# *INDIA-OMAN STRATEGIC PARTNERSHIP IN MANUFACTURING AND SME's*

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# INDIA-OMAN STRATEGIC PARTNERSHIP IN MANUFACTURING AND SMES

**A Framework for Enhanced Bilateral Cooperation in Industrial Growth and Textile Excellence**

## Executive Summary

India and Oman share a historic relationship that spans millennia, rooted in maritime trade, cultural exchange, and mutual economic interests. In the contemporary era, this partnership has evolved into a strategic economic alliance with significant potential in manufacturing, small and medium enterprises (SMEs), and textile production. This white paper examines the current state of India-Oman trade relations, analyzes the manufacturing and SME landscape in both nations, presents case studies of successful bilateral collaboration, and proposes ten unique recommendations for deepening this partnership. The bilateral trade between India and Oman reached approximately USD 12.39 billion in 2023-2024, with India being Oman's largest trading partner and Oman serving as India's third-largest crude oil supplier. Both nations possess complementary strengths: India brings manufacturing scale, technical expertise, and a robust SME ecosystem, while Oman offers strategic geographic positioning, investment capital, and access to Gulf Cooperation Council (GCC) markets. This paper demonstrates how structured collaboration in manufacturing and textiles can create a multiplier effect benefiting both economies while positioning them as reliable suppliers to global markets.

## 1. INTRODUCTION: THE HISTORICAL AND ECONOMIC CONTEXT

The India - Oman relationship extends beyond conventional diplomatic ties, representing one of the oldest continuous trading partnerships in human history. In the modern era, this relationship has matured into a comprehensive partnership encompassing energy security, defense cooperation, and increasingly, industrial collaboration.

India has emerged as the world's fifth - largest economy with a GDP of USD 3.73 trillion in 2023, while Oman, with a GDP of USD 114 billion, has positioned itself as a stable, business - friendly economy in the Gulf region. Both nations are actively pursuing economic diversification strategies India through its "Make in India" and "Atmanirbhar Bharat"

initiatives, and Oman through its Vision 2040 program aimed at reducing hydrocarbon dependency and developing a knowledge based economy.

The manufacturing sector represents a critical convergence point for both nations. India's manufacturing sector contributes approximately 17 percent to its GDP and employs over 27.3 million people directly, with an additional 60 million employed in related activities. The SME sector accounts for 30 percent of India's GDP, 48 percent of exports, and employs over 110 million people across 63 million enterprises. The textile and apparel industry alone contributes 2.3 percent to India's GDP, 13 percent to industrial production, and 12 percent to total export earnings, valued at USD 44.4 billion in 2022-2023.

Oman has made significant strides in developing its manufacturing base as part of its economic diversification efforts. The manufacturing sector contributed 8.9 percent to Oman's GDP in 2022, with the government targeting an increase to 15 percent by 2040. Oman's SME sector comprises over 90 percent of all registered businesses and employs approximately 35 percent of the private sector workforce. The Sultanate has invested heavily in industrial infrastructure, establishing special economic zones (SEZs) such as the Duqm Special Economic Zone (DSEZ), which spans 1,777 square kilometers and offers unique advantages for manufacturing and logistics operations.

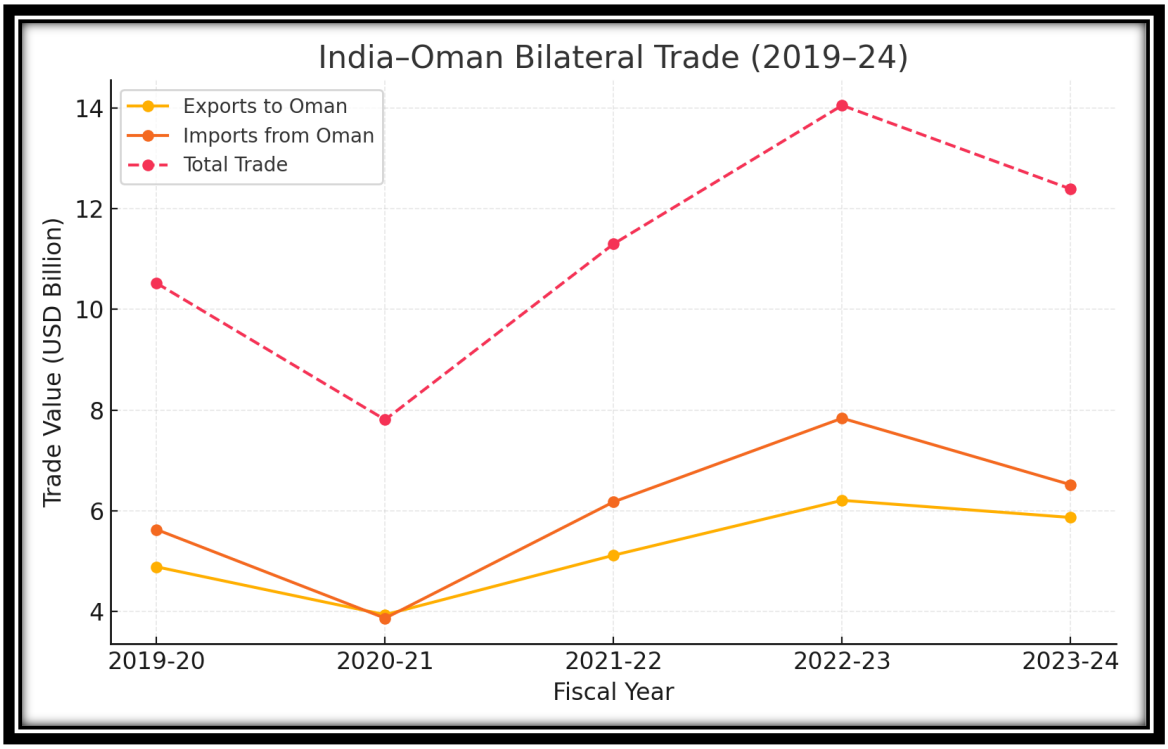
## 2. TRADE BACKGROUND: CURRENT STATE OF INDIA-OMAN ECONOMIC RELATIONS

### 2.1 Bilateral Trade Overview

The India - Oman bilateral trade relationship has demonstrated consistent growth over the past decade, with total trade increasing from USD 5.95 billion in 2013-2014 to USD 12.39 billion in 2023 - 2024. India's exports to Oman stood at USD 5.87 billion in 2023 - 2024, while imports from Oman reached USD 6.52 billion, resulting in a relatively balanced trade relationship compared to India's trade dynamics with other Gulf nations.

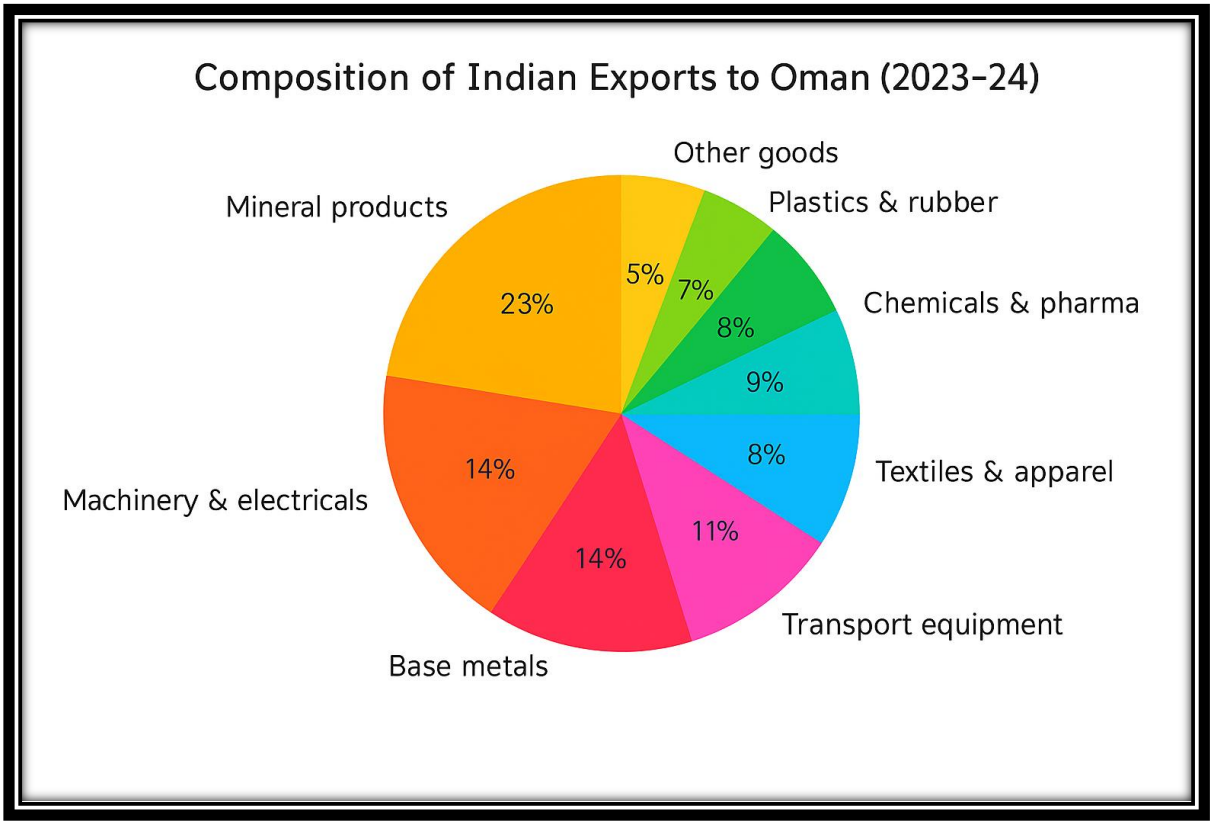
**Table 1: India-Oman Bilateral Trade (2019-2024)**

| Year | Indian Exports to Oman (USD Billion) | Indian Imports from Oman (USD Billion) | Total Trade (USD Billion) | Trade Balance (USD Billion) |
|---|---|---|---|---|
| 2019-20 | 4.89 | 5.63 | 10.52 | -0.74 |
| 2020-21 | 3.94 | 3.87 | 7.81 | +0.07 |
| 2021-22 | 5.12 | 6.18 | 11.30 | -1.06 |
| 2022-23 | 6.21 | 7.84 | 14.05 | -1.63 |
| 2023-24 | 5.87 | 6.52 | 12.39 | -0.65 |




India's exports to Oman are notably diversified across manufacturing sectors. The primary export categories include mineral fuels and oils, machinery and mechanical appliances, electrical machinery and equipment, articles of iron and steel, vehicles and automotive parts, textiles and apparel, cereals and food products, pharmaceuticals, and plastic products. This diversification reflects India's manufacturing capabilities and the complementarity between the two economies.

The major export categories by value include mineral products (23 percent), machinery and electrical equipment (18 percent), base metals and articles (14 percent), transportation equipment (11 percent), textiles and apparel (9 percent), food products (8 percent), chemicals and pharmaceuticals (7 percent), plastics and rubber (5 percent), and other manufactured goods (5 percent).




## 3. MANUFACTURING STRENGTHS: COMPARATIVE ADVANTAGES OF INDIA AND OMAN

### 3.1 India's Manufacturing Ecosystem

India has developed into a global manufacturing hub with distinctive competitive advantages. The country possesses a large domestic market of 1.4 billion people, providing immediate demand for manufactured goods. The demographic dividend, with a median age of 28.7 years, ensures a sustained supply of skilled and semi - skilled labor. India produces approximately 1.5 million engineers annually, creating a substantial technical workforce for advanced manufacturing.

India's manufacturing sector spans diverse industries with established global competitiveness. The automotive sector produces over 25 million vehicles annually, making India the world's fourth-largest automobile market and a major exporter of automotive components valued at USD 20.1 billion in 2022 - 2023. The pharmaceutical industry supplies 60 percent of global vaccine demand and 20 percent of generic medicines by volume, earning the designation "Pharmacy of the World." The textile and apparel industry employs over 45 million people directly and another 60 million indirectly, representing the second-largest employment provider after agriculture.

The electronics manufacturing sector has grown exponentially, with mobile phone production reaching 330 million units in 2022 - 2023, positioning India as the second largest mobile phone manufacturer globally. The machinery and equipment manufacturing sector produces a wide range of industrial machinery, agricultural equipment, and construction machinery serving both domestic and export markets. The chemicals sector, valued at approximately USD 220 billion, produces a diverse range of products including petrochemicals, agrochemicals, specialty chemicals, and dyes.

India's SME sector demonstrates remarkable dynamism and entrepreneurial energy. The 63 million registered MSMEs contribute products and services across 6,000 categories. The sector has shown resilience and adaptability, with over 15 percent of MSMEs engaged in manufacturing activities. Government initiatives such as the MSME Development Act, Credit Guarantee Scheme, Technology Upgradation Funds, and digital platforms like the Udyam Registration Portal have strengthened the ecosystem. The sector's export contribution of 48 percent demonstrates its global competitiveness despite resource constraints.

### 3.2 Oman's Strategic Manufacturing Position

Oman has strategically positioned itself as an attractive manufacturing destination within the GCC region through deliberate policy interventions and infrastructure investments. The country's political stability, business friendly regulations, and strategic geographic location at the mouth of the Strait of Hormuz provide unique advantages for manufacturing operations targeting regional and global markets.

Oman's investment in industrial infrastructure has created world-class manufacturing facilities. The Duqm Special Economic Zone represents one of the largest economic zones globally, offering dedicated port facilities, petrochemical complexes, refinery operations, and manufacturing clusters. The Sohar Industrial Port, strategically located on major shipping

routes, has attracted investments exceeding USD 25 billion and hosts industries including petrochemicals, aluminum smelting, steel production, and food processing. The Salalah Free Zone focuses on logistics, light manufacturing, and assembly operations, while the Knowledge Oasis Muscat (KOM) supports technology-intensive manufacturing and research activities.

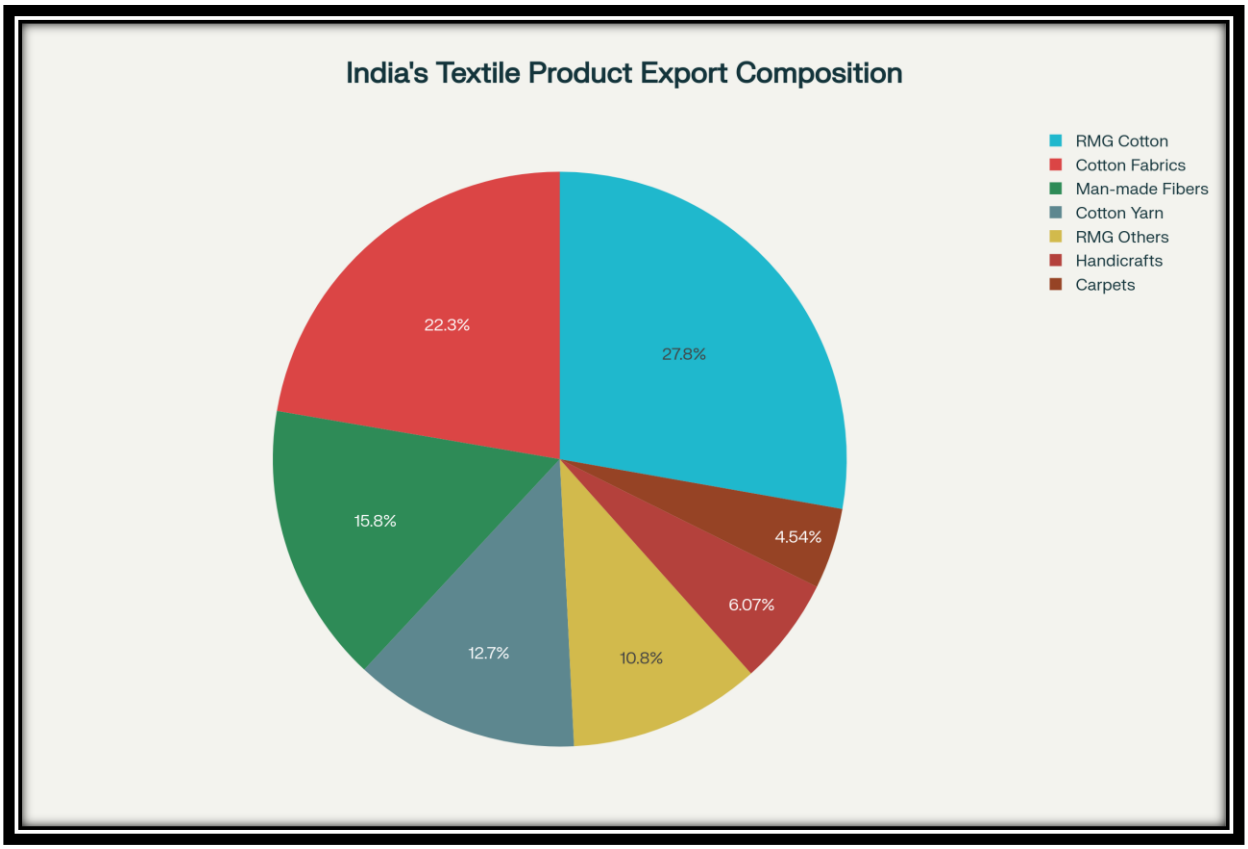
Oman has developed specific sectoral strengths in manufacturing. The petrochemicals and plastics sector has grown substantially, with major complexes producing methanol, polypropylene, aromatics, and other derivatives. The metals sector includes aluminum production capacity of approximately 400,000 tons annually and growing steel production facilities. The food processing sector has expanded to serve regional markets, capitalizing on Oman's logistics infrastructure and access to agricultural inputs from South Asia and Africa. The maritime industry and ship repair sector leverages Oman's strategic location and port infrastructure.

Oman's approach to economic diversification through manufacturing is guided by clear policy frameworks. Vision 2040 sets ambitious targets for non - oil sector contribution to GDP, aiming to reduce oil dependency from approximately 60 percent to below 30 percent. The in - Country Value (ICV) program mandates local content in government procurement and major projects, creating demand for local manufacturing. The Public Authority for SME Development (Riyada) provides comprehensive support including financing, training, market access, and incubation facilities. Regulatory reforms have simplified business registration, eliminated minimum capital requirements for many sectors, and streamlined licensing procedures.

## 4. TEXTILE INDUSTRY: A SECTOR OF STRATEGIC CONVERGENCE

### 4.1 India's Textile Excellence

India's textile industry represents one of the world's oldest and largest, combining traditional craftsmanship with modern manufacturing capabilities. The sector's scale is impressive: over 45 million direct employment and 60 million indirect employment, making it the second largest employment provider in India. The industry comprises approximately 1,600 large composite mills, 4,000 independent processing houses, 70,000 power loom units, and millions of handloom weavers and artisans.




India's textile production capacity spans the entire value chain. The country produces approximately 6,200 million kilograms of fiber annually, including cotton (5,400 million kg), synthetic and man-made fibers (1,600 million kg), wool (45 million kg), and silk (38,000 tons). Yarn production exceeds 5,000 million kilograms annually. Fabric production reaches approximately 60,000 million square meters, with power looms contributing 57 percent, handlooms 31 percent, and mills 12 percent. This integrated capability allows India to serve diverse market segments from luxury textiles to mass-market apparel.

India's textile exports demonstrate global competitiveness across categories. Cotton textiles and garments account for approximately 38 percent of textile exports, man - made textile exports represent 35 percent, wool and silk textiles contribute 2 percent, and made up textile articles including home textiles account for 25 percent. Major export destinations include the United States (27 percent), European Union (18 percent), UAE (9 percent), Bangladesh (7 percent), and other Asian and African markets. The export basket has evolved from predominantly raw materials and basic textiles to include higher value added products such as technical textiles, branded apparel, and fashion products.

India's textile sector benefits from several competitive advantages. Raw material availability is substantial, with India being the world's largest cotton producer and a major producer of silk, jute, and wool. Cost competitiveness in labor intensive operations remains strong despite wage increases. Diverse production capabilities allow manufacturers to switch between products based on market demand. Traditional skills in weaving, embroidery, printing, and dyeing create differentiation in global markets. Government support through schemes such as the Production Linked Incentive (PLI) scheme for textiles (with an outlay of USD 1.4 billion), the Amended Technology Upgradation Fund Scheme (ATUFS), and the Mega Investment Textiles Parks (MITRA) scheme provides infrastructure and financial support.

**4.2 Oman's Textile Sector Development**

While Oman's textile sector is smaller in scale compared to India, the country has been developing capabilities in specific segments with strategic focus. The government has identified textiles as a priority sector within its diversification strategy, particularly focusing on segments where Oman can develop competitive advantages.

Oman's current textile activities concentrate in several areas. Garment manufacturing units, primarily small and medium scale operations, serve local and regional markets with products including work wear, uniforms, traditional clothing, and basic apparel. Technical textiles production is emerging, particularly for applications in oil and gas, construction, and industrial sectors where Oman has existing demand. Home textiles including curtains, upholstery, and decorative fabrics serve the growing hospitality and real estate sectors. Industrial textiles for filtration, geotextiles, and protective applications align with Oman's industrial base.

Oman's advantages for textile sector development include strategic location for accessing GCC markets worth over USD 15 billion annually, African markets across the Arabian Sea, and South Asian markets. The country offers competitive energy costs for processing operations, stable business environment with supportive regulations, duty free access to GCC markets through customs union, and modern logistics infrastructure connecting to global shipping routes. The ICV program creates mandatory demand for locally produced textiles in government and major private sector procurement.

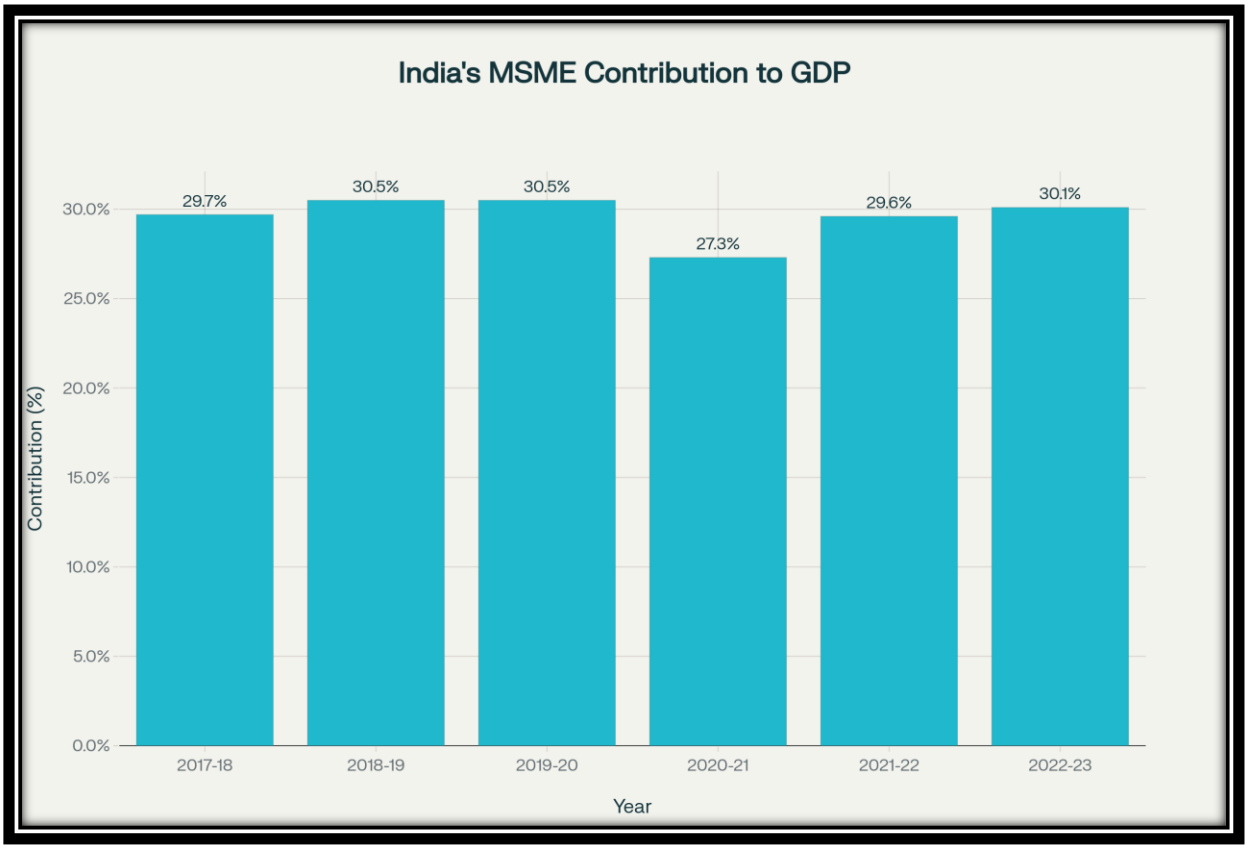
However, Oman faces challenges in textile sector development. The absence of raw material production requires importing cotton, synthetic fibers, and intermediate products. Limited technical expertise and skilled workforce in textile manufacturing necessitates training and technology transfer. The small domestic market of 4.6 million population limits scale for

consumer textiles. Capital requirements for establishing competitive manufacturing facilities are substantial. These challenges create specific opportunities for India - Oman collaboration, where India's strengths in raw materials, technology, and skills can complement Oman's infrastructure, capital, and market access.

## 5. SME SECTOR: ENGINE OF BILATERAL ECONOMIC GROWTH

### 5.1 India's Dynamic MSME Ecosystem

India's MSME sector represents one of the world's largest and most diverse entrepreneurial ecosystems. The sector's definition encompasses micro enterprises (investment up to USD 120,000 and turnover up to USD 600,000), small enterprises (investment up to USD 1.2 million and turnover up to USD 6 million), and medium enterprises (investment up to USD 2.4 million and turnover up to USD 30 million). This classification was revised in 2020 to be composite, considering both investment and turnover.



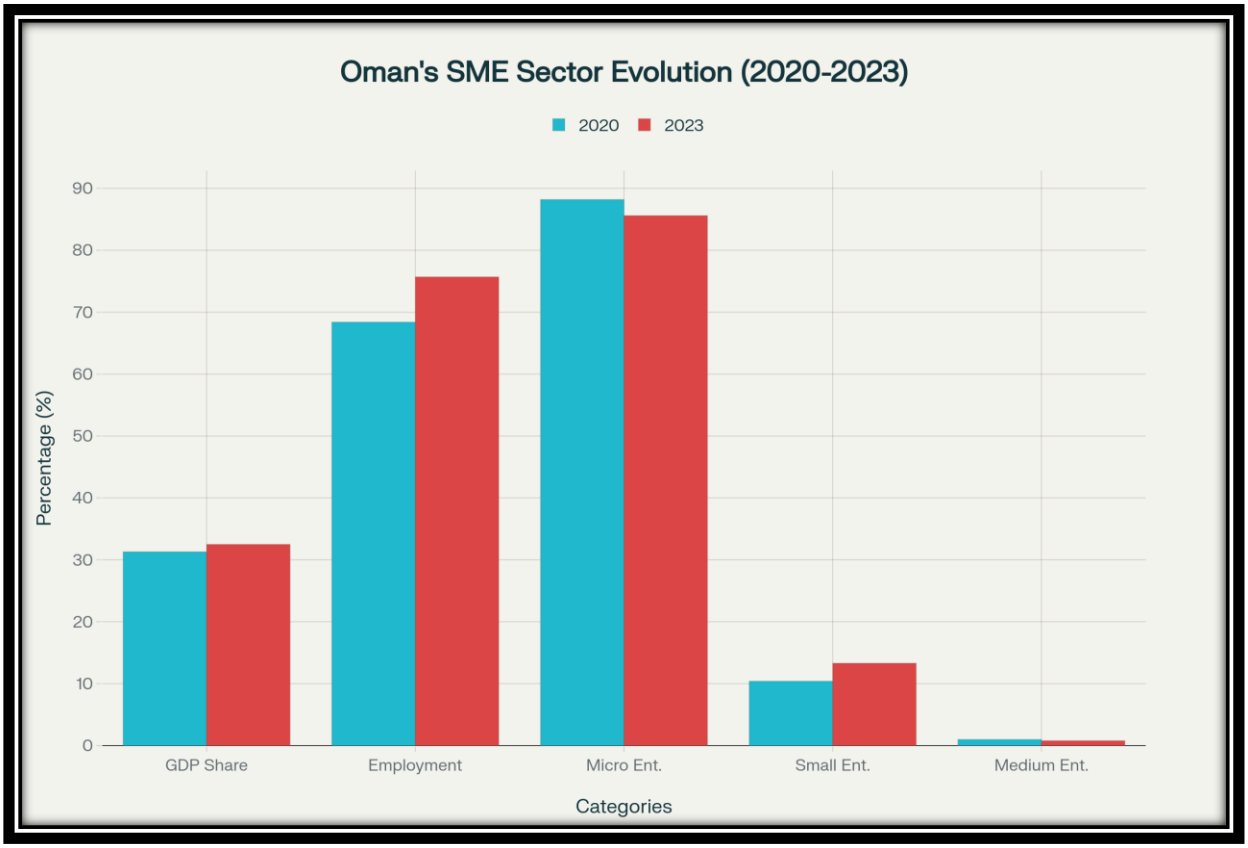
The MSME sector's contribution to the Indian economy is multifaceted. The 63 million registered enterprises span manufacturing (over 9.5 million units), services (over 50 million units), and trade sectors. Employment generation exceeds 110 million people, representing approximately 45 percent of total manufacturing employment and 40 percent of total exports. The sector contributes 30 percent to GDP and has shown consistent growth averaging 10 - 12 percent annually over the past decade.

Manufacturing MSMEs demonstrate particular strength in specific sectors. Food processing MSMEs number over 2.5 million and account for 35 percent of the food processing industry. Textile and garment MSMEs exceed 2.3 million units producing approximately 60 percent of textile output. Engineering and metal products MSMEs, numbering over 1 million, supply components to larger industries. Chemical and pharmaceutical MSMEs contribute to India's position as a leading generic drug producer. Electronics MSMEs, growing rapidly, number over 400,000 and support the electronics manufacturing ecosystem.

India's MSME support infrastructure has evolved significantly. Financial support includes priority sector lending mandates requiring banks to allocate 40 percent of net bank credit to priority sectors including MSMEs, the Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) providing collateral free credit up to USD 240,000, and dedicated MSME exchanges for easier equity funding access. Technology support encompasses the Technology Centres System Board operating 18 autonomous tool rooms and technology development centers, the Quality Council of India providing certification support, and the National Small Industries Corporation (NSIC) offering technology and marketing support. Infrastructure support includes the establishment of over 3,000 industrial estates and clusters providing common facilities, the MSME Technology Development Centre network offering technical consultancy, and common facility centers providing shared equipment and testing facilities.

### 5.2 Oman's Emerging SME Landscape

Oman has recognized SME development as critical to economic diversification and job creation, particularly for providing employment to Omani nationals. The SME sector comprises over 109,000 registered establishments as of 2023, representing 93 percent of all registered businesses in the country. However, the sector's contribution to GDP at approximately 16 percent suggests significant room for growth compared to international benchmarks of 50 - 60 percent in developed economies.




The Omani government has established comprehensive SME support frameworks. The Public Authority for SME Development (Riyada), established in 2013, serves as the central body coordinating SME policy and support. Riyada provides services including business incubation with 14 incubators across Oman offering subsidized facilities and mentorship, financial facilitation through partnerships with banks offering preferential interest rates and simplified procedures, skills training through programs covering business planning, financial management, marketing, and technical skills, and market access support connecting SMEs with large enterprises and government procurement opportunities.

Financial institutions have developed SME specific products. The Oman Development Bank, merged with other development finance institutions in 2020, provides financing for SME projects with flexible terms, grace periods, and lower collateral requirements. Commercial banks have established dedicated SME units offering working capital financing, term loans, trade finance, and advisory services. The Al Raffd Fund provides soft loans and guarantees for viable SME projects. Islamic banking institutions offer Sharia compliant financing products tailored for SMEs.

Oman's SME sector shows specific strengths in certain industries. Trading and retail enterprises constitute the largest share, services including professional services, hospitality, and maintenance form a growing segment, manufacturing SMEs are emerging in food processing, packaging, plastics, and building materials, and technology startups are increasing in software development, digital services, and innovative solutions. The government's Omanization policy, requiring private sector enterprises to employ Omani nationals at specified percentages, has increased focus on developing locally owned and managed SMEs that can absorb national workforce entrants.

## 6. STRATEGIC RECOMMENDATIONS FOR ENHANCED PARTNERSHIP

The following ten recommendations represent unique, actionable strategies for deepening India - Oman manufacturing and SME collaboration. Each recommendation is designed to create mutual benefits, leverage complementary strengths, and address existing gaps in the bilateral relationship.

### Recommendation 1: Establish Joint Manufacturing Clusters in Strategic Sectors

Both countries should collaborate to establish dedicated manufacturing clusters in three strategic sectors: technical textiles, food processing and packaging, and precision engineering components. The cluster model should designate specific zones in both countries - one cluster in Duqm Special Economic Zone in Oman and two clusters in Indian states with complementary capabilities such as Gujarat or Tamil Nadu. Infrastructure development should include plug and play factory spaces ranging from 5,000 to 50,000 square feet, common facility centers with shared testing equipment, quality control laboratories, and research and development facilities, logistics hubs with warehousing and customs clearance facilities, and residential facilities for workforce and visiting business partners.

The operational structure should involve joint development corporations with 50 - 50 equity participation from Indian and Omani government entities, private sector participation through land allocation, built to suit factory development, and service provision, and preferential incentives for companies establishing operations including tax holidays, subsidized utilities, and expedited approvals. Sectoral focus should prioritize technical textiles for industrial and protective applications serving oil and gas, construction, healthcare, and agricultural sectors, food processing and packaging for value added products serving GCC markets leveraging

Indian processing expertise and Omani logistics access, and precision engineering components producing parts for automotive, machinery, and industrial equipment manufacturing.

**Benefits for India**: This recommendation would create export manufacturing platforms in a strategic location with preferential access to GCC markets worth over USD 1.8 trillion, provide investment opportunities for Indian manufacturing companies seeking regional expansion, generate employment for Indian technical professionals and skilled workers in management and supervisory roles, and establish demonstration projects showcasing Indian manufacturing capabilities to Middle Eastern markets.

**Benefits for Oman**: The clusters would accelerate manufacturing sector development and economic diversification away from hydrocarbons, create substantial employment for Omani nationals in manufacturing operations estimated at 5,000 to 8,000 direct jobs, achieve technology transfer and skills development through operational engagement with Indian partners, increase non oil exports and foreign exchange earnings from cluster production, and attract additional foreign investment by demonstrating successful cluster operations.

## RECOMMENDATION 2: CREATE AN INDIA - OMAN MANUFACTURING TECHNOLOGY CENTER

Establish a "state of the art Manufacturing Technology Center" as a joint initiative focusing on advanced manufacturing technologies, product development, quality certification, and skills training. The center should be located in Oman, preferably in Duqm or Sohar, with an initial investment of approximately USD 50 million contributed equally by both governments. The facility should span 20,000 square meters including research laboratories, pilot production facilities, testing and certification labs, training workshops, and conference facilities.

The technology focus should encompass advanced textile technologies including digital printing, smart fabrics, functional textiles, and sustainable processing methods, food technology including preservation techniques, packaging innovations, quality testing, and product development, manufacturing automation including robotics, Industry 4.0 solutions, and smart manufacturing systems, and materials technology including composites, specialized alloys, and sustainable materials. Service offerings should include product development and testing services for companies developing new products, quality certification to international standards facilitating exports, technology demonstrations allowing companies to evaluate technologies before investment, contract research for companies requiring specialized research

capabilities, and training programs ranging from short skill development courses to advanced diplomas.

Partnership structure should involve Indian Institutes of Technology providing academic expertise and faculty support, Indian manufacturing companies providing industry perspective and practical knowledge, Omani universities contributing local research capabilities and student engagement, and international technology providers offering latest equipment and methodologies through partnerships. The center should be self sustaining after initial five years through service fees, consultancy income, and industry partnerships.

**Benefits for India**: This center would establish an Indian technology presence in the Gulf region enhancing India's image as a technology provider, create opportunities for Indian research institutions and manufacturing technology companies to expand their international footprint, provide a platform for Indian manufacturing technologies to reach Middle Eastern markets, and facilitate partnerships between Indian and Omani companies through neutral ground for collaboration.

**Benefits for Oman**: Oman would gain access to advanced manufacturing technologies and expertise accelerating industrial development, reduce dependence on Western technology providers by having regional alternatives, create a center of excellence that attracts manufacturing investments to Oman, develop a skilled workforce through continuous training and exposure to latest technologies, and position Oman as a manufacturing technology hub for the broader Middle East region.

## RECOMMENDATION 3: LAUNCH A BILATERAL SME PARTNERSHIP PROGRAM

Design and implement a comprehensive SME Partnership Program specifically facilitating collaboration between Indian and Omani small and medium enterprises. The program should have a ten year horizon with an initial phase of three years focusing on 500 partnerships. Program structure should include a dedicated bilateral SME fund providing patient capital for joint ventures, partnerships providing working capital financing for trading relationships, and equity participation for promising partnerships.

Matching platform development should create a digital platform matching Indian and Omani SMEs based on complementary capabilities, with features including company profiles with verified credentials and capabilities, AI driven matching algorithms identifying compatible

partners, virtual meeting facilities for initial discussions, and transaction support for contracts and documentation. Facilitation services should encompass business matchmaking missions with organized annual missions in both countries bringing together 100 - 150 SMEs from each country, sector specific programs focusing on textiles, food products, engineering goods, and packaging, partnership facilitation providing legal, financial, and business advisory support to finalize partnerships, and market intelligence offering research on market opportunities, regulatory requirements, and success factors.

Risk mitigation measures should include partnership insurance covering initial losses from failed partnerships up to USD 100,000, dispute resolution mechanisms with fast track arbitration for partnership disputes, and exit options with structured mechanisms allowing partners to exit with minimal losses. Incentive structures should provide partnership grants of up to USD 50,000 for partnerships meeting specific criteria such as job creation or technology transfer, export incentives offering additional support for partnerships resulting in exports to third countries, and recognition programs highlighting successful partnerships and providing visibility.

**Benefits for India**: The program would create structured pathways for Indian SMEs to access Gulf markets through Omani partnerships, reduce market entry risks for Indian companies through shared investments and local knowledge, increase exports of Indian manufactured goods and services through expanded distribution networks, and strengthen the Indian SME ecosystem by exposing companies to international partnerships and standards.

**Benefits for Oman**: Oman would gain access to diverse Indian manufacturing capabilities and products supporting SME sector diversification, accelerate SME sector development through partnerships with experienced Indian enterprises, increase local value added activities as partnerships involve local assembly or processing, and create employment opportunities particularly in SME sector which is more labor intensive than large enterprises.

## RECOMMENDATION 4: DEVELOP AN INTEGRATED TEXTILE VALUE CHAIN INITIATIVE

Create an integrated textile value chain spanning both countries, leveraging India's upstream capabilities (fiber, yarn, fabric) and downstream expertise (garments, home textiles) with Oman's infrastructure, capital, and market access. The initiative should focus on establishing spinning and weaving facilities in Oman using Indian technology and expertise, processing and

finishing facilities in both countries with specialization based on comparative advantages, and garment and made up production units serving GCC and global markets.

Infrastructure development should include a dedicated textile park in Oman spanning 500 acres with dedicated fiber and yarn production units (20 percent area), fabric weaving and knitting facilities (25 percent area), processing and finishing units (30 percent area), garment and home textile production (20 percent area), and common facilities including design center, quality testing lab, effluent treatment, and worker amenities (5 percent area). The park should target investments of approximately USD 800 million over five years with participation from both Indian and Omani investors.

Investment structure should include anchor investors comprising large Indian textile companies establishing significant operations, SME participation with dedicated zones for small and medium textile enterprises, joint ventures between Indian manufacturers and Omani investors, and financial incentives including long-term land leases at concessional rates, capital subsidies covering 15 - 20 percent of project costs, tax holidays for initial ten years of operation, and subsidized utilities particularly for power and water.

Market strategy should focus on GCC markets where demand exceeds USD 15 billion annually in textile and apparel, leveraging Oman's duty-free access, European Union markets utilizing free trade agreements and preferential arrangements, African markets accessible through Omani ports and trade relationships, and specialty textiles including technical textiles and high - value products where competition is less intense. Sustainability should be a core element with water recycling systems in processing units, renewable energy utilization for power requirements, sustainable materials including organic cotton and recycled fibers, and certifications to global sustainability standards enhancing market access.

**Benefits for India**: This initiative would create a competitive manufacturing platform with advantages in energy costs, strategic location, and market access that complement Indian strengths, enable Indian textile companies to overcome trade barriers by manufacturing in Oman, create demand for Indian textile machinery, chemicals, and other inputs supplying the Omani facilities, and establish Indian textile brands in Gulf markets through local production and proximity.

**Benefits for Oman**: Oman would achieve significant industrial diversification through establishing a complete textile value chain, create substantial employment estimated at 15,000

to 20,000 direct jobs in various textile operations, attract significant foreign investment exceeding USD 500 million over the development period, develop export

manufacturing capabilities in a globally competitive industry, and establish Oman as a textile manufacturing hub for the GCC region creating spillover benefits in logistics, trading, and services.

**Recommendation 5: Establish a Joint Export Manufacturing Zone for Third-Country Markets**

Create a specialized manufacturing zone designed explicitly for producing goods targeting third country markets, particularly Africa, Central Asia, and Southeast Asia. This zone should be located in Duqm, leveraging its strategic position and port infrastructure. The zone should have dedicated sectors for electronics assembly, automotive components, pharmaceutical products, consumer goods, and engineering products.

Operational framework should include unique incentive structures with zero corporate taxation for 15 years on export revenues, 100 percent foreign ownership permitted for export oriented manufacturing, expedited visa and work permit processes for technical personnel, and exemption from local content requirements for export production. Infrastructure excellence should provide dedicated berths at Duqm Port for zone manufacturers, bonded warehousing facilities allowing duty free import of inputs, integrated customs clearance within the zone, and reliable power, water, and telecommunications infrastructure.

Target markets and products should focus on Africa where India - Oman can jointly serve a market of 1.3 billion people with growing purchasing power, producing consumer electronics, household appliances, pharmaceuticals, processed foods, textiles and apparel, and building materials. For Central Asian markets, focus should be on machinery and equipment, automotive parts, textile products, and processed foods. Southeast Asian markets should be approached with specialized components, pharmaceutical products, and value added textiles.

Partnership model should involve Indian manufacturing companies providing technology, production expertise, and quality management systems, Omani investors contributing capital, land, and logistics support, both countries' export promotion agencies marketing products and facilitating buyer connections, and multilateral development banks providing infrastructure financing and risk mitigation. Performance targets should aim for USD 2 billion in annual

exports within five years, 10,000 direct employment opportunities, participation of at least 100 manufacturing companies, and exports to at least 30 countries across target regions.

**Benefits for India**: This recommendation would create offshore manufacturing platforms circumventing trade barriers and logistical challenges Indian exporters face in reaching certain markets, enable Indian companies to diversify export destinations reducing dependence on traditional markets, provide opportunities for mid-sized Indian manufacturers to internationalize their operations with manageable risk, and establish India as a reliable partner for third-country manufacturing and trade.

**Benefits for Oman**: Oman would position itself as a strategic manufacturing and logistics hub connecting Asian production with African and other emerging markets, generate substantial economic activity from exports, employment, and ancillary services, attract diverse foreign investment beyond traditional sectors, leverage port and logistics infrastructure through manufacturing activity, and strengthen trade relationships with multiple regions through export flows.

## RECOMMENDATION 6: IMPLEMENT A WORKFORCE EXCHANGE AND SKILLS CERTIFICATION PROGRAM

Develop a comprehensive workforce mobility and skills certification program enabling mutual recognition of qualifications and facilitating talent flow between both countries' manufacturing sectors. The program should establish standardized competency frameworks for 50 critical manufacturing occupations including textile machine operators, CNC machinists, quality control inspectors, production supervisors, maintenance technicians, industrial electricians, welders and fabricators, packaging specialists, food processing operators, and automation technicians.

Certification mechanism should include joint certification bodies recognized by both governments, standardized testing procedures assessing theoretical knowledge and practical skills, multiple certification levels from basic operator to advanced specialist, regular recertification requirements ensuring skill currency, and digital credentials using blockchain technology for verification and portability. Training infrastructure should establish 20 training centers (12 in India and 8 in Oman) offering certification preparation courses, centers of excellence for specialized manufacturing skills, mobile training units reaching remote locations, and online learning platforms for theoretical components.

Mobility framework should include special visa categories for certified professionals with streamlined processing, temporary assignments allowing professionals to work in partner country for 1 - 3 years, permanent migration pathways for highly skilled professionals, family accommodation for longer term assignments, and social security portability ensuring pension and benefit continuity. Wage and employment standards should establish minimum wages benchmarked to industry standards, standard employment contracts protecting worker rights, grievance mechanisms for resolving disputes, and insurance coverage including health, accident, and repatriation.

Implementation partnerships should involve manufacturing industry associations defining competency requirements, technical training institutions delivering training programs, certification bodies conducting assessments and issuing credentials, government labor departments handling visa, work permits, and compliance, and employers participating in program design and hiring certified professionals. Program scale should aim for certifying 50,000 professionals over five years, placing 10,000 professionals in cross-border employment, establishing mutual recognition across all GCC countries for broader mobility, and creating career advancement pathways encouraging skill development.

**Benefits for India**: This program would create overseas employment opportunities for Indian skilled workers in higher-wage markets, establish recognition for Indian vocational training credentials internationally, reduce unemployment and underemployment in manufacturing sectors, and generate remittance flows from professionals working abroad.

**Benefits for Oman**: Oman would address skilled labor shortages in manufacturing sectors with certified professionals, reduce dependence on workers from other countries by diversifying labor sources, improve manufacturing productivity through availability of skilled workforce, achieve effective Omanization by creating pathways for Omani professionals to gain expertise in India before returning, and establish industry-recognized skill standards improving overall workforce quality.

## RECOMMENDATION 7: DEVELOP JOINT BRANDS FOR GLOBAL MARKETS

Create joint manufacturing ventures specifically focused on developing India - Oman branded products for global markets, combining Indian manufacturing expertise with Omani investment and branding. The initiative should identify 10 - 15 product categories with global market potential including premium textiles and home furnishings, specialty food products, personal care and cosmetics, premium leather goods, artisanal and craft products, and wellness and

ayurvedic products. Brand development should involve professional brand strategy and positioning, high-quality product design and packaging, storytelling emphasizing India-Oman heritage and collaboration, sustainability and ethical production as core brand values, and certification to international quality and safety standards.

Business structure should include joint venture companies with equity participation from both countries' investors, Indian manufacturing partners providing production capabilities and quality management, Omani partners providing capital, market intelligence, and distribution networks, professional management teams with brand management and international marketing expertise, and board representation from both countries ensuring balanced governance. Market entry strategy should focus on GCC markets as initial launch markets leveraging Omani connections and knowledge, European markets for premium products through specialty retailers and e-commerce, North American markets particularly for ethnic and specialty products, and emerging markets in Africa and Southeast Asia for affordable luxury segments.

**Benefits for India**: This recommendation would create opportunities for Indian manufacturers to move up the value chain from contract manufacturing to branded goods, establish Indian products in premium market segments globally, generate higher margins compared to conventional export manufacturing, and enhance India's reputation for quality and innovation in manufacturing.

**Benefits for Oman**: Oman would diversify into high - value brand ownership and intellectual property creation, establish Omani brands in global consumer markets enhancing country image, generate sustainable revenue streams from brand ownership and licensing, create quality employment in brand management, marketing, and distribution, and position Oman as a bridge between Asian manufacturing and global markets.

## RECOMMENDATION 8: ESTABLISH A GREEN MANUFACTURING CORRIDOR

Develop a dedicated green manufacturing corridor focused exclusively on sustainable manufacturing practices, renewable energy utilization, and circular economy principles. The corridor should span locations in both countries with anchor hubs in Duqm (Oman) and Gujarat/Rajasthan (India), connected through coordinated policies, shared standards, and collaborative projects. The sustainability framework should mandate 100 percent renewable energy for all manufacturing operations through solar, wind, and emerging technologies, implement zero liquid discharge in water intensive industries through advanced treatment and

recycling, achieve circular material flows through industrial symbiosis where waste from one process becomes input for another, and obtain green building certifications for all manufacturing facilities.

Priority sectors should include sustainable textiles using organic and recycled fibers, waterless dyeing technologies, and biodegradable materials, green packaging producing biodegradable packaging, recycled paper products, and sustainable alternatives to plastics, renewable chemicals manufacturing bio - based chemicals and materials reducing petrochemical dependence, recycling and waste valorization converting industrial and municipal waste into valuable products, and clean energy equipment manufacturing solar panels, wind turbine components, and energy storage systems.

Infrastructure development should provide renewable energy generation with dedicated solar parks and wind farms serving corridor industries, water infrastructure including desalination, wastewater treatment, and recycling systems, waste management with collection, sorting, and processing facilities for various waste streams, research facilities studying sustainable manufacturing processes and environmental technologies, and certification infrastructure enabling compliance with global environmental standards. Investment incentives should include enhanced capital subsidies of 25 - 30 percent for green manufacturing projects, premium pricing provisions allowing green products to command market premiums, export incentives providing additional benefits for green products, carbon credit opportunities enabling projects to monetize emissions reductions, and preferential financing with lower interest rates from development banks for green projects.

Market advantages should create access to environmentally conscious markets particularly in Europe and North America, premium pricing potential as consumers increasingly prefer sustainable products, regulatory compliance advantages as environmental regulations tighten globally, corporate sourcing preferences with multinational corporations prioritizing sustainable suppliers, and brand differentiation establishing India - Oman as leaders in sustainable manufacturing.

**Benefits for India**: This corridor would establish India as a global leader in sustainable manufacturing practices, create competitive advantages in markets with stringent environmental requirements, attract environmentally conscious foreign investment, reduce environmental impact of manufacturing while maintaining economic growth, and position Indian manufacturers favorably as global regulations tighten.

**Benefits for Oman**: Oman would achieve economic diversification aligned with environmental sustainability objectives, attract next - generation manufacturing investments focused on sustainability, establish differentiation from other regional manufacturing locations, utilize abundant renewable energy resources creating competitive advantages, and meet Vision 2040 objectives on environmental protection and sustainable development.

**Recommendation 10: Create a Digital Manufacturing Ecosystem Platform**

Develop a comprehensive digital platform connecting the entire India - Oman manufacturing ecosystem including manufacturers, suppliers, logistics providers, financiers, technology providers, and government services. The platform should serve as a virtual marketplace, information hub, service aggregator, and collaboration facilitator. Platform architecture should include manufacturer profiles providing verified information about capabilities, certifications, capacity, and track record, product catalog with detailed specifications, pricing, and availability information, supplier network connecting manufacturers with input suppliers across both countries, and service marketplace offering logistics, financing, testing, certification, and consulting services.

Digital services should encompass supply chain management enabling demand forecasting, inventory optimization, and logistics coordination, quality management with traceability, testing records, and certification documentation, financial services including invoice financing, trade credit, and payment processing, regulatory compliance providing information on standards, regulations, and facilitating approvals, and market intelligence offering data on trends, opportunities, and competitive dynamics. Technology foundation should utilize cloud-based infrastructure ensuring scalability and reliability, blockchain technology for supply chain traceability and smart contracts, artificial intelligence for matchmaking, demand forecasting, and process optimization, API integrations connecting with logistics providers, banks, and government systems, and mobile - first design enabling access for smaller manufacturers and suppliers.

Governance and operation should involve a joint India - Oman technology entity managing platform development and operations, subscription based revenue model covering platform costs and ensuring sustainability, data protection measures ensuring privacy and commercial confidentiality, dispute resolution mechanisms for transaction related issues, and continuous improvement through user feedback and technology upgrades. Adoption strategy should include government mandate requiring entities in designated manufacturing zones to register,

financial incentives providing transaction fee waivers for first 1,000 users, integration with government services making platform necessary for regulatory compliance, industry partnerships with associations promoting adoption among members, and success stories showcasing businesses benefiting from platform usage.

Expected outcomes should include 5,000 manufacturers registered within two years, 50,000 supplier connections facilitated annually, USD 1 billion in transaction value intermediated by platform within three years, 30 percent reduction in transaction costs through digital processes and transparency, and 50 percent reduction in time for finding qualified suppliers or buyers.

**Benefits for India**: This platform would increase visibility of Indian manufacturers to Omani buyers and vice versa, reduce transaction costs and time for cross border trade, provide data and insights about market opportunities and trends, enable smaller Indian manufacturers to access international markets with lower barriers, and establish India as a leader in digital manufacturing ecosystem development.

**Benefits for Oman**: Oman would enhance efficiency of domestic manufacturing sector through digital tools, attract manufacturers by offering advanced digital infrastructure and services, reduce costs and time for procurement and compliance, generate valuable economic data informing policy decisions, and position Oman as a digitally advanced manufacturing economy.

## 7. ROLE OF MANAGEMENT CONSULTANCY IN IMPLEMENTATION

Management consultancies can play a crucial facilitation and implementation role in translating these recommendations into operational reality. Their contributions span several critical dimensions:

**Strategic Planning and Feasibility**: Consultancies can conduct detailed feasibility studies for each recommendation, analyzing technical, financial, commercial, and regulatory aspects. They can develop comprehensive business plans, financial models, and implementation roadmaps. Market research and competitive analysis inform realistic projections and strategy. Risk assessment identifies potential obstacles and mitigation strategies.

**Partnership Facilitation**: Consultancies act as neutral intermediaries between Indian and Omani stakeholders, facilitating negotiations and partnership structuring. They identify and

evaluate potential partners based on capabilities, track records, and cultural fit. Legal and commercial structuring ensures equitable and sustainable partnerships. Due diligence provides confidence to all parties in partnership arrangements.

**Operational Implementation**: Project management expertise ensures recommendations progress from concept to operation within timelines and budgets. Process design and optimization create efficient operations from inception. Technology selection and integration ensure appropriate solutions are implemented. Performance management systems track progress and identify corrective actions.

**Capability Building**: Training needs assessment identifies skill gaps and development requirements. Customized training programs build necessary capabilities in target organizations. Change management ensures smooth transitions and stakeholder acceptance. Knowledge transfer mechanisms ensure capabilities remain after consultant engagement ends.

**Government Relations and Policy**: Policy analysis informs recommendations with regulatory and incentive frameworks. Consultancies facilitate government approvals and licenses navigating bureaucratic processes. They support policy advocacy for frameworks enabling recommendations. Stakeholder management ensures alignment between government agencies, industry, and other parties.

**Monitoring and Evaluation**: Performance measurement frameworks track key success indicators. Regular evaluations assess progress and identify course corrections. Impact studies document outcomes and benefits generated. Best practice documentation captures learnings for replication and scaling.

## 8. BENEFITS ANALYSIS: INDIVIDUAL COUNTRY PERSPECTIVES

### 8.1 Comprehensive Benefits for India

The proposed recommendations collectively offer substantial strategic and economic benefits for India across multiple dimensions:

**Market Access and Diversification**: India gains a strategic manufacturing platform in Oman providing preferential access to USD 1.8 trillion GCC market without tariff barriers. Oman serves as a gateway to African markets through established trade routes and relationships. Manufacturing in Oman helps Indian companies overcome non tariff barriers and preferences

for Gulf manufactured goods. The partnership diversifies India's export destinations, reducing dependence on traditional markets facing protectionism.

**Manufacturing Sector Growth**: Joint ventures and manufacturing clusters create additional production capacity beyond domestic constraints. Technology centers and innovation funds accelerate manufacturing technology development and adoption. Brand development initiatives move Indian manufacturers up the value chain from contract manufacturing to brand ownership. Green manufacturing corridor establishes India as a leader in sustainable manufacturing attracting premium markets and investments.

**Employment and Skills Development**: Direct employment generation estimated at 15,000 to 25,000 positions in Oman for Indian professionals and workers. Skill development through technology centers, training programs, and workforce exchanges upgrades manufacturing capabilities. Remittance inflows from professionals working in Oman contribute to foreign exchange earnings. Returning professionals bring enhanced skills and international experience benefiting Indian manufacturing.

**Investment and Financial Returns**: Omani capital flows into Indian manufacturing ventures, particularly SMEs often underserved by conventional financing. Investment fund returns provide financial gains for government and private Indian investors. Reduced investment risk through shared investments with Omani partners in new ventures. Joint infrastructure development shares costs and risks of establishing manufacturing facilities.

**Technology and Innovation**: Collaborative research and development accelerates innovation with shared costs and risks. Access to Omani and international research institutions and talent enhances innovation capacity. Intellectual property generation creates valuable assets with global licensing potential. Industry 4.0 and automation adoption driven by collaboration with technologically advanced Omani entities.

**Strategic and Geopolitical Advantages**: Strengthened bilateral relationship with strategically important Gulf nation enhances India's regional influence. Energy security benefits from closer partnership with oil and gas supplier. Demonstration effect of successful collaboration attracts other Gulf nations to similar partnerships. Enhanced reputation as reliable manufacturing and technology partner globally.

### 8.2 Comprehensive Benefits for Oman

The recommendations align closely with Oman's Vision 2040 objectives while offering substantial economic and strategic advantages:

**Economic Diversification and Growth**: Manufacturing sector contribution to GDP increases from 8.9 percent to targeted 15 percent accelerated by Indian partnerships. Non - oil GDP growth through manufacturing, services, and technology sectors. New economic sectors established including textiles, technology manufacturing, and green industries. Revenue streams diversify through exports, brand ownership, and intellectual property.

**Employment Creation and Nationalization**: Direct employment generation estimated at 25,000 to 35,000 positions in new manufacturing facilities and supporting services. Quality employment opportunities in manufacturing, technology, and management for Omani nationals. Skills development through technology transfer, training programs, and operational exposure. Career pathways established in manufacturing sector encouraging Omani youth participation.

**Technology Transfer and Innovation**: Access to Indian manufacturing technologies, processes, and expertise accelerates industrial development. Establishment of technology centers and innovation ecosystems positions Oman regionally. Intellectual property generation through joint research and development creates knowledge assets. Skills and capabilities developed in Omani institutions and workforce through sustained collaboration.

**Infrastructure Utilization**: Manufacturing activities maximize utilization of investments in Duqm, Sohar, and other economic zones. Port infrastructure usage increases through manufacturing exports and imports. Industrial land values appreciate as successful manufacturing zones develop. Ancillary services including logistics, finance, and professional services grow around manufacturing clusters.

**Foreign Investment Attraction**: Successful India - Oman ventures demonstrate Oman's manufacturing potential attracting additional investors. Diversified investor base reduces dependence on traditional investment sources. Risk sharing arrangements make Oman attractive for experimental and innovative projects. Reputation as manufacturing hub attracts global manufacturing companies.

**Market Access and Trade**: Manufacturing exports to diverse markets including Asia, Africa, and beyond establish Oman as export hub. Value addition before export increases revenues and

employment compared to simple re - export. Trade relationships strengthen with destination markets for manufactured goods. Integration into global supply chains through manufacturing capabilities.

**Strategic and Geopolitical Benefits**: Strengthened relationship with major Asian economy diversifies Oman's strategic partnerships. Reduced dependence on Western technology and investment through partnerships with Asian economies. Enhanced regional position as manufacturing and innovation hub. Demonstration of successful South - South cooperation providing model for other partnerships.

## 9. Conclusion

The India - Oman partnership in manufacturing, SMEs, and textiles represents a compelling opportunity for both nations to achieve strategic economic objectives through mutually beneficial collaboration. India brings manufacturing scale, technical expertise, entrepreneurial energy, and cost competitiveness. Oman offers strategic location, investment capital, market access, and modern infrastructure. Together, they can create manufacturing capabilities exceeding what either country could achieve independently.

The ten recommendations presented in this white paper chart a course for transforming this potential into reality. From manufacturing clusters and technology centers to innovation funds and digital platforms, each recommendation addresses specific gaps while leveraging complementary strengths. The combined impact could add USD 15 - 20 billion annually to bilateral trade, create 60,000 to 85,000 direct employment opportunities, attract USD 8 - 13 billion in new investments, and establish India - Oman as a model for South-South manufacturing cooperation.

Success requires sustained commitment from both governments, active participation from private sectors, and professional implementation support. The benefits extend beyond economic metrics to encompass strategic positioning, technology advancement, skills development, and strengthened bilateral relations. As both nations navigate global economic uncertainties, supply chain disruptions, and technological transformations, the India - Oman manufacturing partnership offers a pathway to enhanced resilience, competitiveness, and prosperity.

The time is opportune. India's manufacturing capabilities have matured significantly, supported by improving infrastructure, policy reforms, and technological advancement. Oman's economic

diversification imperative has created receptiveness to manufacturing partnerships and investments. Global supply chain realignment favors trusted partnerships between stable, democratic nations. The recommendations await decisive action to translate vision into operational reality, creating lasting benefits for both nations and their peoples.

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