



ISSN Print: 2664-8679  
ISSN Online: 2664-8687  
Impact Factor: RJIF 8  
IJSJH 2024; 6(1): 49-52  
[www.sociologyjournal.net](http://www.sociologyjournal.net)  
Received: 18-12-2023  
Accepted: 24-01-2024

**Md Misbahuddin Ansari**  
Ph.D. Research Scholar,  
Centre for West Asian Studies,  
Jamia Millia Islamia New  
Delhi, Delhi, India

**Saba Fatima**  
Research Associate, The Centre  
for West Asian Studies, Jamia  
Millia Islamia, New Delhi,  
Delhi, India

**Corresponding Author:**  
**Md Misbahuddin Ansari**  
Ph.D. Research Scholar,  
Centre for West Asian Studies,  
Jamia Millia Islamia New  
Delhi, Delhi, India

## India-UAE relations: The role of diaspora in shaping diplomatic and economic ties

**Md Misbahuddin Ansari and Saba Fatima**

DOI: <https://doi.org/10.33545/26648679.2024.v6.i1a.77>

### Abstract

The relationship between India and UAE is characterized by a myriad of factors, and among these, substantial occupancy of Indian diasporic population stands out as a pivotal element. This paper explores the multifaceted role of Indian diaspora in shaping India-UAE relations, emphasizing their contributions across economic, cultural, diplomatic, and political dimensions. Indian diaspora in UAE is not only integral to the UAE's workforce and economy but also significant contributors to India's remittances and foreign exchange reserves. They serve as a bridge for trade relations, foster cultural exchange, and strengthen people-to-people ties. Moreover, the diplomatic and political influence of this diasporic community cannot be underestimated, as their presence has prompted both nations to safeguard their rights and interests. While the Indian diaspora community in the region plays a crucial role in enhancing the bilateral relationship, it also faces challenges related to labour rights, legal matters, and social integration. Recognizing the importance of this community, both countries continue to work together to strengthen and maintain robust ties, diaspora is playing vital factor in India-UAE relations.

**Keywords:** India, United Arab Emirates, diaspora, diplomatic and economic relations

### Introduction

UAE also Known as (United Arab Emirates) serves as a significant centre for migrant workers. The UAE attracts individuals for a multitude of reasons, such as its substantial earnings, luxurious lifestyle, pleasurable outdoor activities, and more, with a record 8.84 million foreigners constituting 88.4% of the population are residing in UAE <sup>[1]</sup>. In the same way, India, and the UAE have strong friendships based on long-standing cultural, religious, and economic connections. The appointment of H.H. Sheikh Zayed Bin Sultan Al Nahyan as ruler, of Abu Dhabi in 1966, and the subsequent creation of the UAE Federation in 1971 all contributed to the success of the relationship between India and UAE. The two nations have enjoyed close connections based on common historical, cultural, religious, and economic ties ever since they established diplomatic relations in 1972. In recent years, the link has grown even stronger involves cooperation in the domains of military, space, and renewable energy as well as trade and investment across a variety of industries, including energy and security. <sup>[2]</sup> Together, India and the UAE have developed a high level of mutual trust that has allowed them to advance their relationship. By signing the Comprehensive Economic Partnership Agreement (CEPA) in a virtual summit on February 18, 2022, they have gained another accomplishment in their bilateral relation. The agreement is anticipated to give both countries more freedom and a chance to capitalise on one another's advantages <sup>[3]</sup>. Apart from this, many Indian diaspora have lived in the UAE for generations, and they are also an

<sup>1</sup> Valentine Sergon, "An Introduction to the United Arab Emirates," Expat Guide to United Arab Emirates | Expatica, July 13, 2023, <https://www.expatica.com/ae/moving/about/an-introduction-to-the-united-arab-emirates-70936/>.

<sup>2</sup> "India – United Arab Emirates Relations," January 2016, [https://www.mea.gov.in/Portal/ForeignRelation/UAE\\_2015\\_07\\_02.pdf](https://www.mea.gov.in/Portal/ForeignRelation/UAE_2015_07_02.pdf).

<sup>3</sup> Kunal Khureja, "India-UAE Bilateral Relationship - Explained, Pointwise," ForumIAS Blog, February 19, 2022, <https://blog.forumias.com/india-uae-bilateral-relationship/>.

integral part of the social fabric of the country. Their presence fosters social integration and harmony.

### Economic Trade and Remittances

India-UAE relations have witnessed tremendous development in fortifying links with West Asia particular in sectors like investment, information and technology, knowledge economy, and integrating Indo-Gulf Ocean security. The goal of the UAE-India Business Council has been to enhance the business environment and encourage economic synchronization. The United Arab Emirates is considering investing its Sovereign Wealth Fund (SWF) in India due to its high potential for profit. Through the India-UAE Food Corridor, Emirates has proposed spending \$5 billion in agriculture and India's massive food parks. India and the UAE signed a MoU in 2018 to manufacture \$20 billion over a ten-year period. To attract the best brains to the country, the UAE has stepped up its efforts to "invest" in many sectors such as development of knowledge industry, by extending "golden visa" residence permits. Space cooperation between both regions has increased after Prime Minister Modi's 2015 visit to the country<sup>[4]</sup>. Every year, the Indian diaspora in the UAE remits more than "billions of dollars" billions to their home country. Remittances play a very important role in the economy of India by supporting families monetarily and strengthening the country's foreign exchange reserves.

India and the United Arab Emirates have had commercial ties for decades. Following the origin of oil industry in the regions, the commerce, which was earlier dominated by traditional goods as well as products like dates, pearls, and fish, saw a dramatic shift "oil exports began from region Abu Dhabi in 1962". After the UAE became a single sovereign nation in 1971, India's exports began to increase over time. But the major push came about when India began its new economic policy which is known as economic liberalization process in the early 1990s, and Dubai established itself as a hub for regional trade<sup>[5]</sup>. Expanding the stability and strength of the two nations' constantly developing and diversified bilateral relationship is enhanced by their economic and commercial ties. For their mutual interest, both parties are working to deepen these connections even further. Trade between both countries India and Emirates, which was valued at 180 million US\$ annually in the year 1970s, is now estimated to be worth 73 billion US\$, making the UAE India's third-largest trading partner for 2021–2022, after the US and China. Moreover, with over US\$ 28 billion in exports to the UAE in 2021–2022, India's second-biggest export market after the US. India ranks as the UAE's second-biggest trading partner in 2021, with non-oil trade of over US\$ 45 billion<sup>[6]</sup>.

Nearly 18 million people migrate internationally, including a sizable diaspora in the US, Saudi Arabia, and the United Arab Emirates from India. And it keeps moving forward as

the leading nation getting remittances from its diaspora; in 2022, the amount exceeded \$110 billion. According to UN's International Organization for Migration report released in 2024 Dhaka Bangladesh, said that the top three nations in 2022 for receiving remittances were India, Mexico, and China, followed by the Philippines, France, and Pakistan. This information is contained in the World Migration Report, 2024<sup>[7]</sup>.

Globally in 2022, United Arab Emirates ranking as the second-largest remittances sending country to the South Asian country. With the greatest economy in the world, the United States, accounted for 23.4% of all remittance flows to India, with the United Arab Emirates coming in second at 18% share. UK came in third with a 6.8% share, and Singapore ranked fourth with a 5.7% share. Saudi Arabia, the largest economy in the Arab world, ranked sixth among all countries from which India received remittances, accounting for 5.1% of total remittances. Kuwait, Oman, and Qatar, on the other hand, contributed 2.4%, 1.6%, and 1.5% of total remittances, respectively<sup>[8]</sup>.

### India UAE relationship under Modi Era

Since assuming power in 2014, Narendra Modi as a prime minister of India has implemented significant alterations in the approach, importance, and concentration of Indian foreign policy. The "Extended Neighbourhood Policy" is a robust new Gulf policy that focusing on the relationship with the United Arab Emirates (UAE). The establishment of a stronger and more promising friendship between India and the UAE has been facilitated by their shared economic objectives and complementary geopolitical perspectives<sup>[9]</sup>. The visit of the Indian prime minister in the United Arab Emirates in August 2015 marked the beginning of a fresh and important alliance between the two countries, which significantly enhanced their bilateral ties. In May 2016, Manohar Parrikar, the first Indian defense minister, embarked on a visit to the UAE to engage in discussions with his UAE counterpart and investigate avenues for enhancing military cooperation. Moreover, the decision to elevate bilateral ties to a comprehensive strategic partnership was made during the visit of the Crown Prince of Abu Dhabi to India in January 2017, in honor of Republic Day. This initiated discussions for a comprehensive economic cooperation agreement between India and the United Arab Emirates<sup>[10]</sup>.

India was designated as the 'Guest of Honour Country' for the prestigious 2018 edition of the Abu Dhabi Festival

<sup>7</sup> "India Got \$111bn in Remittances in 2022, First to Go Past \$100bn Mark," *The Times of India*, May 9, 2024, <https://timesofindia.indiatimes.com/india/india-got-111bn-in-remittances-in-2022-first-to-go-past-100bn-mark/articleshow/109958994.cms>.

<sup>8</sup> Fared Rahman, "India Received \$90bn in Remittances in 2022, with UAE as Second-Biggest Source," *The National*, July 18, 2023, <https://www.thenationalnews.com/business/money/2023/07/18/india-received-90bn-in-remittances-in-2022-with-uae-as-second-biggest-source/>.

<sup>9</sup> "India-UAE Relations: Poised to Climb to New Heights," Middle East Institute, accessed September 30, 2023, <https://mei.edu/publications/india-uae-relations-poised-climb-new-heights>.

<sup>10</sup> Lotus Arise, "Embassy of India, Abu Dhabi, U.A.E.," [Indembassyuae.gov.in](http://Indembassyuae.gov.in), January 14, 2023, <https://www.indembassyuae.gov.in/cultural-relation.php>.

<sup>4</sup> P. N Khushnah, "India-UAE Relations: Poised to Climb to New Heights," Middle East Institute, March 23, 2021, <https://mei.edu/publications/india-uae-relations-poised-climb-new-heights>.

<sup>5</sup> "India Got \$111bn in Remittances in 2022, First to Go Past \$100bn Mark," *The Times of India*, May 9, 2024, <https://timesofindia.indiatimes.com/india/india-got-111bn-in-remittances-in-2022-first-to-go-past-100bn-mark/articleshow/109958994.cms>.

<sup>6</sup> *ibid*

(ADF), indicating that Emiratis acknowledged the significance of Indian culture. By selecting India as the Country of Honour, the event highlighted the common cultural legacy between the two countries, in line with the official theme of "The Year of Zayed". The 2019 Abu Dhabi International Book Fair (ADIBF) featured India as the Guest of Honor, adding to the excitement of the cultural event. The emphasis on Indian literature and culture marked the completion of the cultural programming at ADIBF 2019. The 150th birth anniversary of Mahatma Gandhi was commemorated on August 24, 2019, with the distribution of postal stamps in his honor by Prime Minister Narendra Modi and Sheikh Mohamed Bin Zayed Al Nahyan, the Crown Prince of Abu Dhabi and Deputy Supreme Commander of the UAE Armed Forces. The postage stamps were published by Emirates Post of the UAE at the Presidential Palace in Abu Dhabi to honor and commemorate the life and ideas of the esteemed leader. The Indian diaspora also enhances the cultural heterogeneity of the UAE. They engage actively in cultural events, festivals, and community activities, therefore enhancing cultural bonds between the two nations. Currently, cross-cultural encounters are increasingly being used as a preferred method to improve international relations. Initiating the pursuit of such comprehension from the basic level is the only means by which a nation may really cultivate a robust grasp of the requirements and assets of another nation. The main objective of implementing such exchanges in the country is to foster inclusivity among its citizens, with the aim of building a stronger and more cohesive nation<sup>[11]</sup>. The council is responsible for facilitating and encouraging intercultural exchanges, cultural projects, and exhibitions in various shared regions. Both countries want to explore their shared cultural heritage by establishing a new council, with the aim of facilitating future collaboration<sup>[12]</sup>.

### Challenges and Concerns

Despite the economic and diplomatic links, India is experiencing several obstacles in a variety of areas, including an unclear labor law system and claims of abuse and exploitation of Indian workers in the UAE, which might jeopardize India-UAE relations. Despite the favorable features, the Indian diaspora faces obstacles such as labor rights, legal concerns, and social integration. Meeting these problems is part of the bilateral partnership. There is a problem with non-tariff barriers (NTBs). The United Arab Emirates' use of non-tariff barriers such as sanitary and phytosanitary (SPS) and technical barriers to trade (TBT) has limited Indian meat, poultry, and processed food exports. Then, thanks to China's vast financial resources, it has been attracting Indian enterprises away from the Middle East and the United Arab Emirates with low-interest loans. This isn't it. India is in a tough diplomatic position as it attempts to balance its connections with Iran and the UAE considering the Arab world's conflicts with Iran. Another major problem affecting India-UAE relations is the severe treatment of immigrants doing blue-collar jobs in the UAE owing to the Kafala system. Employers currently have

disproportionate authority over the immigration and employment status of migrant workers<sup>[13]</sup>.

### Conclusion

A key component in the bilateral relations between India and the UAE is the Indian diaspora living there. The two countries' relationship is greatly influenced by their diplomatic and political clout as well as their contributions to the economy, culture, and society. Recognizing the significance of this diaspora group, India, and the UAE work hard to preserve close relationships and promote their welfare. The region (UAE) and other nations in the Gulf region play very important role in providing substantial remittance flows to India. A significant number of Indian residents in the Gulf Co-operation Council (GCC) bloc remit funds to their families in India, contributing to the expansion of Asia's third-largest economy.

### References

1. Chaturvedi, Arpan. India Ties up with UAE to Settle Trade in Rupees. Reuters; c2023 Jul 15, sec. World. <https://www.reuters.com/world/india-ties-up-with-uae-settle-trade-rupees-2023-07-15/>.
2. Forde, Helga Jensen. Remittance Flows to India See Robust Growth. *gulfnews.com*; c2022 Aug 15. <https://gulfnews.com/world/asia/india/remittance-flows-to-india-see-robust-growth-1.1660822826351>.
3. India - United Arab Emirates Relations; c2016 Jan. [https://www.mea.gov.in/Portal/ForeignRelation/UAE\\_2015\\_07\\_02.pdf](https://www.mea.gov.in/Portal/ForeignRelation/UAE_2015_07_02.pdf).
4. India Today. UAE – India Relations: Dawn of a New Era. Accessed October 2, 2023. <https://www.indiatoday.in/impact-feature/story/uae-india-relations-dawn-of-a-new-era-1924091-2022-03-11>.
5. Khureja, Kunal. India-UAE Bilateral Relationship - Explained, Pointwise. *ForumIAS Blog*; c2022 Febr 19. <https://blog.forumias.com/india-uae-bilateral-relationship/>.
6. Khushnah PN. India-UAE Relations: Poised to Climb to New Heights. *Middle East Institute*; c2021 Mar 23. <https://mei.edu/publications/india-uae-relations-poised-climb-new-heights>.
7. Lotus Arise. Embassy of India, Abu Dhabi, U.A.E. *Indembassyuae.gov.in*; c2023 Jan 14. <https://www.indembassyuae.gov.in/cultural-relation.php>.
8. Middle East Institute. India-UAE Relations: Poised to Climb to New Heights. Accessed September 30, 2023. <https://mei.edu/publications/india-uae-relations-poised-climb-new-heights>.
9. Shekhar, Prashant. Relations between India-UAE- Explained Pointwise |ForumIAS. *Forum IAS*, January 1, 2024. <https://forumias.com/blog/india-uae-relations-explained-pointwise/#gsc.tab=0>.
10. Sergon, Valentine. An Introduction to the United Arab Emirates. *Expat Guide to United Arab Emirates | Expatica*, July 13, 2023.

<sup>11</sup> Ayush Verma, "An Overview on the Cultural Exchanges," *iPleaders*, December 16, 2020, <https://blog.ipleaders.in/overview-cultural-exchanges/>.

<sup>12</sup> *ibid*

<sup>13</sup> Prashant Shekhar, "Relations between India-UAE- Explained Pointwise |ForumIAS," *Forum IAS*, January 1, 2024, <https://forumias.com/blog/india-uae-relations-explained-pointwise/#gsc.tab=0>.

- <https://www.expatica.com/ae/moving/about/an-introduction-to-the-united-arab-emirates-70936/>
11. Shanoob. India-UAE Relations: Significance, Challenges, Way Forward. UPSC Notes. IAS Express; c2020 Sep 26. <https://www.iasexpress.net/india-uae-relations/>.
  12. Tharakan, Mathew. India-UAE Bilateral Trade and Investment Report - KPMG United Arab Emirates. KPMG; c2023 Sep 7. <https://kpmg.com/ae/en/home/insights/2022/02/india-uae-bilateral-trade-and-investment-report.html>.
  13. Verma, Ayush. An Overview on the Cultural Exchanges. iPleaders; c2020 Dec 16. <https://blog.ipleaders.in/overview-cultural-exchanges/>.
  14. Indembassyuae.gov.in. Embassy of India, Abu Dhabi, U.A.E.' c2019. <https://www.indembassyuae.gov.in/bilateral-eco-com-relation.php>.
  15. Rahman, Fareed. India Received \$90bn in Remittances in 2022, with UAE as Second-Biggest Source. The National; c2023 Jul 18. <https://www.thenationalnews.com/business/money/2023/07/18/india-received-90bn-in-remittances-in-2022-with-uae-as-second-biggest-source/>.
  16. The Times of India. India Got \$111bn in Remittances in 2022, First to Go Past \$100bn Mark; c2024 May 9. <https://timesofindia.indiatimes.com/india/india-got-111bn-in-remittances-in-2022-first-to-go-past-100bn-mark/articleshow/109958994.cms>