relations and music and dance festivals were also organised.⁴³ In Kuwait, India's festival of colours, Holi, was celebrated in a grand way. Sur Sadhana, organised a Hindustani classical vocal recital by Dr Nitish Gupta, popular vocalist.⁴⁴ Kuwait Kerala Muslims Cultural Centre (KKMCC), a leading Indian association in Kuwait, organised *Mehfil-e-Eid 2000* to celebrate *Eid-Al-Adha* which was attended by over a thousand of Indian nationals. The event consisted of fund raising and musical evening and another aim of the event was to raise public awareness of charitable works as well as to raise funds for the association charity projects such as academic and vocational scholarships, marriage assistance and low cost housing.⁴⁵

A cultural cooperation agreement for 2000-2001 was signed between India and Kuwait on 12 Dec. 1999 which was signed by the Indian Ambassador to Kuwait, H.E. Prabhu Dayal and Secretary

⁴³ Ibid.

⁴⁴ Kuwaiti News, April 2000, p. 7.

⁴⁵ Ibid.

General of the National Council for Culture Arts and letters of Kuwait, Dr. Mohammad Al-Rumaihi.⁴⁶ This cultural agreement will further enhance the existing cultural relation between the two nations.

To sum up, Kuwait has been an attractive destination in the Gulf for the migrant Indians. Ever since the Independence of Kuwait in 1961, there was an influx of migrants though initially it was the Arabs, but later South Asians dominated the immigrants and among them Indians played a very important role in the developmental activities of Kuwait. The enormous size of Indian community has grown through the mutual economic and labour transfers.

Initially, the Indians in Kuwait were restricted to the semi-skilled and unskilled labourers with a very small amount of Indians in the skilled jobs. But in the later years, this was replaced by the skilled labour and the professionals like engineers and doctors in Kuwait. The importance of the Indians can be seen by the presence of eighteen Indian doctors out of total of 100 faculty members in the Kuwaiti Medical College.⁴⁷

During the Gulf Crisis, as we have observed in the preceding section, the savings of the Indian migrants which were in the form of

⁴⁶ Kuwaiti News, February 2000, p: 7.

⁴⁷ Ajaynath Jha, "Indo-Kuwait Relation: Growing Economic Cooperation" in A.K.Pasha's *India and Kuwait*, p: 305.

financial and physical assets were retained back in Kuwait which was a heavy loss for the Indian migrants with the breakdown of the banking system. Though after the crisis many of the Indians again migrated to Kuwait, there was a material loss, which the migrants have claimed for compensation.

Though, Kuwaitis were dissatisfied with the stand taken by India during the crisis they were not hostile to the Indian migrants and Indians with their hardwork and honest nature were able to erase the bad memories from the minds of Kuwaitis.

As far as the Socio-Cultural relations, there is a need to enhance the cultural relations between the two countries. Though there were few cultural agreements to strengthen the cultural relations, the joint cultural activities, which are necessary for the mutual interaction, are missing. The utmost important factor, which has been undermined by the two nations, is the exchange programme between the Indian Universities and the University of Kuwait. Though there were some academicians from Kuwait visiting India there is not any attempt to have an interaction between the students of the Universities of India and Kuwait. The interaction between the students will generate an awareness of each other's tradition and culture. The governments of both the countries should take an initiative to draw an agreement regarding the exchange programme of

students between the universities, which can strengthen the socio-cultural relations between the two countries.

Chapter - V
CONCLUSION

India's familiarity with Arab World in general and Kuwait in particular is not a recent phenomenon but a one that dates back to several centuries. But the bilateral relations gained different outlook and momentum only after the process of decolonisation in South Asia and Middle East. The period after the Independence of Kuwait in 1961 was marked by a clear departure from hitherto existing relations with India. And this found its expression in signing various agreement and Memorandum of Understanding (MoU) based on mutual benefit and cooperation. The relations which were earlier confined to the trade of certain goods began to expand at a large scale by cooperation in scientific and technical fields such as heavy industries, telecommunications, transport etc. The relations between India and Kuwait had come a long way and the geographical location of both the countries had also influenced and enhanced the affinity through the centuries.

The Independence of Kuwait opened a new chapter for both the countries to stabilise the relations, which were once designed to serve the colonial master's. From the year 1961 till the Gulf crisis in 1990, both the countries exchanged visits by the high level delegations resulting in various political and diplomatic agreements. The bilateral visits which worth a special mention on account of the outcome, are the visit of the Amir of Kuwait in 1980 which resulted in the various investments from Kuwait in India and the visit of the then, Prime Minister, Mrs. Indira Gandhi, in 1981 which improved the relations with the common

understanding on the regional and international issues and this visit highlighted the security concerns in the region. Thus relations became increasingly consistent during 1980s. Iraq's invasion of Kuwait in 1990 had caused severe hardships on India and Kuwait. Though India disapproved Iraq's invasion, did not take any worthwhile initiative to resolve the crisis. It was expected from India as the founding member of Non Aligned Movement (NAM) to take an initiative in resolving the crisis when one member attacks another member of NAM. Though India's External Affairs Minister I.K.Gujral, was the first to visit Iraq and Kuwait during the crisis, his visit was largely confined to the evacuation of Indians from Kuwait and Iraq and ensuring the uninterrupted supply of crude oil to India. In the later stages of the crisis we can observe that India had strongly condemned Iraq's invasion of Kuwait and demanded for the immediate unconditional withdrawal of the Iraqi forces from Kuwait. India had also supported all the United Nations Security Council's resolution that was put forward vis-à-vis Iraq's occupation of Kuwait. The linkage diplomacy put forward by Iraq's President, Saddam Hussein, which links the Palestinian question and Kuwait's liberation was rejected by India and India granted permission for the refueling of the US war planes that were involved in the Kuwait's liberation. These acts that followed Iraqi invasion indicates clearly a shift in India's foreign policy with a tilt towards the West. This has to be seen in the wider global context with the collapse of Soviet Union and the emergence of

United States as the only Super Power. And the immediate reason is that the support of US became necessary in the New World Order to get the IMF loan for India, which was in financial crisis in 1990.

India's support to the United Nations Security Council's resolution and the shift in India's policy normalised the relations with Kuwait which were receding during the crisis. From 1991 onwards, there were regular visits by the ministers and academicians from both the sides. India also received many contracts in the reconstruction programme of Kuwait. In the post-Gulf war Crisis period, Kuwait realised the necessity to improve its own armed forces to protect itself from any external aggression and to avoid depending much on the west for its security. Kuwait entered into security agreements with India by which Indian army helped Kuwait in cleansing the minefields laid by Iraq during the occupation. India should engage in consultations with Kuwait on security issues and has to reach bilateral peace and security agreements with Kuwait.

The renewal of the relation between India and Kuwait can be seen in Kuwait's refusal to support Pakistan on Kashmir issue eventhough it had supported Pakistan's resolution in OIC on Kashmir issue during the Gulf Crisis. Kuwait appealed to Pakistan and India to resolve the existing disputes bilaterally without any third party mediation and Pakistan's effort to exploit Pan-Islamism and the hue and cry made in the name of violation of Human Rights in Kashmir were all resisted and Kuwait firmly supported India's stand point on Kashmir.

The concern showed by India for the POWs of Kuwait have really helped in further improving the confidence of Kuwait. India conveyed strongly its firm support for securing the release of Kuwaitis POWs from Iraq and also assured its help if the issue is raised in the international forums.

The security agreements concluded after the crisis, India's concern for POWs and all other various agreements and MoUs resulted in the strengthening of the relations between India and Kuwait. And this can be seen in Kuwait Government's firm resistance to the decision of cooperative societies in Kuwait to expel all non-Muslim Indians in retaliation to the demolition of Babri Masjid. Thus the relations became wider in both context and scope and the stable political dealings strengthened the confidence of each other especially after the Gulf Crisis.

Economic relations are most vital in sustaining the bilateral relations between the countries. Economic ties between India and Kuwait that were continuing from the ancient times gained momentum with the discovery of oil in Kuwait. Since then, Kuwait has been a major source of oil for India. Oil has always played an important role in determining the economic relations between these two countries.

The period after the Gulf Crisis witnessed an enormous increase in the volume of trade between India and Kuwait. The imports from Kuwait to India increased by 6.4 percent in 1997 as compared to 1.1 percent in 1991. The increase is mostly related to the petroleum products as

compared to the non-petroleum products. Contrary to this, India's exports to Kuwait have not increased significantly in the past years. In 1997, the percentage of India's exports to Kuwait is 0.4 percent which is very low when compared to India's imports from Kuwait and this has resulted in the imbalance in trade. The balance of trade has always been in favour of Kuwait except for a brief period i.e. 1976-1980. After the Gulf Crisis, the imbalance has increased tremendously. It was anticipated that the policy of economic liberalisation of India could improve the balance of trade in favour of India. But, it has not delivered anything significantly in improving the volume of exports to Kuwait. It can be observed that from 1990, the imbalance has been on steady rise keeping India in a very disadvantageous position. The imbalance in trade is mainly due to the Kuwait's dependence on the western countries especially after the Gulf Crisis in 1990 for the imports. If we observe the countries from which Kuwait imports the products India occupies eighth position and in Kuwait's exports to other countries, India occupies fourth place with Singapore, Saudi Arabia and United Arab Emirates ahead of it. This clearly shows the reasons for the imbalance in the trade.

It is necessary for India to rectify the imbalance of trade with Kuwait. India has to find the thrust areas for investing in Kuwait and India should also take initiative in establishing the joint ventures in Kuwait as well as in India. India should seek opportunities to export the commodities, which are in demand in Kuwait. Kuwait, which has realised

the necessity of developing the non-oil sector, is looking forward to other countries for assistance in its venture. India should take advantage of this situation and assist Kuwait in developing the non-oil sector and conclude agreements to promote the various technical fields in Kuwait.

Indian community in Kuwait has always figured as a significant factor in the Indo-Kuwaiti relations. The presence of Indian in Kuwait can be traced back to several centuries. In ancient times, Indians travelled to the Arab World as traders and merchants and there are a lots of evidences to show that the trade ties between Kerala and Arab World existed even the before the advent of Islam in India in seventh century AD with some settling in Calicut. The presence of Indians in Arab World continued thereafter under the British rule when many Indian officials were appointed in West Asia. The discovery of Oil in 1920s necessiated the Gulf States to recruit the foreign workers on account of their small size of indigenous population. The Indian migration to Gulf gained momentum in 1970s after the oil boom and the Gulf States preferred South Asian work force due to their cheapness and the absence of radical ideologies as compared to that of Arabs.

Kuwait has been an attractive destination for Indian migrants after UAE, Oman and Saudi Arabia in Gulf. During the Gulf crisis, there were roughly around 1,75,000 Indians in Kuwait alone while majority of them returned to India during the crisis, 15,000 stayed back in Kuwait. But

soon after the crisis nearly 80,000 Indians returned to Kuwait to their jobs.

Initially, Indian workforce was mostly limited to the unskilled and semi-skilled labour but later they were joined by skilled and professional work force whose contribution to various sections of the economy and the developmental activities of Kuwait are second to none. The remittances made by these migrants not only helped the country to earn foreign exchange reserves but also helped in improving the economic status and the standard of living of the migrant families.

India's stand during the Gulf crisis caused a general resentment among the Kuwaitis. But Indian community in Kuwait was able to erase the bad memories from the minds of the Kuwaiti people with their hardwork and honest nature. Kuwaiti government has provided ample space and freedom in the religious and cultural sphere to the migrants and this is evident from the construction of Roman Catholic Church in Kuwait, though there is no evidence on the presence of Hindu place of worship in Kuwait.

As for the Socio-Cultural relations are concerned, there is much to be done in this area by both the Governments of Kuwait and India. There is a need to improve the cultural relations between the two nations, as it remains to be a neglected area. Though there are few cultural agreements to strengthen the cultural relations, the joint cultural activities, which are necessary for the mutual interaction, are missing.

There is a need to establish a joint cultural committee to improve Socio-Cultural relations in order to make people to people contact more meaningful and also to improve the knowledge of each other's culture and tradition. And the utmost important factor, which has been undermined by both the countries, is the exchange programme between the Universities in Kuwait and Indian Universities. There have been some visits of Kuwaiti academicians to Indian universities, which has to some extent provided a platform for interaction but the interaction between the students can be a more useful exercise. The interaction between the people not only enhances the Socio-Cultural relations, but helps in the economic relation by understanding the economy of the each others country to propose various initiatives to be taken for the mutual benefits. Both the governments should take an initiative to draw an agreement regarding the exchange programme of students between the universities, which can strengthen the academic relations between the two countries.

India and Kuwait needs to take further initiative in promoting the trade and commerce, which has become a base for any bilateral relations in the New World Order. India should take an initiative in entering into agreements and it should explore the prospects for long term energy security relationships. India should take necessary steps to present itself as an alternative to the West on which Kuwait has largely been depending over the years.

APPENDIX

**KUWAIT'S FOREIGN TRADE WITH
INDIA DURING 1989 - 1998**

(Value in KDs., Weight in Kgs.)

| <i>IMPORTS</i> | | | <i>EXPORTS</i> | |
|----------------|--------------|---------------|----------------|---------------|
| <i>YEAR</i> | <i>VALUE</i> | <i>WEIGHT</i> | <i>VALUE</i> | <i>WEIGHT</i> |
| <i>1989</i> | 52,331,119 | 186,778,030 | 10,666,519 | 282,442,256 |
| <i>1990</i> | 21,127,756 | 78,798,442 | 3,408,421 | 85,975,915 |
| <i>1991</i> | 12,944,952 | 21,488,979 | 87,588 | 91,222 |
| <i>1992</i> | 49,293,362 | 121,544,327 | 5,094,619 | 118,332,978 |
| <i>1993</i> | 49,026,090 | 156,660,900 | 20,566,014 | 849,443,036 |
| <i>1994</i> | 57,711,320 | 216,181,210 | 30,931,021 | 864,825,966 |
| <i>1995</i> | 67,099,172 | 199,308,271 | 35,605,403 | 927,050,177 |
| <i>1996</i> | 80,545,992 | 293,426,435 | 42,147,201 | 1,037,692,327 |
| <i>1997</i> | 84,702,699 | 492,587,206 | 34,409,197 | 1,061,370,856 |
| <i>1998</i> | 91,835,775 | 66,584,010 | 23,504,005 | 464,190,360 |

Notes:

Export Values do not include Crude Oil and Oil By-Products.

1990 - First 7 Months.

1991 - Last 6 Months.

MAIN ITEMS IMPORTED FROM INDIA DURING 1996 - 1998

(Value in Thousand KDs.)

| Code No. | ITEMS | 1996 | 1997 | 1998 |
|----------|---|--------|--------|--------|
| 042200 | Rice | 16,439 | 19,059 | 19,866 |
| 897330 | Jewellery of Gold & Precious Metals (Except Silver) | 9,005 | 9,542 | 11,017 |
| 653100 | Fabrics Woven Of Man-Made Textile Materials | 4,678 | 4,386 | 4,988 |
| 661210 | Clinker Cement | 0 | 1,990 | 4,429 |
| 842100 | Outer Garments, Women's & Girls' | 2,590 | 3,078 | 3,479 |
| 081300 | Oil-Cake & Other Residues (Except Dregs) | 2,906 | 2,490 | 3,066 |
| 074100 | Tea | 2,176 | 2,311 | 2,426 |
| 071100 | Coffee, (Not Roasted) | 1,731 | 1,629 | 2,406 |
| 011200 | Meat Of Bovine & Buffalo, Frozen | 2,279 | 2,227 | 2,343 |
| 841100 | Outer Garments Men's & Boys' of Textiles Fabrics | 1,413 | 1,857 | 2,282 |
| 059100 | Fruit Juices | 775 | 1,675 | 1,775 |
| 841500 | Shirts For Men's & Boy's | 881 | 997 | 1,005 |
| 654300 | Fabrics Of Wool Or Of Fine Animal Hair Woven | 286 | 447 | 870 |
| 054250 | Lentils, Dried, Whole or Split | 657 | 696 | 855 |
| 057973 | Mangoes, Fresh | 1,174 | 1,267 | 826 |
| 523710 | Carbonates: Ammonium, Sodium, Potassium, Etc... (Except Calcium Carbonate) | 90 | 65 | 817 |
| 845100 | Babies' Garments & Clothing Accessories Knitted or Not | 621 | 726 | 809 |
| 054890 | Other Vegetables, Fresh N.E.S. | 776 | 658 | 730 |
| 054510 | Onions | 1,084 | 1,356 | 724 |
| 842800 | Under Garments For Women & Girls | 521 | 572 | 703 |
| 057720 | Cashew Nuts | 654 | 600 | 602 |
| 652000 | Fabrics Of Cotton, Woven (Except the Ribbons) | 450 | 519 | 569 |
| 667200 | Natural Diamonds (Not Set or Mounted) | 39 | 58 | 564 |
| 784300 | Other Parts & Accessories of Vehicles | 390 | 424 | 561 |
| 781910 | Other Road Motor Vehicles For Transporting Goods | 304 | 375 | 525 |
| 841600 | Under Garments, Men's & Boy's Textile Fabric | 348 | 364 | 486 |
| 772000 | Electrical Switchgear Switchboard & Control Panels, Parts n.c.s. | 558 | 574 | 465 |
| 723370 | Gas & Oil Field Equipment & Parts n.e.s. | 57 | 638 | 456 |
| 662450 | Glazed Ceramic Set Wall Tiles | 146 | 172 | 446 |
| 553790 | Preparations Of Cosmetic Or Toilet n.e.s. | 381 | 283 | 429 |
| 075290 | Other Spices, Mixtures of Two Different Products, n.e.s. | 372 | 453 | 422 |
| 661310 | Marble Stone Worked | 312 | 445 | 404 |
| 694000 | Nails, Screws, Nuts, Bolts Rivets & the Like of Iron, Steel, Copper or Aluminium | 326 | 349 | 387 |
| 728480 | Machinery For The Manufacturing Refined Petroleum & Parts | 73 | 237 | 383 |
| 783100 | Public Transport Type Passenger Vehicles | 102 | 870 | 369 |
| 658960 | Towels Of Textile Materials | 0 | 318 | 339 |

MAIN ITEMS IMPORTED FROM INDIA DURING 1996 - 1998

(Value in Thousand KDs.)

| Code No. | ITEMS | 1996 | 1997 | 1998 |
|----------|--|-------|------|------|
| 524990 | Other Organic & Inorganic Compounds n.c.s. | 482 | 317 | 339 |
| 691180 | Structures of Iron & Steel & Pit Proping & Parts (Excluding Prefabricated) | 0 | 0 | 335 |
| 892200 | Newspapers, Journals & Periodicals Whether or not Illustrated or Containing Advertising Material | 287 | 347 | 334 |
| 075100 | Black Pepper & Spices | 175 | 66 | 322 |
| 697410 | Domestic Utensils of Iron or Steel | 405 | 434 | 310 |
| 673000 | Flat, Rolled Products Of Iron Or Non-Alloy Steel (Not Clad, Plated Or Coated) | 1,250 | 28 | 288 |
| 054240 | Green Lentils (Mash) Whole or Split | 256 | 255 | 277 |
| 274200 | Iron Pyrites, Unroasted | 0 | 301 | 260 |
| 054503 | Okra, Fresh | 278 | 244 | 255 |
| 278210 | Clays (Eg: Koalin & Bentonite n.e.s.) | 375 | 101 | 234 |
| 831900 | Other Bags n.e.s. | 188 | 197 | 233 |
| 696300 | Razors & Razor Blades | 82 | 115 | 222 |
| 851110 | Footwear of Leather | 221 | 302 | 220 |
| 054220 | Chickpeas Dried, Whole or Split | 210 | 232 | 217 |
| 653900 | Fabrics, Woven Of Artificial Silk | 136 | 304 | 209 |
| 635910 | Cable Drums of Wood | 179 | 201 | 203 |
| 054505 | Green Capsicum | 185 | 170 | 192 |
| 821500 | Furniture Of Wood | 130 | 189 | 187 |
| 845700 | Clothes Of Sports | 158 | 167 | 184 |
| 775730 | Room Fans, Electro-Mechanical | 192 | 237 | 184 |
| 661230 | Portland Cement | 0 | 829 | 182 |
| 778120 | Electric Accumulators (Storage Batteries) | 0 | 0 | 181 |
| 575000 | Other Plastics | 0 | 0 | 177 |
| 025100 | Eggs For Consumption | 0 | 0 | 162 |
| 056740 | Pickled Vegetable | 146 | 202 | 161 |
| 699190 | Base Metal Fitting & Mountings of a Kind Suitable for Furniture, Buildings, Vehicles etc, | 234 | 270 | 160 |
| 764900 | Parts & Accessories For Telecommunication | 0 | 0 | 158 |
| 821300 | Furniture Of Metal | 193 | 135 | 155 |
| 728130 | Machinery For Plastics & Parts | 117 | 110 | 153 |
| 678000 | Wire Of Iron Or Steel | 378 | 145 | 152 |
| 658300 | Blankets & Travelling Rugs | 292 | 242 | 151 |
| 023200 | Butter Rendered From Animals | 0 | 0 | 148 |
| 057980 | Other Fresh Fruits N.E.S. | 189 | 143 | 145 |
| 056720 | Tomatoes Prepared or Preserved (Tomato Purce) | 0 | 0 | 138 |
| 554400 | Soap | 151 | 130 | 136 |
| 679400 | Line Pipes Used For Oil or Gas Pipe Lines Fittings | 192 | 142 | 135 |

MAIN ITEMS IMPORTED FROM INDIA DURING 1996 - 1998

(Value in Thousand KDs.)

| Code No. | ITEMS | 1996 | 1997 | 1998 |
|----------|--|------|------|------|
| 845800 | Other Garments n.e.s. | 149 | 178 | 131 |
| 831100 | Handbags | 0 | 0 | 128 |
| 682000 | Copper & Its Alloys, Unwrought Or Worked | 0 | 0 | 125 |
| 695000 | Tools For Use In The Hand or in Machines | 134 | 130 | 124 |
| 659210 | Carpets, Carpeting & Rugs Knotted | 133 | 195 | 123 |
| 658120 | Sacks & Bags Of Jute | 0 | 0 | 123 |
| 651000 | Textile Yarn & Thread of All Materials | 103 | 97 | 123 |
| 697500 | Sanitary Ware & Parts Thereof, of Base Metal n.e.s. | 135 | 129 | 121 |
| 893900 | Articles Of Plastics n.e.s. | 106 | 90 | 120 |
| 848420 | Other Headgear n.e.s. | 124 | 123 | 119 |
| 657510 | Cordage, Cable, Rope of Nylon or Synthetic Fibres | 0 | 0 | 118 |
| 892100 | Books | 98 | 117 | 116 |
| 773200 | Electrical Insulators From All Materials | 0 | 0 | 115 |
| 893130 | Utensils Of Plastic | 145 | 93 | 115 |
| 553490 | Other Preparations for Use on the Hair (Oil Hair etc) | 283 | 164 | 114 |
| 897200 | Imitation Jewellery | 136 | 138 | 114 |
| 248000 | Wood Simply Worked | 0 | 0 | 113 |
| 728360 | Machinery For The Manufacture of Brick, Tiles & Parts Thereof | 0 | 17 | 111 |
| 699900 | Other Base Metal Manufactures | 105 | 74 | 111 |
| 551320 | Concentrated Essential Oils | 0 | 0 | 109 |
| 657520 | Cordage, Cable, Rope Of Jute & Other Vegetable Textile Fibres | 153 | 122 | 109 |
| 893110 | Bags & Sacks of Plastic | 0 | 0 | 108 |
| 684220 | Aluminium & Aluminium Alloys, Worked, Bars, Rods, Profiles & Wire | 0 | 0 | 107 |
| 111130 | Other Non-Aerated Beverages (As Syrups & Sunkist) | 188 | 67 | 107 |
| 222500 | Sesame Seeds | 129 | 146 | 104 |
| 075260 | Seeds Of Anise, Badian, Fennel, Coriander, Cumin | 0 | 0 | 104 |
| 663100 | Millstones, Grindstones & Polishing Stones etc | 0 | 0 | 103 |
| 587100 | Plates, Sheets, Foil of plastic Material, Regenerated Cellulose & Artificial Resins (except sponge) | 0 | 0 | 101 |
| 574000 | Polyacetals, Polyethrates, Epoxide Resins & Alkyd Resins in Primary | 0 | 0 | 95 |
| 895300 | Fountain Pens, Dry & Liquid | 0 | 0 | 93 |
| 684230 | Sheets Of Aluminium | 0 | 0 | 89 |
| 598990 | Other Chemical Products & Preparations | 0 | 0 | 89 |
| 658400 | Bed Lincn, Table & Toilet Lincn | 0 | 0 | 87 |
| 025200 | Eggs For Hatchery | 0 | 324 | 84 |
| 659300 | Mats, Matting Screens etc of Vegetable Plating Materials | 66 | 82 | 84 |
| 664300 | Glass Sheets & Plates | 621 | 142 | 83 |

MAIN ITEMS IMPORTED FROM INDIA DURING 1996 - 1998

(Value in Thousand KDs.)

| Code No. | ITEMS | 1996 | 1997 | 1998 |
|----------|--|------|------|------|
| 541900 | Pharmaceutical Articles Except Medicines | 0 | 0 | 78 |
| 034200 | Fish, Frozen | 815 | 304 | 77 |
| 621100 | Pastes, Plates, Sheets, Rods & Thread Of Rubber | 0 | 0 | 75 |
| 656200 | Tules, Lace, Ribbons, Trimmings & The Like | 78 | 95 | 74 |
| 634300 | Densified Wood, Reconstituted Wood & Particle Board | 0 | 0 | 73 |
| 812200 | Sinks, Washbasins & Like Sanitary & Plumbing Fixtures of Ceramic Materials | 110 | 50 | 72 |
| 679500 | Pipes Of Iron or Steel Coated With Zinc or Lead | 416 | 129 | 71 |
| 531000 | Synthetic Organic Colouring Materials | 0 | 0 | 69 |
| 057310 | Bananas, Fresh | 149 | 120 | 68 |
| 697820 | Frames & Mirrors of Base Metal, Decorative Articles of Base Metal | 64 | 79 | 67 |
| 658990 | Other Made-up Articles of Textiles n.e.s. | 42 | 66 | 65 |
| 654100 | Fabrics, Woven Of Silk | 36 | 84 | 60 |
| 553750 | Incense Preparations | 77 | 50 | 57 |
| 634600 | Other Plywood Veneered Panels & Similar Laminated Wood | 377 | 244 | 54 |
| 674000 | Flat, Rolled Products Of Iron Or Non-Alloy Steel, Clad, Plated Or Coated | 82 | 264 | 52 |
| 057510 | Grapes, Fresh | 183 | 130 | 51 |
| 625100 | Rubber Tyres For Cars | 89 | 92 | 50 |
| 054502 | Eggplants, Fresh | 51 | 58 | 50 |
| 098990 | Other Food Preparations | 87 | 42 | 49 |
| 426500 | Castor Oil | 0 | 62 | 48 |
| 075270 | Ginger | 22 | 30 | 46 |
| 659400 | Other Carpets & Carpeting (Except Knitted) | 71 | 101 | 42 |
| 075250 | Cardamom | 19 | 22 | 38 |
| 292490 | Perfumes, n.e.s. | 32 | 33 | 37 |
| 034100 | Fish, Fresh or Chilled Excluding Filled | 227 | 91 | 36 |
| 656100 | Embroidery Fabrics | 30 | 46 | 36 |
| 747000 | Taps, Cocks, Valves and similar appliances for pipes, Boiler, Shells, Tanks | 118 | 156 | 36 |
| 122100 | Tobacco Sweetened, Tombac Manufactured | 58 | 35 | 29 |
| 044200 | Millet, Unmilled | 215 | 17 | 28 |
| 749200 | Parts For General Industrial Machinery | 28 | 29 | 28 |
| 665120 | Glass Bottles | 0 | 38 | 27 |
| 611890 | Pure Leather Tanned or Dressed n.e.s. | 0 | 25 | 25 |
| 081120 | Fodder Dry (Husks & Straw) | 0 | 0 | 23 |
| 598980 | Isolated Chemical Materials & Products | 0 | 229 | 21 |
| 292800 | Vegetable Materials, Raw Used Primarily In Dying Or In Tannery | 42 | 34 | 21 |

MAIN ITEMS IMPORTED FROM INDIA DURING 1996 - 1998

(Value in Thousand KDs.)

| Code No. | ITEMS | 1996 | 1997 | 1998 |
|----------|--|-------|------|------|
| 845900 | Other Garments Knitted or Crochet | 18 | 44 | 19 |
| 676500 | Iron & Steel Angles | 0 | 0 | 17 |
| 664950 | Glass Fibres (Including Glass wool) | 0 | 112 | 15 |
| 057760 | Walnuts | 77 | 0 | 15 |
| 057912 | Water Melons | 0 | 0 | 0 |
| 041100 | Wheat, Unmilled | 3,936 | 0 | 0 |
| 081990 | Preparations Fodder, n.e.s. | 209 | 105 | 0 |
| 741200 | Furnace For Industry, Laboratory & Parts n.e.s. | 85 | 0 | 0 |
| 792900 | Parts Of Aircrafts (Except Tyres) | -0 | 0 | -0 |
| 658230 | Tents | 0 | 0 | 0 |
| 071200 | Coffee, Roasted | 0 | 0 | 0 |
| 654920 | Fabrics, Woven Of Coarse Animal Hair | 0 | 0 | 0 |
| 728450 | Machinery For The Manufacture of Chemical Products & Parts Thereof | 33 | 18 | 0 |
| 792820 | Aircraft, Passengers | 0 | 0 | 0 |
| 737300 | Electric Welding Machines & Parts | 76 | 0 | 0 |
| 222200 | Soya Beans | 0 | 0 | 0 |

N.B.

Items mentioned herein showing zero values for the last consecutive years are items dealt with previously.

MAIN ITEMS EXPORTED FROM KUWAIT TO INDIA DURING 1996 - 1998

(Value in Thousand KDs.)

| Code No. | ITEMS | 1996 | 1997 | 1998 |
|----------|---|--------|--------|-------|
| 571000 | Polymers of Ethylene in Primary Forms | 0 | 0 | 7,649 |
| 562160 | Urea | 26,349 | 15,468 | 4,644 |
| 282000 | Ferrous Waste & Scrap, Of Iron Or Steel | 1,942 | 3,780 | 3,541 |
| 288000 | Other Non-Ferrous Base Metal Waste & Scrap Other Than Iron Or Steel n.e.s. | 2,697 | 2,680 | 2,496 |
| 522610 | Ammonia Anhydrous or Solution | 1,862 | 3,750 | 2,471 |
| 642150 | Cement Packing Paper Bags | 366 | 711 | 458 |
| 697810 | Household Wares & Appliances (Not Electrical) | 328 | 243 | 407 |
| 524990 | Other Organic & Inorganic Compounds n.e.s. | 0 | 167 | 298 |
| 971010 | Gold (including gold plated with platinum) non-monetary | 89 | 278 | 244 |
| 821500 | Furniture Of Wood | 63 | 113 | 191 |
| 251100 | Waste & Scrap Of Paper Or Paper Board | 674 | 541 | 176 |
| 268000 | Wool & Other Animal Hair | 81 | 68 | 119 |
| 589700 | Waste & Scrap Of Plastics | 0 | 0 | 74 |
| 334690 | Other Petroleum Oils n.e.s. | 303 | 0 | 51 |
| 235220 | Waste & Scrap Of Unhardened Rubber | 53 | 59 | 41 |
| 741550 | Air-Conditioning Units Self-Contained | 52 | 32 | 36 |
| 773100 | Insulated Electric Wire, Cables, Bars & the Like | 17 | 53 | 36 |
| 761100 | Television Receivers, Coloured | 33 | 31 | 34 |
| 775210 | Household Type Refrigerators | 20 | 20 | 31 |
| 697320 | Gas-Burning Domestic Stoves, Oven & Cookers, etc | 23 | 22 | 31 |
| 892100 | Books | 22 | 22 | 23 |
| 897330 | Jewellery of Gold & Precious Metals (Except Silver) | 34 | 12 | 11 |
| 781100 | Passenger Motor Cars | 22 | 8 | 8 |
| 011200 | Meat Of Bovine & Buffalo, Frozen | 46 | 13 | 6 |
| 042200 | Rice | 2 | 7 | 5 |
| 122100 | Tobacco Sweetened, Tombac Manufactured | 62 | 0 | 0 |
| 841500 | Shirts For Men's & Boy's | 161 | 125 | 0 |
| 781910 | Other Road Motor Vehicles For Transporting Goods | 0 | 0 | 0 |
| 034200 | Fish, Frozen | 11 | 0 | 0 |
| 335420 | Petroleum Coke | 1,683 | 2,896 | 0 |
| 036110 | Shrimps Fresh Chilled or Frozen | 0 | 0 | 0 |
| 522260 | Sulphur, Sublimed or Precipitated Colloidal Sulphur | 4,640 | 2,691 | 0 |
| 912000 | Special Transaction Not classified | 136 | 30 | 0 |

N.B.

Items mentioned herein showing zero values for the last consecutive years are items dealt with previously.

KUWAIT'S IMPORTS FROM THE FIRST 30 COUNTRIES (1996 - 1998)

(Value in Thousand K.D.)

| Country | 1996 | | | 1997 | | | 1998 | | |
|--------------------------|-------|------------------|------------|-------|------------------|------------|-------|------------------|------------|
| | Order | Value | % | Order | Value | % | Order | Value | % |
| UNITED STATES OF AMERICA | 1 | 418,724 | 16.70 | 2 | 340,950 | 13.63 | 1 | 404,932 | 15.42 |
| JAPAN | 2 | 302,938 | 12.08 | 1 | 345,748 | 13.82 | 2 | 356,755 | 13.58 |
| GERMANY | 3 | 175,617 | 7.00 | 3 | 186,022 | 7.44 | 3 | 183,104 | 6.97 |
| SAUDI ARABIA | 5 | 166,893 | 6.66 | 4 | 169,584 | 6.78 | 4 | 163,198 | 6.21 |
| UNITED KINGDOM | 6 | 153,691 | 6.13 | 5 | 159,866 | 6.39 | 5 | 153,249 | 5.84 |
| ITALY | 4 | 174,194 | 6.95 | 6 | 148,649 | 5.94 | 6 | 151,868 | 5.78 |
| FRANCE | 7 | 100,700 | 4.02 | 7 | 97,932 | 3.91 | 7 | 97,449 | 3.71 |
| INDIA | 8 | 80,546 | 3.21 | 8 | 84,703 | 3.39 | 8 | 91,836 | 3.50 |
| PEOPLE'S REP. OF CHINA | 9 | 61,825 | 2.47 | 9 | 66,200 | 2.65 | 9 | 72,132 | 2.75 |
| SOUTH KOREA | 10 | 54,390 | 2.17 | 13 | 53,817 | 2.15 | 10 | 71,848 | 2.74 |
| AUSTRALIA | 11 | 49,101 | 1.96 | 12 | 58,004 | 2.32 | 11 | 58,373 | 2.22 |
| UNITED ARAB EMIRATES | 12 | 46,883 | 1.87 | 10 | 62,831 | 2.51 | 12 | 56,549 | 2.15 |
| SWITZERLAND | 13 | 46,451 | 1.85 | 11 | 59,429 | 2.38 | 13 | 53,101 | 2.02 |
| NETHERLANDS | 15 | 42,586 | 1.70 | 14 | 45,788 | 1.83 | 14 | 50,535 | 1.92 |
| CANADA | 16 | 40,418 | 1.61 | 16 | 42,153 | 1.69 | 15 | 42,410 | 1.61 |
| TURKEY | 14 | 45,576 | 1.82 | 15 | 43,609 | 1.74 | 16 | 38,400 | 1.46 |
| SPAIN | 18 | 34,044 | 1.36 | 18 | 37,166 | 1.49 | 17 | 35,994 | 1.37 |
| TAIWAN | 17 | 37,758 | 1.51 | 17 | 38,247 | 1.53 | 18 | 34,610 | 1.32 |
| MALAYSIA | 20 | 31,013 | 1.24 | 19 | 33,777 | 1.35 | 19 | 31,311 | 1.19 |
| MEXICO | 35 | 13,204 | 0.53 | 24 | 20,366 | 0.81 | 20 | 29,580 | 1.13 |
| THAILAND | 19 | 31,626 | 1.26 | 21 | 26,250 | 1.05 | 21 | 29,225 | 1.11 |
| INDONESIA | 21 | 27,181 | 1.08 | 20 | 29,837 | 1.19 | 22 | 27,618 | 1.05 |
| SOUTH AFRICA | 30 | 16,791 | 0.67 | 29 | 17,804 | 0.71 | 23 | 26,680 | 1.02 |
| BELGIUM | 23 | 26,225 | 1.05 | 22 | 22,083 | 0.88 | 24 | 23,016 | 0.88 |
| SYRIA | 25 | 20,304 | 0.81 | 31 | 16,179 | 0.65 | 25 | 22,277 | 0.85 |
| IRAN | 26 | 19,813 | 0.79 | 27 | 18,374 | 0.73 | 26 | 22,098 | 0.84 |
| BRAZIL | 29 | 17,837 | 0.71 | 23 | 21,185 | 0.85 | 27 | 19,251 | 0.73 |
| EGYPT | 24 | 22,933 | 0.91 | 25 | 18,772 | 0.75 | 28 | 18,973 | 0.72 |
| DENMARK | 31 | 16,422 | 0.65 | 32 | 15,992 | 0.64 | 29 | 18,427 | 0.70 |
| BAHRAIN | 33 | 14,403 | 0.57 | 33 | 15,286 | 0.61 | 30 | 17,019 | 0.65 |
| All Other Countries | | 217,080 | 8.66 | | 204,961 | 8.19 | | 224,331 | 8.54 |
| Grand Total | | 2,507,166 | 100 | | 2,501,563 | 100 | | 2,626,151 | 100 |

THE FIRST 30 COUNTRIES IMPORTING FROM KUWAIT (1996 - 1998)

(Value in Thousand K.D.)

| Country | 1996 | | | 1997 | | | 1998 | | |
|--------------------------|-------|----------------|------------|-------|----------------|------------|-------|----------------|------------|
| | Order | Value | % | Order | Value | % | Order | Value | % |
| SINGAPORE | 13 | 4,613 | 2.04 | 7 | 7,045 | 3.08 | 1 | 39,434 | 12.70 |
| SAUDI ARABIA | 2 | 38,366 | 16.93 | 1 | 40,293 | 17.60 | 2 | 38,697 | 12.47 |
| UNITED ARAB EMIRATES | 3 | 34,050 | 15.02 | 2 | 35,207 | 15.37 | 3 | 30,649 | 9.87 |
| INDIA | 1 | 42,147 | 18.59 | 3 | 34,409 | 15.03 | 4 | 23,504 | 7.57 |
| PEOPLE'S REP. OF CHINA | 5 | 11,200 | 4.94 | 6 | 9,971 | 4.35 | 5 | 15,868 | 5.11 |
| BELGIUM | 24 | 1,478 | 0.65 | 14 | 3,537 | 1.54 | 6 | 15,664 | 5.05 |
| PAKISTAN | 15 | 3,805 | 1.68 | 15 | 3,369 | 1.47 | 7 | 13,571 | 4.37 |
| HONG KONG | 6 | 7,500 | 3.31 | 21 | 2,166 | 0.95 | 8 | 12,689 | 4.09 |
| EGYPT | 10 | 5,228 | 2.31 | 5 | 14,212 | 6.21 | 9 | 10,959 | 3.53 |
| PHILIPPINES | 7 | 5,973 | 2.63 | 22 | 2,130 | 0.93 | 10 | 7,405 | 2.39 |
| UNITED STATES OF AMERICA | 4 | 12,925 | 5.70 | 4 | 14,384 | 6.28 | 11 | 7,080 | 2.28 |
| JORDAN | 23 | 1,960 | 0.86 | 20 | 2,199 | 0.96 | 12 | 6,375 | 2.05 |
| SYRIA | 8 | 5,955 | 2.63 | 8 | 6,928 | 3.03 | 13 | 6,278 | 2.02 |
| TAIWAN | 40 | 173 | 0.08 | 33 | 502 | 0.22 | 14 | 5,789 | 1.86 |
| TURKEY | 20 | 2,586 | 1.14 | 23 | 2,046 | 0.89 | 15 | 5,629 | 1.81 |
| QATAR | 11 | 4,996 | 2.20 | 10 | 5,278 | 2.30 | 16 | 5,434 | 1.75 |
| BAHRAIN | 9 | 5,308 | 2.34 | 9 | 5,723 | 2.50 | 17 | 5,084 | 1.64 |
| JAPAN | 19 | 2,936 | 1.30 | 12 | 4,594 | 2.01 | 18 | 4,543 | 1.46 |
| OMAN | 16 | 3,776 | 1.67 | 11 | 5,022 | 2.19 | 19 | 4,294 | 1.38 |
| MALAYSIA | 46 | 73 | 0.03 | 55 | 59 | 0.03 | 20 | 4,103 | 1.32 |
| LEBANON | 18 | 2,977 | 1.31 | 16 | 3,213 | 1.40 | 21 | 3,588 | 1.16 |
| CANADA | 36 | 205 | 0.09 | 36 | 334 | 0.15 | 22 | 3,548 | 1.14 |
| UNITED KINGDOM | 21 | 2,197 | 0.97 | 24 | 2,035 | 0.89 | 23 | 2,950 | 0.95 |
| IRAN | 12 | 4,710 | 2.08 | 13 | 4,494 | 1.96 | 24 | 2,708 | 0.87 |
| SRI LANKA | 14 | 4,499 | 1.98 | 17 | 2,739 | 1.20 | 25 | 2,519 | 0.81 |
| MOROCCO | 27 | 1,326 | 0.59 | 18 | 2,604 | 1.14 | 26 | 2,516 | 0.81 |
| SOUTH KOREA | 25 | 1,440 | 0.64 | 25 | 1,603 | 0.70 | 27 | 2,465 | 0.79 |
| SWITZERLAND | 38 | 195 | 0.09 | 40 | 234 | 0.10 | 28 | 2,266 | 0.73 |
| THAILAND | 48 | 68 | 0.03 | 72 | 22 | 0.01 | 29 | 2,224 | 0.72 |
| INDONESIA | 35 | 297 | 0.13 | 30 | 679 | 0.30 | 30 | 2,145 | 0.69 |
| All Other Countries | | 13,704 | 6.05 | | 11,966 | 5.23 | | 20,462 | 6.59 |
| Grand Total | | 226,668 | 100 | | 229,000 | 100 | | 310,441 | 100 |

Note *The figures do not include those of Oil and Oil by-products.*

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