

India-Oman trade pact: Key highlights

In another attempt towards diversification and integration with global supply chain, India has signed a Comprehensive Economic Partnership Agreement (CEPA) with Oman. The key highlights of the agreement have been to 1) expand trade and investment, 2) focus on MSME sectors by increasing export opportunities for key sectors such as textiles, leather, footwear, gems & jewellery and engineering products, amongst others. These are also labour-intensive sectors and hence has further potential for increasing employment and 3) increased services commitments catering to education, health, computer, business, professional and R & D services.

The fine prints of the agreement include:

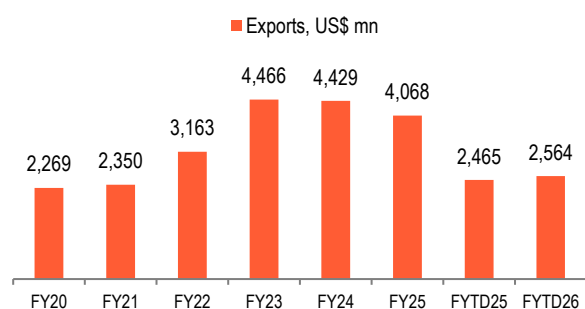
- Zero duty access on 98.08% of Oman's tariff lines for Indian goods which covers 99.38% of India's exports by value.
- India in return is offering 77.79% of its total tariff lines (12556) which will cover 94.81% of India's imports from Oman by value.
- For export sensitive products, the offer is mostly a tariff-rate quota (TRQ) based tariff liberalization, which in simple words allowing a set quantity of specific products to be imported. This is mostly applicable for agriculture sector.

India-Oman trade profile.

Fig 1 shows India's export profile to Oman. Since FY23, there has been slight moderation of exports. In FY25, it stood at US\$ 4.1bn. Currently for Apr-Oct'25 period, it is running at US\$ 2.6bn, which is slightly higher than same period of previous year. In share terms, India's exports to Oman is at 0.9% (FY25). However, it has potential since the 5-Year CAGR of India's exports to Oman has been increasing at 12.4% far higher than growth in overall exports at 6.9% during the same period.

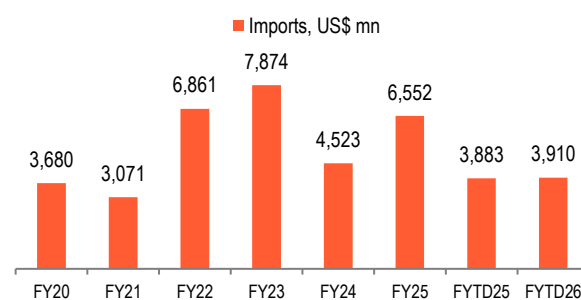
Fig 2. shows India's imports from Oman. In FY25, it picked up to US\$ 6.6bn compared to US\$ 4.5bn in FY24. Currently for Apr-Oct'25 period, it is running at US\$ 3.9bn, which is higher than same period of previous year. On 5-year CAGR basis, it grew by 12.2% for the period ending FY25, at a faster pace compared to growth in imports by 8.7% during the same period.

Figure 1: India's exports to Oman



Source: CMIE, Bank of Baroda Research, Note: FYTD: Apr-Oct'25.

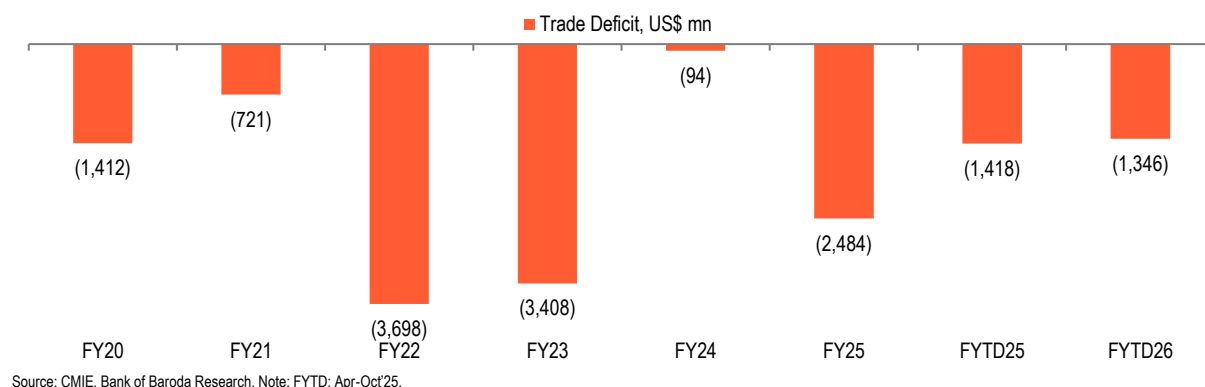
Figure 2: Imports from Oman



Source: CMIE, Bank of Baroda Research, Note: FYTD: Apr-Oct'25.

In FY25, trade deficit witnessed sharp increase due to strong double-digit pace of increase in imports (from low base) compared to exports. It was at US\$ 2.5bn compared to US\$ 94mn in FY24. However, in FYTD25 (Apr-Oct'25) trade deficit is reducing as exports are picking up at a faster pace.

Fig 3. Trade deficit with Oman



Commodity profile of exports to Oman

The commodity wise picture shows manufactured goods followed by petroleum and crude products and agriculture products hold the major share. Within agriculture, major share is meat and poultry products. In FY25, in absolute terms majority of these commodities showed softening. In manufacturing, major share is concentrated in chemicals (especially drug formulations) and engineering goods (especially machinery and transport equipment). Hence the current CEPA is expected to create more opportunities targeted at these sectors.

Table 1: Commodity-wise export profile of India top Oman

Commodities	Share in exports to Oman	Exports, US\$ mn, FY24	Exports, US\$ mn, FY25	Exports, US\$ mn, FYTD26
Manufactured goods	38.7	1,752	1,576	829
w/w Chemicals & related products	7.7	250	315	122
Engineering goods	19.7	953	801	471
Petroleum & crude products	35.2	1,712	1,431	1,257
Agricultural & allied products	12.8	553	522	298
Ores & minerals	10.4	289	423	170
Ores & minerals	10.4	289	423	170

Source: CMIE, Bank of Baroda Research, Note: FYTD: Apr-Oct'25.

Table 2 shows the sectors which remained the focal point of the trade agreement. Cumulatively, it accounts for ~39% of India's export to Oman which will benefit directly.

Table 2: Sectoral impact due to announcement of CEPA

Sectoral focus	Share in India's exports to Oman, FY25
textiles#	1.6
leather, footwear	0.1
gems & jewellery	0.7

Sectoral focus	Share in India's exports to Oman, FY25
engineering products	19.7
plastics	1.6
furniture*	0.1
agricultural products	12.8
pharmaceuticals	1.7
medical devices	0.4
automobiles	0.1
Total	38.8

Source: CMIE, Bank of Baroda Research, Note: # Readymade garment, * Plywood and allied products have been used interchangeably

Commodity profile of imports from Oman

Table 3 shows that petroleum crude and products occupy the major share in India's import basket from Oman, within which petroleum products is dominant. In absolute terms as well, it has increased in FY25. Other than this, manufactured products also occupy a significant share, especially chemicals and products (especially fertilisers).

Table 3: Commodity-wise import from Oman

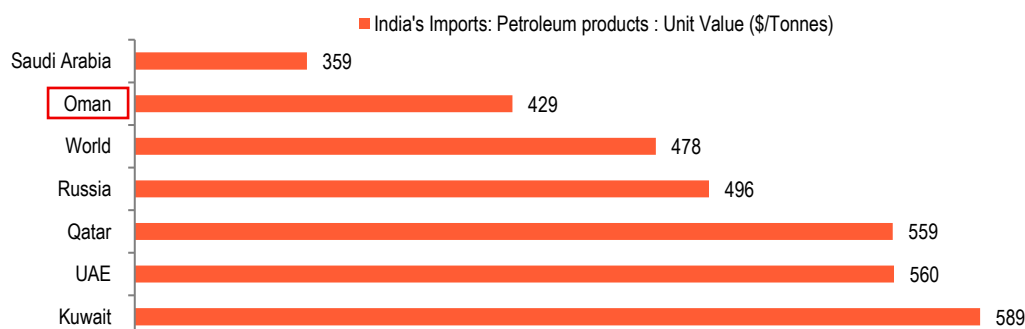
Commodities	Share in exports to Oman	Imports, US\$ mn, FY24	Imports, US\$ mn, FY25	Imports, US\$ mn, FYTD26
Petroleum crude & products (POL)	44.5	1,938	2,918	1,840
w/w Petroleum products	27.1	1,507	1,777	995
Crude petroleum	17.4	431	1,140	844
Manufactured goods	44.3	2,191	2,903	1,467
w/w Chemicals and related products	31.9	1,337	2,088	1,063
Ores and minerals	10.4	332	681	564

Source: CMIE, Bank of Baroda Research, Note: FYTD: Apr-Oct'25.

Oil at a heavy discount:

Fig 4 shows that among Gulf Cooperation Council (GCC), the unit value of petroleum products is significantly lower for Oman. This explains the major reliance of India's import from Oman for petroleum products.

Fig 4. Unit value of petroleum is one of the lowest in Oman among GCCs



Source: CMIE, Bank of Baroda Research, Note: Data is of FYTD: Apr-Oct'25.

To sum up:

- India has signed a Comprehensive Economic Partnership Agreement (CEPA) with Oman. The focus has been on labour intensive sectors such as textiles, leather, footwear, gems & jewellery and engineering products, amongst others.
- This marks significant move towards increasing access towards global markets and building on export competitiveness.
- Zero duty access on 98.08% of Oman's tariff lines for Indian goods has been the highlight of the agreement. India in return is offering 77.79% of its total tariff lines (12556).
- India's exports to Oman stood at US\$ 4.1bn in FY25, which is 0.9% of overall exports. However, in the last 5 years it has risen by 12.4%. Thus, it holds strong potential in the future.
- On import front as well, Oman provides petroleum, products to India at a sharp discount compared to major GCCs. Thus, it would help in reducing India's oil import bill and exploration of more options in the future.
- The major sectors in focus outlined in the agreement constitute around 39% of India's exports to Oman. Thus, it is positive for India's overall export basket at a time when some re-routing of exports is happening to reap cost advantage against the backdrop of higher tariff rate by the US.

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