

## Indo-Jordan Economic Relations

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### Abstract

The purpose of this paper is to analyze the economic growth of Jordan and India in terms of their integration in the global economy. An analytical, descriptive methodology approach was followed in this research, as it is suitable to the objectives of the research. A systematic method for data analysis is implemented to investigate and explain the trade relations between Jordan and India. The secondary data obtained from various authentic sources. The present study covers the period of 2009-2018. The results of the study showed that the trade relations between Jordan and India are guided by the principle of the most favored nation treatment. The Indo - Jordan trade is developing based on trade agreements. The trade agreements between the two countries have led to the stabilization and promotion of exports to the stability of prices and guarantee of the permanent supply of goods required by the Jordanian economy as well as Indian economy. Moreover, Jordan is not facing the problem of deficit in trade balance while trading with India. India being a growing industrial power with many potentialities can provide a helping hand to Jordan in a big way. In the light of Jordan-India trade policy, bilateral trade agreements, growth of Indo-Jordan trade and commodity composition the researcher suggests many recommendations for trade expansion between the two countries.

### Introduction

Indo-Jordan relations have started after the independence of the two countries. Jordan got independence in 1946 while India got independence in 1947. The first agreement was signed between the two countries on 14th of April 1947. This agreement was the beginning of the diplomatic relations between the two countries. Prior to 1950, the diplomatic relations between the two countries were not at the level of Embassy but on November 1, 1950, the diplomatic relations reached the level of Embassy and both exchanged Ambassadors. During the period from 1950 to 1959, no significant development took place. On 14th of January 1960, the letters were exchanged at New Delhi embodying a trade arrangement between the two countries. The two governments agreed to take all possible ways and means to promote trade between them. After the 1960 trade arrangement, another two trade agreements took place between the two countries in 1962 and 1963, respectively. Despite best efforts, there was no significant change in Jordan's trade with India during 1960-1975 and both exports and imports were kept fluctuating due to mainly absence of export promotion measures on the part of both governments and the highly unstable political conditions in the Middle - East region. Further, a new trade agreement between Jordan and India was signed on February 24, 1976 at Amman, the Capital of Jordan for the period from 1976 to 1980 and hoped to get it renewed automatically with some adjustments. This trade agreement is the beginning of a strong trade relation between the two countries and India has become the first importer for phosphate, potash and fertilizers which are the most exportable goods for Jordan.

### Objectives of the Study

The purpose of the present study is to examine the existing trade relations between the two countries more specifically, the main objectives are:

- 1-Adscription of the trade relation between Jordan and India
- 2-An analysis of any sector for which there are significant economic impacts from a Jordan-India trade relations
- 3-To analyze the structure of commodity composition of Jordan-India trade relations
- 4-To examine the effectiveness of bilateral trade agreements between the two countries;
- 5-To find out the main problems of foreign trade between the two countries;
- 6-To suggest measures to encourage the trade relations.

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## Research Methodology and Model

An analytical, descriptive methodology approach was followed in this research, as it is suitable to the objectives of the research. A systematic method for data analysis is implemented to investigate and explain the trade relations between Jordan and India. The secondary data obtained from various authentic sources. The present study covers the period of 2005-2018. Thus, the study covers a period of one and half decade which are very relevant for the assessment of Jordan-India trade relations.

The regression model inculcates two regression equations: one for India and the other for Jordan. These equations are as follows:

$$Y_j = a + b1_j (X_j) + b2_j (M_j) + b3_j (Ex-R_j) + E$$

Where

$Y_j$  : Economic Growth as proxies by GDP of Jordan.

$X_j$  : Jordan Export to India

$M_j$  : Jordan Import from India

$Ex-R_j$  : Exchange rate between India and Jordan

$E$  : Error

$a$  : constant

$b1, b2, b3$  : Parameters

$$Y_i = a + b1_i (X_i) + b2_i (M_i) + b3_i (Ex-R_i) + E$$

Where

$Y_i$  : Economic Growth as proxies by GDP of India.

$X_i$  : India Export to Jordan

$M_i$  : India Import from Jordan

$Ex-R_i$  : Exchange rate between India and Jordan

$E$  : Error

$a$  : constant

$b1, b2, b3$  : Parameters

## Hypothesis of the study

The following hypotheses are formulated and they stand to be tested:

H01: There is no significant impact of bilateral trade between India and Jordan on growth of Jordanian economy.

H02: There is no significant impact of bilateral trade between India and Jordan on the growth of Indian economy.

## Review of Literature

By reviewing the previous studies, the researcher made a conclusion that there is a lack of previous studies on the trade relations between Jordan and India therefore the researcher covers some important studies relating Jordan- India trade relations. The objective of this brief review is only to present a comprehensive idea about Jordan- India trade relations.

S. Kataybeh (1993) has made a study on "India and Jordan Developing Relationship", it was a political relation study between the two countries, but he has paid attention to several aspects of Indo-Jordan foreign trade. He documented that Indo-Jordan trade, economic relations are considered very close, and India is the biggest market for Jordan's phosphate production. Since first Trade Agreement signed in 1960, several agreements have followed until date. This study shows the volume of trade between the two countries from 1964 to 1975 explaining the political situations responsible for deprivation of Jordan's natural and economic resources. By a distinctive table, he showed the trade balance between Jordan and India from 1977 to 1990 indicating trade balance in favor of Jordan since 1978 and the reasons, therefore.

A special report made by The Jordan Times, (2016), about report of the Indian ambassador about Indo-Arab Relations. He mentioned that the history of Indo-Arab relations goes back to first traders who connected the Indian subcontinent with the Levant and West Asia; these relations were not limited to the exchange of goods, but also encompassed ideas and scientific innovations, according to Indian Ambassador Anil Trigunayat. "Even in Jordan," Trigunayat said at a lecture late last week, "Little Petra was frequented by Indian traders and travelers," as a transit route to regional and western markets. "According to Ancient Egyptian inscriptions, India's commercial and cultural linkages with the Arab world are known to have existed since the 3rd millennium BC," Trigunayat said during the lecture, titled "Indo-Arab Relations: Perspectives and Prospects", held at the Arab Thought Forum (ATF). According to the ambassador, India is "probably the largest investor in Jordan with \$1.5 billion in phosphates and textiles, and is the third largest trading partner of this country with \$2.2 billion in bilateral trade". "A trade target of \$5 billion by 2025 has been set," Trigunayat explained.

India and Jordan launched their diplomatic relations 65 years ago and they were established on a foundation of mutual respect and cooperation, he added. Speaking at the lecture, ATF Secretary General Mohammad Abu Hammour emphasised the importance of Indian-Arab relations, highlighting commonalities between the two cultures. One of the core issues in Indian-Arab relations has been the Palestinian issue, Trigunayat said, where India calls for a just resolution for the crisis.

Embassy of India, Amman (2017) in a study "An Economic Note on the Hashemite Kingdom of Jordan", explained some features of Jordan and some aspects of Jordan's economy along with performance of some major industries of Jordan. The study also mentioned the external trade of Jordan trading partners of Jordan and the trade relations between Jordan and India. The study pointed out that the trade between India and Jordan is governed by a Trade Agreement signed in February, 1976. Accordingly, 32 items were identified for export to Jordan from India and nine from Jordan to India. The study further showed that during the Fourth Indo-Jordanian Trade and Economic Joint Committee Meeting held in New Delhi in 2017, India agreed to increase imports of rock phosphate, potash, and fertilizers whereas Jordan also agreed to increase its import from India. The study concluded that prospects for Indian exports are very bright in Jordan and it is high time to catch the market with their standard goods as per specimen. In addition, time schedule should be honored and goods should be professionally packed to avoid the complaints which are coming from the Jordanian importers.

A Sajjanhar (2018,) has made a study on "India – Jordan relations: An Ascendant Partnership" During his visit to India in December, 2017, the Jordanian Foreign Minister contended that the Middle East is facing tremendous challenges which are impacting global security. He said that terrorism, lack of employment opportunity, weak governance, conflicts and civil war are depriving the region and its people of their right to live in peace and prosperity. India and Jordan can collaborate effectively to mitigate the adverse impact of these negative developments. India and Jordan can be termed as natural allies as both countries are peaceful, stable, are witnessing rapid economic growth, and have similar positions on regional and global affairs.

A special report made by The Jordan Times, (2018), which concluded that His Majesty King Abdullah on Thursday held separate talks with Indian President Ram Nath Kovind and Prime Minister Narendra Modi which focused on bilateral relations and means to enhance them. During the meeting with Kovind, held at the presidential palace, King Abdullah stressed Jordan's keenness to expand cooperation with India, especially at the economic, trade, defense, investment and parliamentary levels, highlighting the importance of exchanging visits between both countries' private sectors. Discussions also focused on the latest regional and international developments, mainly those related to the Middle East peace process, as well as endeavors to reach political solutions to regional crises and efforts in the war against terrorism within a holistic approach, according to a Royal Court statement. His Majesty's talks with Modi in New Delhi also tackled bilateral relations and the latest regional and international developments, another Royal Court statement said. During the meeting, King Abdullah and Modi expressed pride in the "strength" of Jordanian-Indian relations, which are witnessing constant growth, especially in the economic, trade and investment sectors. They stressed the importance of coordination and consultation between the two countries on various issues of common interest, which contribute to peace and stability in the Middle East and the world. His Majesty highlighted India's important role in establishing security and stability, combatting terrorism and extremism and achieving global peace, according to the statement. King Abdullah pointed out that the business sector in India can benefit from the investment and competitive advantages offered by the Jordanian economy in many key sectors such as renewable energy, services, infrastructure and information technology. His Majesty underlined the importance of exchanging visits between businesspersons in both countries to explore opportunities, build partnerships and benefit from Indian expertise in many fields, noting that the Indian side can benefit from Jordan's unique strategic location and free trade agreements with many countries, the statement said.

King Abdullah stressed the need for intensified efforts to break the deadlock in the peace process between the Palestinians and the Israelis, in order to reach just and lasting peace based on a two-state solution that would lead to the establishment of an independent Palestinian state with East Jerusalem as its capital, as it is the only solution to the conflict. Prime Minister Modi said that a delegation of Indian businesspeople will visit Jordan to establish partnerships with the Jordanian private sector, especially in light of the Jordan-India Business Forum. He expressed India's appreciation for Jordan's pivotal role under His Majesty's leadership in achieving peace, security and stability in the Middle East and the world, and his efforts to reach political solutions to crises in the region, the statement said. The two leaders also stressed the need to continue efforts to implement on the ground the agreements the two countries signed during the King's visit, and to build on them to achieve greater cooperation between the two countries in various fields. King Abdullah's state visit to India culminated in the signing of 12 cooperation agreements and memoranda of understanding in various fields, including customs, defense, phosphate, culture, health, medical sciences, labor and media, the statement said.

A memorandum of Understanding (MoU) between the Indian Council for Cultural Relations and University of Jordan was also signed during the visit, as well as two MoUs in health and medical sciences and labor. The two countries also created a cultural exchange programs for 2018-2022, a twin agreement between Petra and Agra/Taj Mahal, as well as a MoU between Jordan Media Institute and its Indian counterpart, visa exemptions for holders of diplomatic passports, and a MoU between Jordanian Television and Indian Television. Consequently, the present study is an attempt to minimize these gaps, revealing the problems, providing solutions and exploring the prospects of Indo-Jordan trade.

### The Growth of Indo-Jordan Trade

At Amman, on February 24, 1976, a new agreement between Jordan and India was signed and it remained in practice for a period of five years. Again, it was continued to be renewed automatically for a further period of one year at a time. We can say that this agreement was beginning of a strong trade relation between the two countries.

During the period under the study (2005-2018), as it is clear from the table (1) that imports increased and the exports to India was fluctuating. It is also evident that growth rate of Jordan's imports from India was continuously increasing. It was 20 per cent in 2006, which increased to 55 per cent in 2013. The growth rate of Jordan's imports from India in some years increased at a very high rate. For example, in 2007, the growth rate was 70 per cent reflecting the increase in Jordan's imports from India from JD. 126,1 million in 2006 to JD. 215,1 million in 2007. On the other hand, the growth rate of imports in some other years decreased to a very low level, i.e., in 2015, it was -53.8 per cent reflecting the decrease in Jordan's import from India from JD.869.6 million in 2014 to JD.401.5 million in 2015. We can conclude that Jordan's import from India was unstable and fluctuating from year to year.

Jordan's exports growth rate to India was also fluctuating from year to year. In some years, the growth rate was at a very high rate. For example, in 2008, the growth rate was 175.5 percent which was reflecting the increase in exports from JD. 332.5 million in 2007 to JD. 916.1 million in 2008. In some other years the growth rate of exports to India was at a very low rate. For example, in 2015, it was -9.1 per cent which was reflecting the decrease in exports to India from JD.459.8 million in 2014 to 418.1million in 2015.

**Table (1)**  
**Growth of Indo-Jordan Trade**

million JD

year	Exports to India	growth rate	Import from India	growth rate
2005	246.4	—	104.4	—
2006	280.0	13.6%	126.1	20.8%
2007	332.5	18.8%	215.1	70.6%
2008	916.1	175.5%	357.3	66.1%
2009	484.1	-47.2%	212.2	-40.6%
2010	550.9	13.8%	275.3	29.7%
2011	645.9	17.2%	360.2	30.8%
2012	510.5	-21.0%	506.8	40.7%
2013	350.9	-31.3%	789.9	55.8%
2014	459.8	31.0%	869.6	10.1%
2015	418.1	-9.1%	401.5	-53.8%
2016	347.1	-17.0%	331.9	-17.3%
2017	382.7	10.3%	355.8	7.2%
2018	485.7	26.9%	402.5	13.1%

Source: Department of statistics, Yearly Statistical Series (2005-2018)

### Indo-Jordan Commodity Composition

Mineral products and chemical products are the main items, which Jordan is exporting to India. As shown in the table (2), Jordan is exporting more than 20 items to India. Out of these items, only 7 commodities which are the main exports to India are selected to analyze Jordan's exports commodity composition to India by covering more than 80% of the total exports.

**Table (2)**  
**Jordan's Exports Commodity Composition to India**

JD. Million

year	Mineral products	Products of the chemical	Plastics and articles thereof;	Pulp of wood or of other fibrous cellulosic material;	Textiles and textile articles	Base metals and articles of base metals	Machinery and mechanical appliances;	other
2005	71.04	168.15	0.05	0.09	0.12	6.33	0.07	0.52
2006	80.91	190.88	0.19	0.24	0.12	7.10	0.03	0.50
2007	98.34	225.07	0.28	0.32	0.14	7.63	0.07	0.65
2008	207.27	699.10	0.47	0.08	0.13	7.03	0.06	1.93
2009	136.76	341.02	0.34	0.01	0.01	5.72	0.08	0.13
2010	171.03	366.51	0.31	0.22	0.05	11.95	0.29	0.57
2011	277.80	358.35	0.24	0.18	0.05	9.01	0.21	0.11
2012	287.13	212.41	0.04	0.01	0.33	10.34	0.15	0.06
2013	192.34	147.34	0.07	0.11	0.49	10.18	0.11	0.30
2014	230.43	210.35	0.12	0.15	1.18	16.67	0.14	0.80
2015	248.60	155.79	0.20	0.16	0.80	11.43	0.32	0.83
2016	196.15	136.87	0.01	0.52	0.54	12.80	0.01	0.16
2017	178.83	184.81	0.26	2.06	0.29	16.00	0.19	0.30
2018	182.54	287.18	0.08	1.48	0.22	13.85	0.23	0.13

**Source:** Department of Statistics, Yearly Statistical Series (2005-2018).

In most of the years, chemical products had occupied the first place in Jordan's total exports to India. Exports of chemicals were JD. 168.15 million in 2005 which increased to JD.699,1 million in 2008 due to rise in domestic production as well as the increasing demand by Indian side. Then the exports of chemicals decreased sharply to JD. 287,1million in 2018. The percentage of chemicals in total exports was 73% in 2008 which decreased sharply to 59% in 2018. The trade agreements between the two countries will likely have a negligible effect on India imports of chemicals and subsequently no measurable impact on India production or India employment.

In 2005, export of mineral products was JD. 71 million which increased to JD. 182,5 million in 2018. The of mineral products in total exports started by 28% in 2005, thereafter the percentage increased to 37% in 2018. The trade agreements between the two countries will likely have a negligible effect on India imports of mineral and subsequently no measurable impact on India production or India employment.

The exports of the other items are very less as compared to mineral and chemicals, which indicated that both occupied two thirds of the total exports to India. However, the share of the items in Jordan's total exports to India is not satisfactory.

Jordan's exports to India fluctuating due to many reasons:

- (1) Many competitors in the international market.
- (2) Instability of India's demand for minerals and chemicals for her industry and agriculture.

There are a large number of goods being imported from India. The structure of Jordan's imports from India is explained with the help of the table (3). The table indicated that the exports of all items have been increased but still is not satisfactory compare with the other countries. The Indo-Jordan Trade and Economic Joint Committee under the Indo-Jordan Trade and Economic Agreements, which was held in New Delhi from 4-5 July 2017, have discussed this problem in detail. The Indian side stressed the need for further increase in the level of Jordan's imports from India or the need for diversifying the trade to include a longer range of products in the Jordanian import basket. The Jordanian side promised to take all the necessary steps for increasing imports from India.

**Table (3)**  
**Jordan's Imports Commodity Composition from India**

JD. Million

<i>Goods years</i>	<i>Prepared food and tobacco</i>	<i>Product of the chemical</i>	<i>Transport equipment</i>	<i>Animals products</i>	<i>Vegetables products</i>	<i>Machine ry equipme nt</i>	<i>Other goods</i>	<i>Grand Total</i>
2009	7,606	10,991	1,938	8,506	4,106	3,578	5,604	42,329
2010	4,603	7,923	3,604	10,908	6,277	4,931	7,350	45,596
2011	7,003	11,186	3,338	11,964	3,643	5,439	9,483	52,056
2012	5,646	13,570	3,023	15,149	3,385	6,364	11,134	58,271
2013	2,905	15,023	3,086	14,244	4,237	7,908	12,880	60,283
2014	5,386	15,943	7,397	19,997	19,158	9,459	25,895	103,235
2015	3,798	19,757	5,976	22,823	8,822	7,550	75,156	104,368
2016	6,826	21,995	9,530	24,683	11,138	10,180	41,738	126,090
2017	11,809	28,261	30,771	23,937	15,524	10,385	94,399	215,086
2018	64,237	38,647	51,141	32,615	78,041	13,161	78,119	355,961

**Source:** Department of Statistics, Yearly Statistical Series (2005-2018).

### Indo-Jordan Trade Policy

In the export side, government of Jordan has given a great attention for the development of the export sector by opening new export outlets, expanding traditional markets, and establishing training centers in view of exploiting available resources for the requirements of industries.

The trade policy, in other words, is the agreement between India and Jordan, which provides a strong basis on which trade between the two countries is conducted. Trade relation between the two trading partners is developed based on their requirements and limitations. The trade between the two countries has been increased over the years. Both countries have great potential to increase their trades with each other with some modifications such as tariff reduction, duty exemption and higher quota ceiling on trade. Today, India is one of the largest trading partners of Jordan in the world. Exports to India from Jordan have been increasing continuously except in some years. In view of continuous adverse balance of trade with Jordan. There is a great need for India to increase its exports to Jordan. The further liberalization in Jordan and India trade policies are essential to enhance the volume of trade between the two countries.

Jordan's trade with India during 1960 - 1975 was quite negligible. It was experienced that trade between Jordan and India could get an encouragement if trade relations were based on a strong trade agreement. There were three trade agreements before 1976. The first trade agreement was implemented in 1960; the second trade agreement in 1962; and finally the third trade agreement in 1963. In 1976, a new trade agreement was finalized. In this context, we can say that this agreement was the beginning of a strong trade relation between the two countries. From 1976 till 1993, there were arranged meetings between the two parties, however, on 15th Dec. 1993, there was a meeting between the two parties held at New Delhi to strengthen the links and to promote further trade. Jordan does not possess specific policy towards India in the area of mutual trade. However, we may conclude the main points of trade policy between the two countries given below:

1. To open up direct trade contacts between the two countries;
2. To make suggestions to expand and improve the trade relations between the two countries;
3. To remove problems and difficulties occurring in the trade relation between the two countries;
4. Both countries will co-operate for mutual benefit with a view to strengthening economic relations and to promote the negotiations for the use of scientific and technical knowledge;
5. Both countries will agree that all payments of current transactions after 1976 will be operated with convertible currencies acceptable to both the parties;
6. Jordan will supply the specific quantity of phosphate, potash and fertilizers in order to regulate the export to India as per trade agreements; and
7. India will also abide by all these trade agreements to increase its exports to Jordan by supplying the specific commodities available in India's market, which were being imported from other countries to Jordan.

### Trade Balance between the Two Countries

From the first trade arrangement of 1960 to the trade agreement of 1976, there was no significant change in Jordan's trade with India due to many reasons: firstly, Jordan was deprived of an important part of her national and economic resources during 1967. Secondly, Indo-Pakistan of 1967 war adversely influenced the Indian economy, particularly foreign trade. Thirdly, there was an absence of export promotion measures on the part of both the governments. Finally, highly unstable political conditions were persisting in the Middle East region.

The trade balance between the two countries was generated in favor of Jordan, except in 2013 and 2014. The trade balance was in favor of Jordan due to many reasons: firstly, India's demand for chemical and mineral products for her industry and agriculture was increased. Secondly, comparatively less price of Jordan's potash and phosphate suited India always due to less distance between Indian and Jordanian Ports. Finally, the encouragement measures of Jordan's and Indian governments resulted enhancement in trade relations between the two countries. India is Jordan's third largest trade partner after Iraq and Saudi Arabia.

**Table (4)**  
**Jordan-India Balance of Trade**

million JD

Year	Exports to India	Import from India	Balance of Trade
2005	246.4	104.4	142
2006	280.0	126.1	153.9
2007	332.5	215.1	117.4
2008	916.1	357.3	558.8
2009	484.1	212.2	271.9
2010	550.9	275.3	275.6
2011	645.9	360.2	285.7
2012	510.5	506.8	3.7
2013	350.9	789.9	- 439
2014	459.8	869.6	- 409.8
2015	418.1	401.5	16.6
2016	347.1	331.9	15.2
2017	382.7	355.8	26.9
2018	485.7	402.5	83.2

**Source:** Department of statistics, Yearly Statistical Series (2005-2018)

At present, India's share is more than 11% of Jordan's total exports while India's share in the total imports of Jordan is less than 3% during the period of the study. Jordan has surplus trade balance with India since 1978 because India's market is one of the most important markets for Jordan's most exportable goods such as mineral and chemical products. Most of Jordan's export of these items is going to India's market.

### Hypotheses Testing

**H<sub>01</sub>:** There is no significant impact of bilateral trade between India and Jordan on the growth of Jordanian economy.

**Table (5)**  
**Testing of the first hypotheses**

(Constant)	Beta	T	Sig
Exports	0.293	2.246	0.049
Imports	0.121	0.807	0.438
Exchange rate	0.839	5.610	0.000
R	0.91		
R square	0.84		
Adjusted R square	0.79		
F	18.164		
Sig	0.000		

From the table (4.20) the f value shows the impact of bilateral trade between India and Jordan on the growth of Jordanian economy which indicated by (18.164) and its significance is (0.000) which is less than ( $\alpha \leq 0.05$ ). This provides evidence to **reject** the second hypothesis that states: “There is no significant impact of bilateral trade between India and Jordan on the growth of Jordanian economy” the alternative hypothesis is accepted.

The R value is (0.91) that means there is a positive relationship between the bilateral trade between India and Jordan and Jordanian economy. The R Square for the hypothesis equals (0.84), which means bilateral trade between India and Jordan has explained 84 % of the variance in the Jordanian economy, while the Adjusted R square is (79 %).

Based on the values of (Beta) and(T) referred in table (4.20), we find the exchange rate , value (BETA=0.839,T= 5.160) were significance as the value of t is less than 0.05 ( $\alpha \leq 0.05$ ) has an impact on Jordanian economy . Also we find exports, value (BETA=0.239,T= 2.246) were significance as the value of t is less than 0.05 ( $\alpha \leq 0.05$ ) has an impact on Jordanian economy.

While there is no impact for Imports (Beta=0.121), as the values of t are greater than 0.05 ( $\alpha \leq 0.05$ ).

**Ho2:** There is no significant impact of bilateral trade between India and Jordan on the growth of Indian economy.

**Table (6)**  
**Testing of the second hypotheses**

(Constant)	Beta	T	Sig
Exports	0.230	1.502	0.164
Imports	0.088	0.502	0.627
Exchange rate	0.838	4.779	0.001
R	0.88		
R square	0.78		
Adjusted R square	0.72		
F	12.30		
Sig	.001		

From the table (4.20) the f value shows the impact of bilateral trade between India and Jordan on the growth of Indian economy which indicated by (12.30) and its significance is (.001) which is less than ( $\alpha \leq 0.05$ ). This provides evidence to **reject** the second hypothesis that states: “There is no significant impact of bilateral trade between India and Jordan on the growth of Indian economy” the alternative hypothesis is accepted.

The R value is (0.88) that means there is a positive relationship between the bilateral trade between India and Jordan and indian economy. The R Square for the hypothesis equals (0.78), which means bilateral trade between India and Jordan has explained 78 % of the variance in the Indian economy, while the Adjusted R square is (72 %).

Based on the values of (Beta) and(T) referred in table (4.20), we find the exchange rate , value (BETA=0.838,T= 4.779) were significance as the value of t is less than 0.05 ( $\alpha \leq 0.05$ ) and has an impact on Indian economy.

While there is no impact for other variables: exports (Beta=0.230), Imports (Beta=0.088), as the values of t are greater than 0.05 ( $\alpha \leq 0.05$ ).

### **Main Problems of Trade Relations between the Two Countries**

Indo-Jordan trade relation is facing many problems and both the Governments have tried their best to minimize these problems. The main problems of trade relation between the two countries are as follows:

1. Most of the Jordan's imported goods are coming from the developed countries. Thus, Indian side should take into consideration the quality and the price of the Indian goods to compete with other identical imported goods by Jordan. In addition, the goods should be in accordance with the international standard to attract the Jordanian importers as well as the consumers. Since India's exports to Jordan were largely traditional goods, therefore, modernization of processing and packaging facilities is necessary to avoid such complaints coming from Jordanian importers.
2. Many of the Jordanian importers are unaware about the Indian products, which have a wide range of industrial goods. Therefore, there is a need for projecting India's image as an industrial country capable of producing the sophisticated industrial goods, having good and excellent technology in several fields of industrial outputs and well comparable with the international standard of goods available in the world.



3. The Indian exporters do not have adequate knowledge about exporting to Jordan's market. Every Indian exporter should know the basic rules, regulations and procedures to be followed while exporting goods to Jordan's market. They must know currency requirements and exchange regulations, trade policy and trade regulations, structure of duties and taxes on exports and imports and trade channels, etc.
4. Commission agents play a very prominent role in the import trade of Jordan. Most of the trades go through them. Some of the commission agents are influential enough to get the specifications of Government tenders changed to suit the supply conditions. It is, therefore, of special importance in Jordan to associate with the influential kind of commission agents for Indian goods.
5. There Indian exporters should visit Jordanian market to identify goods suitable and demanded by the consumers in Jordan.
6. Few Indian exporters arrange visits of their technical teams to Jordan for a detailed study of the demand of the Jordanian market and consumer preferences and discuss with the Jordanian importers about the products and quality that India can supply in conformity with the international standard.
7. Participation in fairs and exhibitions is an important aspect of having proper knowledge of required commodities. Further, these fairs and exhibitions are the best media for export promotion. India has not done a lot so far in relation to Jordan's market. Trade fair authority of Indian commodities has good image in Jordan's market. The trade fairs should be held at Amman (Capital) and other important cities of Jordan in every year.
8. Jordan's exports to India are fluctuating from year to year and India's imports of phosphate, potash and fertilizers from Jordan are not fixed in specific quantity. To avoid such problem, it is mandatory to have long-term trade contracts with India to supply specific quantity of these goods in order to regulate the export to India.

### Conclusion

The Jordan - India trade is developing based on trade agreements. The trade relations between both countries led to promotion of exports to the stability of prices and guarantee of the permanent supply of goods required by the Jordanian economy as well as Indian economy. Moreover, Jordan is not facing the problem of deficit in trade balance while trading with India. India being a growing industrial power with many potentialities can provide a helping hand to Jordan in a big way. Jordan is mainly looking towards Indian help and cooperation in two major fields:

- (a) In seeking profitable collaboration in several projects and having benefitable markets for her mineral and chemical products.
- (b) In evolving and establishing an industrial infrastructure in Jordan to sustain her development pursuits.

Jordan - India trade provided new channels for Jordan demand for traditional and non-traditional goods, which could be supplied by India. In this way, India should come forward to help Jordan through new trade outlets.

The analysis of Indo-Jordan commodity composition reveals that during 2005 - 2018 considerable changes have taken place in Jordan's imports from India and exports to India. However, these changes are not enough to fulfill the requirements of both the countries. There is substantial need for diversification in imports and exports. The increasing imports requirements of these two countries offer considerable potential for such an endeavor. In accordance with the commodity composition of Indo-Jordan trade, there is substantial scope for further expansion of trade between both the countries. Such expansion is possible only by balanced increase in Jordan's imports from India and vice-versa. Now, Jordan's exports to India seem to be significant factor. India's requirements of phosphate, and fertilizers from Jordan are very substantial, however, Jordan should try its best to increase its exports of these items and to provide India with specific quantities than the current volumes. It would be realistic to expect growth of Jordan's imports from India. A number of researches are to be done in exploring possibilities of importing non-traditional goods from Indian market and there is a need for projecting India's image as an industrial country by showing the capability of producing the sophisticated industrial goods through excellent and advanced technology ensuring enhancement in imports of non-traditional goods to Jordan from India. Jordan enjoyed favorable balance of trade with India during 2005 - 2018.

The first hypothesis of the study tested, which concluded that there is significant impact of bilateral trade between India and Jordan on the growth of Jordanian economy and the R-value is (0.91) that means there is a positive relationship between the bilateral trade between India and Jordan and Jordanian economy. The second hypothesis of the study tested, which concluded that there is significant impact of bilateral trade between India and Jordan on the growth of Indian economy and the R-value is (0.88) that means there is a positive relationship between the bilateral trade between India and Jordan and Indian economy.

### Recommendations

In the light of Indo-Jordan trade policy, bilateral trade agreements, growth of Indo-Jordan trade, commodity composition etc., and the valuable suggestions are given below:

1. Indian exporting agencies must visit Jordanian market yearly to determine which goods demanded by Jordanian consumers.
2. The trade fairs should be organized in both countries regularly on yearly basis.
3. The quality of products that India can supply should be to the international standards.
4. India's exports to Jordan are mainly traditional goods. The modernization of processing and packing facilities is essential for competition in Jordan's market.
5. Long – term agreements between the two countries to ensure the stability in the exports and imports of both countries.
6. The private sector in Jordan should send representatives to India would be useful to establish personal contact in both public and private sectors.
7. To avoid such fluctuations of India's imports of chemicals and minerals from Jordan, it is necessary to have trade contact with India to supply specific quantity of these goods in order to regulate the exports to India.
8. Visiting factories in India industrial area to satisfy and convince themselves about India's capacity to supply relatively qualitative and cheaper goods.

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