

**INDIA'S INCREASING RELATIONS WITH PERSIAN-GULF
STATE; IMPLICATION FOR PAKISTAN**



MASTER OF SCIENCES (MSC)

In

INTERNATIONAL RELATIONS

By

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**SCHOOL OF POLITICS AND INTERNATIONAL RELATIONS
QUAID-I-AZAM UNIVERSITY
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DECLARATION

I, **Ali Monzoor**, hereby declare that I have produced the work presented in this thesis, during the scheduled period of time. I also declare that I have not taken any information from any source other than the work that I had referred to. If any violation to Higher Education Commission rules (HEC) on the research occurs then, I shall be accountable to punishable action under plagiarism rules of HEC.

DEDICATED TO

Mama papa: Mr. & Mrs. Ali Monzoor

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ABSTRACT

The study tries to find out the ever-growing relationship of India with the Gulf States. It also finds out the real impetus behind the urge of both sides to expand their cooperation beyond the traditional trade in the energy domain to a more strategic and military alliance. It looks into the relationship between the two sides from a historical perspective. Then it finds out the ever-increasing relation of India with Individual states such as Saudi Arabia, UAE, Qatar, Kuwait Bahrain and Oman in multiple sectors of energy, politics, economy, culture and education. Further, it also finds out how the growing relationship between India and the Gulf states impacted Pakistan. This study tries to find out how Pakistan policies vis-à-vis Gulf states have changed the scenario in favour of India. Specifically, Pakistan has shown neutrality in Intra Arab conflicts such as the war in Yemen, the Qatar Blockade and the Iran nuclear negotiation with the western states. Along with Pakistan's neutrality and India's emergence as a resilient economy, Gulf States have tilted towards the latter and forged a steadily increasing cooperation in the multifaceted domain. With the expanding Indian cooperation with the Gulf States, Pakistan has faced severe political, economic and strategic implications.

ACRONYMS

AL	Arab League
BRI	Belt and Road Initiative
CPEC	China Pakistan Economic Corridor
FATF	Financial Action Task Force
FDI	Foreign Direct Investment
FOC	Foreign Office Consultation
GCC	Gulf Cooperation Council
IMCTC	Islamic Military Counter Terrorism Coalition
ISIS	Islamic State of Iraq and Syria
LET	Lashkar-E-Taiba
MBS	Muhammad Bin Salman
NAM	Non-Aligned Movement
NCCAL	National Council for Culture, Art and Letters
NSA	National Security Advisor
OIC	Organization of Islamic Cooperation
PSF	Peninsular Shield Force

CONTENTS

ACKNOWLEDGMENTS	vi
ABSTRACT	vii
ACRONYMS	viii
INTRODUCTION	1
Statement of the Problem.....	2
Research Questions.....	3
Literature Review	3
Hypothesis	7
Theoretical Framework.....	7
Significance of the Study.....	8
Objectives of the Study.....	8
Research Methodology	9
Organization of the study.....	9
CHAPTER 1	10
THEORETICAL FRAMEWORK	10
1.1 Introduction.....	10
1.2 Balance of Power Approach	11
1.3 Complex Interdependence	13
CHAPTER 2	18
INDO-GULF RELATIONS: A PARTNERSHIP IN GROWTH	18
2.1 Introduction.....	18
2.2 Bilateral Relations of India with the Gulf States	19
2.3 Bilateral Relation with Kingdom of Saudi Arabia	19
2.3.1 Political Relation	20
2.3.2 Defence and Security Cooperation	21
2.3.3 Trade and Commerce Engagement.....	22
2.3.4 Relation in Energy Sector	23
2.3.5 Indian Emigrants in the Kingdom.....	23
2.4 India-UAE Relations: An Era of New Beginning	24
2.5 India-Qatar: Taking Economic Ties to the Next Level	27
2.6 The Indo-Kuwait Rapport.....	28
2.7 India-Oman Relations: Attaching the Priority it Deserves	31
2.8 Bahrain: A GCC Hub for India Trade	32
2.9 Conclusion	34
CHAPTER 3	35
INDO-GULF STATES NEXUS: IMPLICATIONS FOR PAKISTAN	35

3.1 Introduction.....	35
3.2 Indo-Gulf Relations: Implications on Pakistan.....	36
3.2.1 Political Implications	36
3.2.1.1 Indo-Pak conflict: The GCC and OIC Factor	39
3.2.1.2 Kashmir Conflict: Constructive role of Gulf states in OIC	40
3.2.1.3 India and Pakistan Vis-à-vis Gulf States	42
3.2.2 Economic Implications	46
3.2.3 Strategic Implications	47
3.3 Conclusion	49
CONCLUSION	50
BIBLIOGRAPHY	53

INTRODUCTION

India has established itself as a regional player in Asia, demonstrating unequivocally its socioeconomic strength and durability despite the global economic downturn. Globalization undoubtedly necessitates regular assessments of developments in various sectors to take into account the world's rapid changes and, if necessary, take suitable action at the appropriate moment. This study attempts to examine India's relations with the Gulf States from this standpoint. Since the GCC's inception in 1981, India and the Gulf Cooperation Council have grown closer. The Gulf Cooperation Council (GCC) countries (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates) are the world's top hydrocarbon suppliers.

They account for about 42% and 24% of the total worldwide oil and gas reserves, respectively. Since 1947, bilateral relations between India and the Gulf states have progressed significantly, with non-oil trade reaching about \$20 billion in 2005-2006 and oil trade reaching around \$26 billion. According to the Indian government's Department of Commerce, the overall relationship between India and the Gulf states was the US \$91.63 billion in 2008-2009, with total imports of \$59 billion and exports of approximately US \$32 billion. In addition, Indians constitute the largest workforce community in the Gulf. The bilateral ties and substantial trade base ensure strong support and commitment.

Over the years, the GCC governments have pushed for a "Look East" strategy. India, too, has broadened its horizons beyond its local surroundings. India's foreign policy is inextricably linked to the Gulf, which promotes mutual interests, combats terrorism and extremism, and unlocks business opportunities. The Gulf Cooperation Council (GCC) is a capital-rich area that intends to invest overseas, whereas India is a capital-poor major power that needs investment. Because of the enormous number of Indians living in these countries, relations between India and the Gulf countries have become a hot topic among policymakers and scholars.

West Asia currently accounts for 35% of overall inward remittances, with 30% coming from North America, 20% from Europe, and 10% coming from other regions. The GCC countries are also seeking non-Western nations to invest their surplus funds

in as part of their “Look East” policy, and they are interested in diversifying their petroleum-based economy by moving into the knowledge industry. Given its superiority in computer technology and a qualified workforce, India can play an important role in this area. The Joint Fund's success with Oman is critical because it will set a precedent for the other Gulf nations to form similar agreements with India.

Each Gulf state has its independent approach. Even while these countries' policy orientations are fundamentally similar, they maintain their independence and focus only on their local and national objectives. This complicates the role of Indian policymakers in West Asia. Each Gulf state requires a strategy and policy that is not influenced by the other GCC governments. In this context, this study attempts to examine each GCC country's relationship with India. Furthermore, India and Pakistan have been at odds since 1947, with their antagonism manifesting itself in a variety of ways.

At various times throughout history, both states have partnered with external entities to outmatch the other. Pakistan has worked hard to build close and fraternal ties with the Gulf Cooperation Council (GCC) states as a significant foundation of its foreign policy, motivated by religious links, economic interests, and political linkages on matters that concern the Muslim world as a whole. Pakistan has not only assisted them in the establishment of institutions throughout their formative years, but it has also offered assistance at times of crisis.

Gulf states have assisted Pakistan politically, diplomatically, and economically in return, particularly during the economic sanctions period. Pakistan and the GCC states have an extensive list of bilateral agreements. Given India's expanding presence in the region, the following section will attempt to assess the potential threat to Pakistan's political, strategic, and socioeconomic influence in the region.

Statement of the Problem

The relationship between India and the Gulf states has developed over time, with the latter heading away from Pakistan. After direct and indirect indulgence, negotiation, and sway, the Indo-Gulf collaboration ushered in a new aspect in South Asia, which appears to have altered the regional power equation. This relationship has various

facets, including strategic, economic, and political ones, and it may be attempting to alter the structure and tendencies of regional politics. As a result of the shifting balance of influence in the region, there would be numerous ramifications for Pakistan. Foreign policy's political framework, as well as the ruling strategic logic, will undoubtedly change. The rising Indo-Gulf relationship is anticipated to deepen the strategic partnership between Pakistan and China. It will help Pakistan to ensure its survival and territorial sovereignty. These changes would also put South Asia in a situation where Pakistan and India's relationship could become tenuous.

Research Questions

1. What is the historical importance of India-Gulf relations, and how has the relationship changed through time in terms of strategy, politics, and economics?
2. What pattern of interaction did India and the Gulf states pursue in the current dynamics such that a significant strategic interaction has now been created, starting from a position of no relationship?
3. What are the different regional and international consequences of Gulf states' and India's collaboration with Pakistan, and what does this portend for Pakistan's political, economic, and strategic policies?

Literature Review

Dr Vrushal T. Ghoble in his article "India-Gulf Relations: Ports, Energy and Other Trade," argued that The Gulf States, which began as a trading community, have reaped the benefits of the oil boom. The Gulf became dependent as oil money streamed in, giving them the status of the renter. During the oil boom, a large number of Indians flocked to the region in search of jobs. The proportion of Indian workers in the Gulf states are in the millions, and they send huge remittances back home. Likewise, trade between the two sides grew. The GCC states are one of India's most important regional trading partners. The Gulf States have become more volatile as a result of the economic and political turmoil that began in 2011. The Arab Spring (2010–11), Iran-West nuclear talks, the Qatar conflict, and the Yemen war have all

altered regional geopolitics. This study has attempted to investigate the rising level of commitment and development of India-Gulf bilateral ties. Gulf producers have been driven by falling oil prices in 2014 to embrace measures that will help them lessen their reliance on oil and diversify their economies. India buys more than 80% of its oil from the Middle East. As a result, it will be timely to investigate the geopolitical situation surrounding India-Gulf relations. It examines the energy aspect of the relationship, which is essential for India because the Gulf is a major supply of hydrocarbons. So, the writer looks into the trade relations in terms of petroleum products, while overlooking the ever-broader relationship between the two sides in several domains.

Saeed RigiLadez in his article “Trade Relations between India and Gulf Cooperation Council Countries - An Empirical Study” argued that the relationship between India and the Arab Gulf countries dates back centuries and is based on mutual commerce and business. He further commented that economic trends are fostering mutual interdependence because both India and the GCC are big economic powers. India's 7 million-strong workforce in the Gulf Cooperation Council countries provides a vital link between the two areas. Two-thirds of India's overall energy needs are met by the Gulf area. Similarly, India supplies the GCC market with textiles, food, spices, machinery, information technology, and electrical items. The Gulf Cooperation Council (GCC) is India's largest trading partner, with the UAE doing the most business with the country. India's trade volume with the Gulf Cooperation Council countries increased from 16878.46 million dollars in 2004-05 to 150020.62 million dollars in 2013-14. In terms of trade relations, the UAE is India's greatest trading partner, while Saudi Arabia is India's second-largest commercial partner in the GCC. The rapid economic growth of India and the Gulf Cooperation Council (GCC) countries has increased mutual interdependence and bilateral trade between the two regions. However, in Bahrain and Oman's bilateral trade with India, this reliance was too light. So, the writer purely looks into the India-Gulf partnership from the perspective of trade relations and overlooked the strategic commitments between the two sides. Further, most of the literature failed to look into the partnership from Pakistan's perspective.

Dr Md. Muddassir Quamar in his article –A New Synergy in Indo-Gulf Relations” his article argued that Since Prime Minister Narendra Modi visited the United Arab Emirates in August 2015, India's partnership with the Gulf has changed dramatically (UAE). While seeking stronger relations with the Gulf countries, India has refrained from taking sides in intra-Gulf issues. This delicate balancing act between Saudi and Iran, on the one hand, and Saudi-Emirate-Bahrain and Qatar, on the other hand, has aided India in securing its regional interests. Further, while maintaining connections with significant regional countries such as Tehran, Manama, and Doha, New Delhi has centred its Gulf policy on two essential countries: Saudi Arabia and the United Arab Emirates. Only deliberate political participation at the top level might achieve this ostensibly impossible diplomatic goal. While assisting India in maintaining its balancing act, proactive interactions have produced a new symmetry in Indo-Gulf relations, particularly in the areas of trade and investment, as well as security and defense. Bilateral trade has long been a key feature of Indo-Gulf relations. The Gulf accounts for over 18 per cent of India's worldwide commerce, with the UAE and Saudi Arabia amongst its top five trading partners. Nearly 60% of India's hydrocarbon needs are met by imports from the region. Though the writer touched upon the strategic perspective, he focused more on the relation between the two in energy partnership. In addition, the writer also overlooked Pakistan factors in increasing relations between India and the Gulf States.

Manjari Singh in his article –India-Persian Gulf Relations: From Transactional to Strategic Partnerships” argued that from ancient times, India's relationships with the Gulf States have been extremely important and multifaceted. Both countries have a long history of commercial, energy, and security relations, as well as a large expatriate population. While energy cooperation has long dominated Indo-Gulf relations, their dynamics have shifted in recent years. Because of the Persian Gulf countries' efforts to attain the 2030 agenda through economic transformation, Indo-Gulf relations have grown in non-traditional areas like military cooperation and strategic alliances. India does not have a mutual defense pact with any of the big nations, although it does have close military and strategic ties with a number of them. Since 1997, India has begun to create strategic alliances with significant states such as France, Russia, Germany, and the United States, among others, as a result of its growing prominence in the world. Since 2003, India has expanded its partnerships in

the strategic domain with four Gulf nations, notably Iran, Oman, Saudi Arabia, and the United Arab Emirates. This shows that over time, the region has become more important to India's rise as a regional and international power. The author has thoroughly examined the relationship between India with the Gulf states. But it has overlooked how India growing relations with the Gulf state has negatively impacted the relation of Pakistan with the latter.

Md. Muddassir Quamar in his article –“The Changing Nature of The Pakistan Factor in India-Gulf Relations: An Indian Perspective” examine the relationship purely from the Indian perspective. He argued that in the last three decades, Indo-Gulf connections have developed. They've come a long way since the Cold War's heyday when they were preoccupied with regional and global issues, and Pakistan was a stumbling block to India and the Gulf state's diversified relationship. Further, they have also come a very long way since the earliest years of Pakistan's de-hyphenation in the 1990s, which helped the formation of economic relations. India and the Gulf now see each other as strategic allies with shared interests and values in a wide range of regional and global issues, including economic success, terrorism, and religious radicalism. They have begun to collaborate on several issues, including defense and security. When King Abdullah arrived in New Delhi as the primary guest for India's Republic Day parade in 2005, the process of creating an India-Gulf strategic alliance took its first steps. In the last few years, Prime Minister Modi has taken bilateral relations to a new level, with a surge in bilateral political commitments and a growing interest in developing defense and security cooperation in the wake of regional chaos in the Gulf Region and domestic concerns about the rising scourge of radicalism in India. The flurry of visits during the last four years, as well as India's ability to raise awareness of the issue of Pakistan-sponsored terrorism, which has been a source of insecurity and strife in Afghanistan and Kashmir, are important to mention. Due to their strong ties, this is significant for India since its strategists believe that the GCC Arab States have leverage over Pakistan. New Delhi may now exert pressure on Pakistan via Riyadh and Abu Dhabi, thanks to shifting geopolitical factors and growing connectivity between India and the Gulf states. So, the author took an Indian centric view in the relationship between both sides.

Hypothesis

The increasing strategic cooperation between India and the Gulf states would harm the regional power dynamic, aggravating regional tensions and bolstering deeper strategic connections between China and Pakistan. The strategic cooperation between India and the Gulf states is a fulfillment of the cultivated Indian-centric international system, which, in turn, diminishes Pakistan's strategic importance.

Theoretical Framework

Theories attempt to explain, predict, and describe concepts such as military conflict, disagreement, coexistence, partnership, the structure and rules of the international political system, and changes in state behavior in response to various contexts and developments. These theoretical frameworks' underlying assumptions were based on realism and liberalism. Attempting to understand state behavior during the twentieth century, realism continued to remain the most powerful concept, and it continued to be the dominant description of state behavior. The balance of power approach under the realist paradigm would be applied that how India has tried to move the balance in the region in its favor against Pakistan by aligning itself with the Gulf States.

But Both sides had "cooperation" as a hallmark of their engagement in India-Gulf States relations, which would much rather be a category of a liberal conceptual framework. Theoretical explanations of India-Gulf state relations would be complicated as a result. The thesis would conduct a theoretical study of greater partnership among both India and the Gulf states to discuss this conceptual complexity. It would be argued that complex interdependence, as defined by liberal and neoliberal discourses, explains the majority of the contours of the relationship, including the alignment of both sides' political, economic, and strategic interests. Development of a strategic partnership between the two sides aimed at achieving "power" goals rooted in the realist paradigm, i.e., driving states to survival and preserving sovereignty through the maintenance, maximization, and application of power. The power dynamic approach under the realist paradigm would best explain both sides' behavior patterns.

Significance of the Study

The study examines the benefits and drawbacks of the quickly growing India-Gulf States collaboration in a methodical manner. The study examines how effective the Indo-Gulf States alliance is, particularly because the Gulf Nations and Pakistan were formerly staunch allies. Analytically, the research demonstrates that the Gulf states have slowly lost Pakistan as a traditional friend, as their pro-India proclivity has widened the trust gap between the two. According to this study, regional players such as Pakistan view and believe that the Indo-Gulf relationship is a precursor of a regional rift. To contend with the complicated and interwoven Indo-Gulf alliance, regional powers, such as Pakistan and China, must be astute and non-provocative. The study identifies possibilities for Pakistan to redefine its foreign affairs, which has been predicated on the country's existence since its inception. The research is significant because it demonstrates how and why Pakistan needs practical political behaviour to mitigate the consequences of Indo-Gulf connections.

Objectives of the Study

The study aims to analyze and contextualize the Indo-Gulf strategic cooperation as well as assess the extent to which it has political and strategic ramifications for Pakistan. The study collected data and studied the trend and perspective of different Indian governments toward the India-Gulf States relationship using an analytical approach. As a result, dissecting and contrasting the attitudes of the BJP, a nationalist party, and the Congress toward cooperation is necessary. The study examines the extent to which India's engagement with Gulf states has boosted India's proclivity to isolate Pakistan, as well as how well Pakistan and China's cooperation has mitigated this. The study delves into and expounds on the Indo-Gulf partnership's trajectory, as well as the strategic ramifications of Indian and Gulf Arab Nations integration on Pakistan. And how does this cast doubt on Pakistan's lengthy history as a Gulf partner? As a result, the study is divided into two sections: the first discusses the India-Gulf States connection and its numerous nodes, and the second discusses the consequences for Pakistan and how the country might maintain its strategic projection in the region.

Research Methodology

The research used a qualitative method, focused on secondary as well as primary sources, to better understand Gulf-India and Pakistan ties since independence and, as a result, to explain the current situation analytically. Aside from analyzing material (books and journal papers), newspaper stories have been used methodically due to the need to see how recent events have transpired. This provides a wealth of new information on the ongoing discussion about India's relationship with the United States, which is still in flux. Events and direct and indirect policy analysis are also part of the research because events and policies are important tools for understanding the partnership's many different parts.

Organization of the study

The study consists of four chapters. The first chapter discusses the theoretical framework which can significantly explain the broadening relationship between India and the Gulf states. Chapter two looks into the increasing relations of India with the Gulf states from the historical perspective. That is how the relationship transformed from the energy sector to strategic and defense cooperation. Further, Chapter three focuses on the relationship between the Gulf states individually such as Saudi Arabia, UAE, Kuwait, Qatar and Oman. That is how India has forged its partnership with these Gulf States in a multifaceted domain such as security, energy, defense, economy and culture. The final chapter looks into the wider implications of India's growing relations with the Gulf States in terms of politics, economy and strategic domain on Pakistan.

CHAPTER 1

THEORETICAL FRAMEWORK

1.1 Introduction

Theories attempt to explain, predict, and describe concepts such as military conflict, disagreement, coexistence, partnership, the structure and rules of the international political system, and changes in state behavior in response to various contexts and developments. These theoretical frameworks' underlying assumptions were based on realism and liberalism. Attempting to understand state behavior during the twentieth century, realism continued to remain the most powerful concept, and it continued to be the dominant description of state behavior. Realist concepts such as the never-ending struggle for dominance and stability in an anarchic international system have remained relevant in modern international politics.¹ When India was seen as a powerful nation trying to expand its regional and international influence, the realist paradigm seemed to fit better and explain its actions. Both sides had "cooperation" as a hallmark of their engagement in India-Gulf States relations, which would much rather be a category of a liberal conceptual framework.

Theoretical explanations of India-Gulf state relations would be complicated as a result. The thesis would conduct a theoretical study of greater partnership among both India and the Gulf states to discuss this conceptual complexity. It would be argued that complex interdependence, as defined by liberal and neoliberal discourses, explains the majority of the contours of the relationship, including the alignment of both sides' political, economic, and strategic interests. Development of a strategic partnership between the two sides aimed at achieving "power" goals rooted in the realist paradigm, i.e., driving states to survival and preserving sovereignty through the maintenance, maximization, and application of power. The power dynamic approach under the realist paradigm would best explain both sides' behavior patterns.

¹ Tim Dunne, 'Realism', *The Globalization of World Politics*, 1 January 2001, 165, <https://www.academia.edu/370014/Realism>.

1.2 Balance of Power Approach

In international relations, relativism can be regarded as a traditional approach. It emphasizes the value of a power-dynamic approach and emphasizes alliance relationships as one method of countering an adversary's power. Historically, states have formed alliances to safeguard the territorial sovereignty of their members through military might. Territorial integrity is sometimes maintained through alliances as a decisive framework for maintaining the stability of power in the system. In today's international politics, a state's political economy is also important in maintaining the power balance between polar states.

To begin, Ernst B. Haas coined the term with eight distinct connotations: a) any division of power; b) a state of balance method; c) economic dominance or the pursuit of economic dominance; d) peace and stability in a concert of power; e) destabilization and conflict; f) national power politics; g) a universal historical law, and h) a system and guide for policymakers.² There's also the prism within power balance, which refers to configurations and how some states can either make alliances or join the bandwagon. However, there is a more traditional approach to it that focuses on the idea of equilibrium, the survival of the state, and nuclear race and alliance formation for survival's sake.

Even though human nature and the natural environment both encourage and incentivize such behavior, realist Morgenthau believes that a state's interests are primarily guided by its desire to gain power.³ Because India and the Gulf states are similar to other countries, such a theoretical framework can be used to comprehend the Indian mutually beneficial relationship. India kept a close eye on the post-Cold War political atmosphere and adjusted accordingly. The world had become unipolar, with the United States at the apex of power. Using the same political realism template, we were able to figure out what was driving India's preference for the Gulf states.

The framework of the Indian national interest is rationality and well-calculated tactics. Even though Morgenthau claims that ~~h~~history shows no precise and essential link

² Ernst B. Haas, 'The Balance of Power: Prescription, Concept, or Propaganda?', *World Politics* 5, no. 4 (July 1953): 450, <https://doi.org/10.2307/2009179>.

³ Hans J Morgenthau, *Politics Among Nations: The Struggle for Power and Peace* (New York: Alfred A. Knopf, 1973), 53.

between the performance of intentions and the efficiency of foreign policy.”⁴ This is true from a moral and political standpoint, the India-Gulf partnership defies this logic. The imperatives that drove India to change course and shift its foreign policy away from Cold War non-alignment politics and toward more diverse relationships.

The extent to which “state motive and foreign policy” re-engineered and reinforced India-Gulf States relations can be seen. Following the end of the Cold War, India’s foreign policy had grown in dimension as well as a suitable relationship with the Gulf States. The two sides’ nurturing relationships implied a high return on foreign policy efforts. Similarly, Indian foreign policymakers diverged from Morgenthau’s perspective in that they went beyond the immediate actuality of the post-Cold War period and examined the full portrait that lay behind the photographic portrayal of those years.⁵ As a result, it is safe to assert that the India-Gulf state partnership provided Indian foreign policymakers with the opportunity to pursue a “rational foreign policy” that “minimizes risks and maximizes benefits and, thus, conforms both to the moral presupposition of caution and the political necessity of success.”⁶

As Thucydides famously observed, “Identity of objectives is the best and most effective of relationships, whether between nations or individuals,” and India-US cooperation exemplifies this. Until very recently, Pakistan had a better relationship with the Gulf States than India. With time, mutual convenience brought India-US interests together, and relations between the two grew stronger, serving as a reminder that “no permanent friend or foe” counts more than “the absence of all opposing interests.”⁷ When we look at the nuclear deal between India and the United States, the phrase “end justifies the means” comes to mind. Although Morgenthau makes a strong case that the state has a lengthy history with classical and mediaeval thinkers, political philosophy is always an inherited legacy of humanity.

According to Morgenthau, the evolution of power balance may be traced back to the beginning of politics. This hotly discussed idea promotes international system equilibrium and is linked to the use of smart realism. In Morgenthau’s opinion, the India-Gulf relationship is close to falling into “the pattern of competitive under the

⁴ Morgenthau, 55.

⁵ Morgenthau, 43.

⁶ Morgenthau, 61.

⁷ Morgenthau, 10.

balance of power.”⁸ Aristotle sketched out several sorts of government and constitutions based on the history of scholarly labor, whereas Morgenthau laid out the ways of power balance. Traditional alliances of states, according to Morgenthau, explain how the balance of power has traditionally shaped the state’s interactions.⁹

For a deeper understanding of Indo-Gulf cooperation, Morgenthau’s two central tenets of an alliance better explain the Indian incentive for allying with the Gulf. New Delhi gained leverage by playing the Gulf state’s part to limit Pakistan's alternatives. It is almost rare for such intercontinental coalitions to materialize in a zero-sum game. Participating in cooperative efforts allows both parties to obtain maximum influence without one side benefiting at the detriment of the other.¹⁰ When it comes to international politics, the concept of power balance or partnership seeking is always weighed against a cost-benefit analysis.

1.3 Complex Interdependence

This part would focus on the theoretical underpinnings of Complex Interdependence and the foundations of the perspective. It would also look into how interdependence grew so powerful in explaining bilateral ties between two governments with similar goals. The concept of complex interconnectedness would be considered a counter-paradigm to realism. A realist focus would be added to a pluralistic understanding of interdependence. To a realist, interdependence ties are always dominance-dependence relationships, with the dependent state vulnerable to the dominating party. Realists, in contrast to the concept of interdependence, would advocate for states to have as little dependence as feasible.

Interdependence, according to realists, would promote fragility in weak states and provide the stronger state with an advantage.¹¹ The vulnerabilities of individual actors, as well as their sensitivities, would, however, change depending on the

⁸ Morgenthau, 11.

⁹ Morgenthau, 188.

¹⁰ Morgenthau, 188.

¹¹ Paul R. Viotti and Mark V. Kauppi, *International Relations Theory*, 5th ed (Boston: Longman, 2012), 17.

circumstances.¹² In response to faults in the realism framework that appeared in the 1970s, the idea of interdependence was established. The advocates of the realist perspective maintained that the state was crucial in global politics and that the stature of a state determined all of its actions, whether weak or powerful. According to interdependence theorists, non-state actors, such as enterprises, will eventually affect the world political arena.

They claimed that power or security rivalry would be far less relevant. Human nature is expected to be positive by interdependence scholars, who perceive it as mutually advantageous and contrary to realist thinking. The hypothesis of complex interdependence would best explain the cordial bilateral ties between the two sides. Richard N. Cooper coined the term “economic interconnectedness” in a 1972 paper, referring to “economic interactions among two or more states and economic growth within those states.”¹³ Robert O. Keohane and Joseph Nye proposed the concept of Complex Interdependence to understand global politics from the perspective of interdependence.

When realism, while being the dominant theoretical paradigm, fell short of addressing important aspects of global affairs and state relations in the 1970s, the idea of complex interdependence. States would be dependent on one another in the era of globalization. External influences have an impact on dependency, which is referred to as reciprocal impacts across countries or various actors of state. There are two levels of interdependence: sensitivity and vulnerability. Interdependence of sensitivity can be sociological, economic, or commercial, whereas vulnerability interconnectedness might be an actor's exposure to other influences compelling them to encounter something.

According to Keohane and Nye, interdependence requires governments to collaborate rather than compete with one another. Economic issues of interconnectedness became more important in the post-World War II context. According to Nye, interdependence

¹² Chris Brown and Kirsten Ainley, *Understanding International Relations*, Fourth edition (Basingstoke: Palgrave Macmillan, 2009), 36.

¹³ Richard N. Cooper, ‘Economic Interdependence and Foreign Policy in the Seventies’, *World Politics* 24, no. 2 (January 1972): 161, <https://doi.org/10.2307/2009735>.

has four dimensions: origins, rewards, expenditures, and symmetry.¹⁴ Cooper's renowned thesis of economic interconnection became a reality in the contemporary world, and the concept acquired a lot of popularity in the years following WWII and the Cold War. Innovations in international politics emerged in the post-Cold War era. International players change their economic and political priorities to serve their global and regional aims to achieve their goals of gaining and maintaining influence in the global and regional arena.

Traditionally, state competition was defined by security imperatives, but discussions on enhancing collaboration and interdependence among states for mutual benefit have gained traction. The academics sparked a debate over what true power would entail beyond developing arsenals. Instead, true power would come from a strong economy with economic clout and modern technological breakthroughs. This paradigm provided a great opportunity for governments to develop cooperative and interdependent relationships. Three basic aspects of Complex Interdependence were demonstrated by Robert O Keohane and Joseph Nye, who provided distinct perspectives on the international system.¹⁵

The framework aimed to eliminate the system's traditional structure, introduce multiple channels, and reduce the use of force. However, the pattern of dependency would be critical to these traits. It's also worth noting that, in today's international system, the prominence of these features would result in a variety of restraints and possibilities for the engaging states.¹⁶ The first aspect of complex interdependence was many channels, which intended to connect distinct civilizations and embraced all governmental and nongovernmental elites, giving the lead to trans-governmental contacts between states.¹⁷ Furthermore, multinational organisations, often known as Multinational Corporations (MNCs), would have a significant impact on both local and interstate relations. Governments, corporations, banks, and trade unions would all engage in activities that would have an impact on different states, and international communication would amplify these effects.

¹⁴ Robert O. Keohane and Joseph S. Nye, 'Power and Interdependence', *Survival* 15, no. 4 (1 July 1973): 161, <https://doi.org/10.1080/00396337308441409>.

¹⁵ Keohane and Nye, 158.

¹⁶ R. J. Barry Jones, ed., *Routledge Encyclopedia of International Political Economy* (London: Routledge, 2002), 790, <https://doi.org/10.4324/9780203440162>.

¹⁷ Keohane and Nye, 'Power and Interdependence', 159.

According to numerous publications, “Foreign economic policies now affect more economic development than in the past, dissolving the divisions across local and global politics. it also boosts the number of themes relevant to foreign policy.”¹⁸ Sub-state actors may form part of many channels when dealing with non-state actors.¹⁹ The lack of ordering among issues was the second hallmark of complex interconnectedness. It suggests that there will be a wide range of issues on the agenda of interstate relations. And that these issues would not be presented in a clear order. Contrary to realists, the interconnectivity argument would not prioritise military defence. There would be no difference between domestic and international concerns, leading to a larger and more diversified field or sphere for foreign policy.²⁰

Issues that pose a threat to some local groups but are not considered a national security priority would be addressed, contributing to the construction of a realistic foreign policy framework.²¹ The third aspect of complex interdependence is the use of military force. Governments will not use military force against one another if there is intricate interconnectedness between two states. Though it forbids nations from using violence against each other, it allows states to use force against a competing bloc. Warfare would not be an important factor in achieving economic or other goals. Some traditional international political theorists didn't believe that these characteristics were true. On the other hand, it was thought that complex interconnection could be very well modelled in terms of global ecological and economic problems.²²

There will be a different interpretation of international affairs about two theoretical approaches when discussing complex interconnectedness about realism. Considering realism and complex interdependence, there would be three significant contrasts. First, complex interdependence will allow for several points of entry across groups, including state and non-state actors, whereas realism would relate to the premise of a unitary state. Second, independence, the force would be low on the priority list, whereas in realism, it would take centre stage. Third, under complex

¹⁸ Keohane and Nye, 159.

¹⁹ Juliet Kaarbo and James Ray, *Global Politics*, 10th edition (Boston, MA: Cengage Learning, 2010), 9.

²⁰ Keohane and Nye, ‘Power and Interdependence’, 162.

²¹ Keohane and Nye, 162.

²² Keohane and Nye, 164.

interconnectedness, there would be no hierarchy of issues, although realism would imply that security is the most essential issue among states.

In complex interdependence, there would be some recognition that all elements did not exist at all times, hence the objection to realism as a conceptual framework would be weak.²³ Both the theoretical framework of realism and the complex interdependency had flaws in how they interpreted state behaviour; both were important, but both were open to criticism. Although complex interconnectedness provided an idealistic perspective, the search for power to maximise strength and grow state influence continued. Even though international organisations and multinational corporations (MNCs) were tools for complex interdependence, powerful governments abused them. Economic interdependence did not become a worldwide paradigm since it did not fit into all scenarios and benefited just a few powerful states.²⁴ If complex interdependence fails, realism will have a chance to stay relevant in world politics.

The principles of realism and complex interconnectedness were investigated to give a theoretical foundation for answering the concerns highlighted in this study. This study examined the relationship between India and the Gulf states on two levels. The relationships were characterised by remarkable collaboration and interdependence, which might be described as complex interdependence in the context of liberal and neoliberal ideologies. The second factor was a strategic collaboration between the two parties to accomplish “power” goals based on the realist worldview. States were safeguarding sovereignty in this setting by maintaining, maximising, and deploying power. This pattern of behaviour on both sides is best explained by the realism paradigm. The study would look at India-Gulf States interactions in light of regional dynamics and global priorities in this environment and light of the assumptions made above.

²³ Brown and Ainley, *Understanding International Relations*, 36.

²⁴ Waheeda Rana, “Theory of Complex Interdependence: A Comparative Analysis of Realist and Neoliberal Thoughts” 6, no. 2 (2015): 290.

CHAPTER 2

INDO-GULF RELATIONS: A PARTNERSHIP IN GROWTH

2.1 Introduction

The formation of GCC by the then fastest-growing economies in 1981 pointed out a new phase of cooperation. The comprising states united to form a group, which garnered public attention. The reason behind this was the fear that these states Arab speaking, petroleum-rich countries might form an oil cartel, which will have severe implications on the prices of petroleum products. But several factors shunned these fears, as these states shared a common history, have geographically near to one another, and all share a system based on Islamic values. Further, the objectives behind the creation of this organization were to enhance cooperation and coordination in every field ranging from economy, trade, security, administration and tourism.²⁵

India has tried to respond positively to these states owing to multiple factors. Besides, its neighbour, it traditionally has very cordial relation with this region for the past several decades. India also relied on them for its energy needs, which has provided instantaneously. The Gulf states are significant trading partners of India. Due to the region's vast potential in the energy sector such as oil and gas reserves, it can be very significant for the future energy needs of India.²⁶ The leadership in India realized the significance of cordial relations with economically growing states in the areas of commerce, energy, security and manpower. Over the decades, India's dependence on the energy sector has increased, which led to increasing opportunities in other sectors.

The trade between India and GCC has hit the US \$145 billion, with a gradual increase over the years.²⁷ But, along with, both face a threat from terrorism which poses a detrimental threat to the political and economic stability. Both are trying to tackle this

²⁵ Gulf Cooperation Council (GCC), n.d., https://www.mea.gov.in/Portal/ForeignRelation/Gulf_Cooperation_Council_MEA_Website.pdf.

²⁶ Talmiz Ahmad, India-Gulf Ties over the Next Decade: Navigating Frontier Areas for Cooperation, ORF, n.d., <https://www.orfonline.org/expert-speak/india-gulf-ties-next-decade-navigating-frontier-areas-cooperation/>.

²⁷ Imran Alam, India's Trade with Gulf Cooperation Council (GCC) Countries: A Panel Gravity Model Analysis, *Journal of Academic Research in Economics* 10, No. 2 10, no. 2 (2018): 248, https://www.researchgate.net/publication/328429188_India's_Trade_with_Gulf_Cooperation_Council_GCC_Countries_a_Panel_Gravity_Model_Analysis.

phenomenon effectively to ensure security and stability in the region. So, with time the relationship based on energy has transformed to the strategic domain to ensure peace and security in the respective regions. For the purpose to work on security threats, India and GCC have started to work on political dialogues.²⁸ Under these dialogues, India and these states have held talks on security, terrorism, stability in the Middle East among others. In the economic domain, India and Gulf states have entered into a Framework Agreement in 2004 at Delhi to ensure increasing economic cooperation.²⁹

2.2 Bilateral Relations of India with the Gulf States

The relation of India with Gulf States has revolved around energy cooperation. But with time the scope of the relationship became much broad. There has been political turmoil in the kingdom with the ascendance of crown prince MBS into power. Further, the Qatar crisis has created a rift in the cooperation of GCC states to tackle the issues collectively. In these times, despite the acceptance of India's economic interests in the region, these states have not sought its help to tackle the crisis in the region. In this situation, India adopted a much-balanced approach to the Qatar crisis and requested all states to solve the issue through dialogue and negotiation. India infers that peace and stability are paramount in its interests in the region. So, with time, India has established a bilateral relation with Gulf States, which went beyond the energy and resulted in broader relations.

2.3 Bilateral Relation with Kingdom of Saudi Arabia

The two states have been involved in a much broader relationship, which strengthened their positions. These two states have established ties in the political, security, trade and commerce domain, which increased their cooperation. Further, the relationship between India and the Kingdom has negatively impacted Pakistan's ties with her.

²⁸ 'India-GCC Political Dialogue', Ministry of External Affairs, India, 3 November 2020, <https://mea.gov.in/press-releases.htm?dtl/33160/indiagcc+political+dialogue>.

²⁹ 'GCC-India Framework Agreement', International Investment Agreements Navigator, 2004, <https://investmentpolicy.unctad.org/international-investment-agreements/treaties/treaties-with-investment-provisions/3354/gcc-india-framework-agreement>.

2.3.1 Political Relation

The relationship of India with the Kingdom has improved with time. The major reason behind it is that India delinks Pakistan from its Gulf policy.³⁰ The relationship strengthened with the ability of India's leadership to engage with the Gulf Monarchs. It manifested in Modi's efforts to initiate cordial relations with Riyadh since he entered office in 2014. The foundation of the bilateral relationship has laid by PM Modi's visit to the Kingdom in 2016.³¹ The leadership of both states met on several occasions to strengthened their ties such as at the G-20 Summit in 2014, and the Hangzhou summit in 2016.³² The relationship between the two states has been based on trade, energy and cultural partnership traced in history. The cultural contacts became significant from the time when India started a relationship with the Gulf States in 1990.

Saudi Monarch, King Abdullah visited India in 2006 on the Indian Republic Day celebration. This visit stirred the relationship between the two states and vowed to broaden the scope of engagement. In this scenario, Indian PM Manmohan Singh visited Saudi Arabia in 2010 which resulted in the signing of the Delhi and Riyadh Declarations. These Declarations move forward the relationship beyond traditional partnership in terms of energy trade. The relationship strengthened with Modi's ascendance to the office of PM, through his periodic engagement with the leadership of the Kingdom. It is significant to note, that there has not been any high-level visit from either side in 2017.³³ Though indirect meetings were held on several occasions, where both sides reiterated their commitments to one another.

The most important among these was the visit of the Minister of State for External Affairs to the kingdom to discuss the problems of workers. It has been solved

³⁰ P.R Kumaraswamy and Muddassir Quamar, *India's Saudi Policy: Bridge to the Future*, 1st ed. (New Delhi: Palgrave Macmillan, 2019), 112.

³¹ Dipanjan Roy Chaudhury, 'PM Modi in Riyadh: India, Saudi Arabia Sign Agreements to Counter Threat of Cross-Border Terrorism', *The Economic Times*, 12 July 2018, <https://economictimes.indiatimes.com/news/defence/pm-modi-in-riyadh-india-saudi-arabia-sign-agreements-to-counter-threat-of-cross-border-terrorism/articleshow/51673469.cms?from=mdr>.

³² 'G20 Summit Hangzhou', NDTV, 2016, <https://www.ndtv.com/topic/g20-summit-hangzhou>.

³³ Tanvi Madan, 'Why Is India's Modi Visiting Saudi Arabia?', Brookings, 2017, <https://www.brookings.edu/blog/markaz/2016/04/01/why-is-indias-modi-visiting-saudi-arabia/>.

harmoniously with King Salman's intervention.³⁴ In these times, the consultation between India and the Kingdom went on in third states. The Foreign Minister of Saudi Arabia met with his Indian counter in February 2017 on the side-lines of the G-20 Foreign Ministers meeting.³⁵ He also met with his counterpart FM Sushma Swaraj in September 2017 during the UN General Assembly session.³⁶

2.3.2 Defence and Security Cooperation

The relationship of India with the Kingdom has intensified since 2014. The two states have tried to engage in security issues. Upon the visit of PM Modi to the Kingdom, a joint statement has issued which clearly outline a security agenda of the two states. They have agreed to stir defence cooperation through alternative visits of military personnel, joint exercises, the providence of arms and military equipment and their joint production. The agreement on supplying and joint production of arms and ammunition has quite unparalleled. Further, in a bid to counter terror financing, both states have agreed on sharing intelligence related to these crimes. In this light, the Kingdom has openly condemned Pathankot and Uri attacks on India. Traditionally, the Kingdom had shown silence over these types of attacks. Further, India also released such statements on the occasion when Saudi Arabia has been attacked. India condemned the attacks in Mecca³⁷ and the missile attack on Riyadh Airport in June and November 2017 respectively.³⁸ Both states vowed to discourage such attacks specifically in the cyber domain which could potentially hurt mutual interests.³⁹

³⁴ Hani Hazaimh, 'No Govt Payment to Firms Until They Clear Expat Dues', Arab News, 8 August 2016, <https://www.arabnews.com/node/966276/saudi-arabia>.

³⁵ Devanshu Kaushik, 'Saudi Arabia Chairs G20 Foreign Ministers' Extraordinary Meeting', Adda247, 4 September 2020, <https://currentaffairs.adda247.com/saudi-arabia-chairs-g20-foreign-ministers-extraordinary-meeting/>.

³⁶ 'External Affairs Minister Sushma Swaraj Meets Counterparts from Six Nations', The Indian Express, 21 September 2017, <https://indianexpress.com/article/india/sushma-swaraj-meets-counterparts-from-six-nations-in-sidelines-of-unga-session-4853397/>.

³⁷ 'Official Statement on Terrorist Attack near the Grand Mosque in Mecca, Saudi Arabia on 23 June 2017', Government of India, Ministry of External Affairs, n.d., <https://mea.gov.in/press-releases.htm?dtl/28594/official+statement+on+terrorist+attack+near+the+grand+mosque+in+mecca+saudi+arabia+on+23+june+2017>.

³⁸ 'Statement on Missile Attack at Riyadh Airport', Government of India, Ministry of External Affairs, 8 November 2017, <https://www.mea.gov.in/press-releases.htm?dtl/29096/statement+on+missile+attack+at+riyadh+airport>.

³⁹ 'India-Saudi Arabia Joint Statement during the Visit of Prime Minister to Saudi Arabia', Government of India, Ministry of External Affairs, 3 April 2016, <https://www.mea.gov.in/bilateral-documents.htm?dtl/26595/IndiaSaudi+Arabia+Joint+Statement+during+the+visit+of+Prime+Minister+to+Saudi+Arabia+April+03+2016>.

2.3.3 Trade and Commerce Engagement

Both states are trying to find new opportunities for growth to put their countries on the trajectory of higher development. Though the nature of economies is quite different, still both are incomparable situations. The Kingdom is an oil-based economy as it is dependent on the oil industry. In this light, 42% of the Kingdom's GDP, 90% of its exports and almost 80% of revenues are based on petroleum products.⁴⁰ But, the reduction of oil as a strategic instrument at the international level led the kingdom to diversify its economy to focus on other areas such as tourism and sports among others. Further, the Indian economy was agrarian and rural-based, though traditionally diversified. The mixed nature of the economy served Indian interests very well until 1990. But after the end of the cold war, India has forced to change the nature of a state-controlled economy into a more investment-friendly one. In this nature, the kingdom urged for the diversification of its economy and Indian stimulus to attract investments are quite complementary in nature.

With the 2013-2014 economic reforms in India, the trade relation has diversified. In these times, the volume of trade engagement between the two states has hit US \$48 billion.⁴¹ Later, the volume has slowly dropped to the US \$26 due to the international economic crisis and unstable oil prices. Still, the two-way trade between the two states has improved with time. The trade relationship between the two states has increased to the level, that Saudi Arabia became India's fourth-largest trading partner. The Kingdom also became one of the significant spots for India's exports. Alternatively, India also became one of the significant markets for the Kingdom products. The two states have a huge volume of US \$25 bilateral trade in 2016-17.⁴² India imported a total of \$19 billion from the kingdom which amounted to 5 per cent of its total imports. At the same time, India exported products worth at least \$6 billion

⁴⁰ 'Saudi Arabia's Oil Dependence: Challenges Ahead', Text, ISPI, 19 April 2016, <https://www.ispionline.it/it/pubblicazione/saudi-arabias-oil-dependence-challenges-ahead-14997>.

⁴¹ Kalim Siddiqui, 'The Political Economy of India's Postplanning Economic Reform: A Critical Review', *World Review of Political Economy* 9, no. 2 (2018): 237, <https://doi.org/10.13169/worlrevipoliecon.9.2.0235>.

⁴² Siddiqui, 240.

to Saudi Arabia.⁴³ The balance of trade has always un favour of Saudi Arabia owing to India's imports of enormous measure of petroleum products.

2.3.4 Relation in Energy Sector

Trade in the energy sector is one of the significant components of the relationship between the two states. The Kingdom proved to be one of the reliable sources of oil trade for India. India imports 19 Per cent of its oil from the Kingdom.⁴⁴ But, Iran in post JCPOA for a brief time overtook Saudi Arabia in supplying oil to India.⁴⁵ In the initial phase of 2016-17, Saudi Arab exported to India worth the US \$11 billion.⁴⁶ the increasing demand for oil means, that India needs to instil cordial relation with the oil-rich Gulf States specifically Saudi Arabia. In this scenario, both states held negotiations over the kingdom's investment in energy projects in India. In 2017, India imported worth 16 billion oil from Saudi Arabia.

2.3.5 Indian Emigrants in the Kingdom

The Indian workers in the kingdom form the backbone of society level contacts between the two states. According to the estimate, there are nearly 2.7 million Indian workers in the kingdom, who are engaged in various sectors.⁴⁷ A heave number is involved in unskilled labour, but still, a chunk of them is inhabiting skilled jobs due to their professionalism, training and skills. The actual number is not clear, but over the last few years, the number of IT experts, Engineers, and Doctors have increased in the Kingdoms. These migrants in the Gulf States directly contribute to the economy of India by sending remittances which along with improving the country's socio-economic status instil liquidity into the country's economy.

⁴³ India-Saudi Economic and Commercial Relations, Embassy of India, Riyadh, Saudi Arabia, 2017, <https://www.eoiriyadh.gov.in/page/india-saudi-business-relations/>.

⁴⁴ India to Buy 36% Less Oil from Saudi Arabia, *The Times of India*, 6 April 2021, <https://timesofindia.indiatimes.com/business/india-business/india-to-buy-36-less-oil-from-saudi-arabia/articleshow/81928954.cms>.

⁴⁵ Oil Trade Between Iran and India Plummet, United States Institute of Peace, 2019, <https://iranprimer.usip.org/blog/2019/jun/12/oil-trade-between-iran-and-india-plummet>.

⁴⁶ India-Saudi Economic and Commercial Relations.

⁴⁷ At 2.7 million, India Has the World's Largest Diaspora Population, *The Economic Times*, 15 January 2021, <https://economictimes.indiatimes.com/nri/migrate/at-18-million-india-has-the-worlds-largest-diaspora-population/articleshow/80290768.cms?from=mdr>.

Since 2012, India has been identified as receiving the largest number of remittances. In 2012, it received an amount of US \$69 billion. 54) in 2106, the amount has fallen to the US \$61 billion, largely owing to the international financial crisis. Saudi Arabia has proved to be the third-largest source of remittances for India. In 2017, a total of US \$10 billion remittances has received from Saudi Arabia. 56) though Indian workers have famous for their discipline and hard work, they have been under exploitation under the Kefala system in the Kingdom. In this system, the workers are permanently tied to their employers which lead to dismal conditions. To tackle the issue, both states signed a labour agreement in 2014, which tried to streamline the conditions of workers.⁴⁸

2.4 India-UAE Relations: An Era of New Beginning

PM Modi invited UAE crown prince Muhmmad bin Zayed to the Republic Day celebrations. It was his second visit to India in two years. Further, he became the fourth foreign guest on the occasion of Republic Day celebrations.⁴⁹ Prince Zayed had earlier visited in 2016 on the occasion of the Gujarat summit.⁵⁰ The joint statement reflected the eagerness on the part of two states for strong ties in political, economic among other domains. Further, the desire for cooperation in defence, security, and investment opportunities has been deeply reflected in the joint statement. In these pre-summit level talks, the two states have inked an agreement⁵¹ on bilateral cooperation in security, energy, information technology and space mission.⁵² On the Republic Day celebrations, the Joint Statement showed that the two states are eager to let this partnership a higher level of bilateral cooperation. In this comprehensive statement, the two sides have reiterated their commitments on cooperation on Global issues,

⁴⁸ Agreement on Labour Cooperation for Domestic Service Workers Recruitment between the Ministry of Overseas Indian Affairs of the Republic of India, and Ministry of Labour of the Kingdom of Saudi Arabia, Agreement, 2 January 2014, http://www.ilo.org/global/topics/labour-migration/policy-areas/measuring-impact/agreements/WCMS_379042/lang--en/index.htm.

⁴⁹ The others are Algerian President Abdelaziz Bouteflika in 2001, Iranian President Mohammed Khatami in 2003, Saudi Monarch and King Abdullah in 2006.

⁵⁰ Abu Dhabi Crown Prince to Begin India Visit on Wednesday, DeshGujarat, 7 February 2016, <https://www.deshgujarat.com/2016/02/07/abu-dhabi-crown-prince-to-begin-india-visit-on-wednesday/>.

⁵¹ The agreement on comprehensive strategic dialogue was co-chaired by the Indian Foreign Minister and his UAE counterpart was signed between the two states to widen the scope of bilateral relations.

⁵² India-UAE Strategic Dialogue, New Delhi, Government of India, Ministry of External Affairs, January 2017, <https://www.mea.gov.in/press-releases.htm?dtl/29053/official+visit+of+mj+akbar+minister+of+state+for+external+affairs+to+the+united+arab+emirates+for+attending+second+round+of+indiauae+strategic+dialogue>.

regional security, defence and space cooperation, trade, investment and infrastructure development among other significant issues.⁵³

In the aftermath of the Qatar crisis, India received a high-level delegation, wherein the two sides have reiterated their position on the need for regional stability and security. India conveyed its position on the need for stability amid the increasing threat of violence, terror activities and intolerance in the region. India also highlighted the negative impacts of these issues on the peace and stability on the global as well as regional level. Further, it tried to convey the message that the concerned parties should solve the issues through constructive dialogues. In this scenario, the India Minister of State for Foreign Affairs visited UAE in October 2017 to continue negotiation on the second round of strategic dialogues.⁵⁴ UAE ministers for climate change and Sharjah Emir have visited India in August and September respectively. The Emir of Sharjah has also been awarded an honorary degree by the University of Calicut.⁵⁵

Further security cooperation is one of the significant aspects of bilateral relations between the two states. It is evident from the fact, that upon the issuance of the Joint Statement in 2015, at least 15 items were related to the security cooperation. In 2016, the Indian defence minister visited UAE and consulted the export of Indian military equipment.⁵⁶ During the crown prince's visit in January 2017, the two states have signed MOUs on the defence cooperation. The two states have also discussed cooperation in Maritime in the Indian ocean, when India's Naval chief visited UAE in February 2017. The defence cooperation between the two states has expanded over time with the exchange of high-level visits between the two states.

⁵³ India - UAE Joint Statement during State Visit of Crown Prince of Abu Dhabi to India (January 24-26, 2017), Government of India, Ministry of External Affairs, 26 January 2017, <https://mea.gov.in/bilateral-documents.htm?dtl/27969/India++UAE+Joint+Statement+during+State+visit+of+Crown+Prince+of+Abu+Dhabi+to+India+January+2426+2017>.

⁵⁴ Official Visit of M.J. Akbar, Minister of State for External Affairs to the United Arab Emirates for Attending Second Round of India-UAE Strategic Dialogue, Government of India, Ministry of External Affairs, 27 October 2017, <https://www.mea.gov.in/press-releases.htm?dtl/29053/official+visit+of+mj+akbar+minister+of+state+for+external+affairs+to+the+united+arab+emirates+for+attending+second+round+of+indiauae+strategic+dialogue>.

⁵⁵ Kerala Confers Honorary Doctorate on Sharjah Ruler, Clarion, India, 27 September 2017, <https://clarionindia.net/kerala-confers-honorary-doctorate-on-sharjah-ruler/>.

⁵⁶ Sushant Singh, Parrikar's UAE Visit to Focus on Widening Defence Relationship, Supply of Military Equipment, India News, The Indian Express, 16 May 2016, <https://indianexpress.com/article/india/india-news-india/parrikars-uae-visit-to-focus-on-widening-defence-relationship-supply-of-military-equipment/>.

In the domain of commerce, the two states are very significant for each other. In terms of trade, UAE ranked as one of the significant trading partners for India. The second-largest export destination for Indian products is the Emirate market. Further, UAE is the fourth-largest source of imported products into Indian markets. With time the volume of trade between the two states has steadily increased to the US \$53 billion in 2016-17. Though India imports heavy petroleum products from UAE, still, it has been able to maintain a balance of trade in its favour against the Emirate. In 2016-17, India exported US \$32 billion worth of products in comparison to the US \$22 billion worth of imports from the UAE. Both states are determined to expand the volume of trade by 60 per cent over the coming years.

Further, trade-in petroleum products are one of the significant aspects of bilateral cooperation. India imported heavy petroleum products from UAE. Both are determined to expand the volume through investments in petroleum products. Indian investment in UAE would provide her stability in times of crisis. UAE has also shown interest in investing in the petroleum sector in India to diversify its tactical oil reserve. The volume of energy imports increased with time from the US \$7 billion to US \$10 billion in 2016-17.⁵⁷ This was one of the significant increases in terms of trade with the UAE. This amount to 44 per cent of total Indian imports from the UAE, and about 9 per cent of Indian oil imports. In this regard, UAE agreed in 2018, that it would grant India a share in its oil sector.

In addition, the Indian community in the Emirate strengthened bilateral relations with time. At least 2.8 million Indian workers are part of the UAE labour force.⁵⁸ Though, there have been issues of exploitation of Indian workers in the Gulf, specifically from Kerala. The issue has been taken up by parliament several times. To view the issue from balance, the Indian community in the Gulf would provide both countries with the urge to strengthen d their bilateral relations. According to MEA: –There are at least 2.8 million workers in Emirate. 15-20 per cent of it constitute the professional worker. Another 20 per cent constitute white-collar non-professionals. While the

⁵⁷ ‘United Arab Emirates (ARE) and India (IND) Trade’, OEC - The Observatory of Economic Complexity, 2017, <https://oec.world/en/profile/bilateral-country/are/partner/ind>.

⁵⁸ ‘India vs United Arab Emirates: Labor Facts and Stats’, NationMaster, n.d., <http://www.nationmaster.com/country-info/compare/India/United-Arab-Emirates/Labor>.

remaining are part of blue-collar jobs. It constitutes India's important business community in UAE.”⁵⁹

2.5 India-Qatar: Taking Economic Ties to the Next Level

The relationship of India with Qatar is almost 200 years old, owing to the sub-continent trading communities. These communities were initially involved in Oman but later started trading in Qatar.⁶⁰ Initially, the main trading point for Qatar in India was Mumbai. In current times, the relationship with Qatar has been further signified with time. Though the trade between the two states has not up to the potential economic engagement. In Indian Foreign Policy, Qatar has received considerable attention. Both states have exchanged high-level visits, in which they echoed their commitments for higher cooperation. Qatar Emir visited India in 2015, which was followed by Modi's Visit in 2016. The two states have signed 5 MOUs on economic, defence and technical cooperation including one on countering cybercrimes during the visit of Qatari Emir Al-Thani to New Delhi.⁶¹

Amidst the Qatar crisis in 2017, a high-level delegation visited India and met with PM Modi and NSA Ajit Doval, wherein they discussed issues of common concern. During the meeting with PM Modi, the delegation conveyed the Emir Al-Thani message of appreciation of India's stand on the Qatar crisis. Further, India issued a comprehensive statement on the Saudi-Qatar standoff and urged the parties to tackle the issue with constructive dialogues based on the principles of peace, cooperation, mutual respect and sovereignty.”⁶² India adopted a neutral approach to the crisis owing to its diverse relation with all gulf states, and specifically Saudi Arabia, a leading player in GCC. But public opinion in India has been divided over the limited understanding of the issue.

⁵⁹ 'India-UAE Bilateral Relations' (Ministry of External Affairs, Gov. of India, 2017), https://www.mea.gov.in/Portal/ForeignRelation/Bilateral_Brief_for_US_DD_new.pdf.

⁶⁰ Prakash C Jain, *Indian Diaspora in West Asia: A Reader* (New Delhi: Manohar Publishers & Distributors, 2007), 24.

⁶¹ 'India - Qatar Relations' (Ministry of External Affairs, Gov. of India, 2016), https://mea.gov.in/Portal/ForeignRelation/Qatar_May_2016.pdf.

⁶² 'India's Official Statement Following the Recent Developments Related to Qatar', Government of India, Ministry of External Affairs, 10 June 2017, https://mea.gov.in/press-releases.htm?dtl/28523/Indias_official_statement_following_the_recent_developments_related_to_Qatar.

In terms of trade and investment, Qatar is one of the significant players for India. In 2014, the oil prices fell which impacted the total volume of trade. But still, the two states have a total of US \$9 billion worth of trade during 2017.⁶³ Qatar is one of the important players in trade with India and the balance of trade is in favour of Qatar. The reason behind it, that India is dependent on Qatar for the import of natural gas. Besides LNG, India also imports other products such as Ethylene, ammonia and urea among others.⁶⁴ On the other side, India exports construction materials, plastic, electronic materials and chemicals to Qatar. In addition to it, energy is one of the important components of the bilateral trade between the two states. Qatar and India signed an agreement in 2004, in which 8 million tonnes per year of natural gas would have been imported to India.⁶⁵ This agreement made Qatar India's long term energy partner in the region.

2.6 The Indo-Kuwait Rapport

The relationship between India and Kuwait has been stirred by extended neighborhood, commerce and cultural understanding. Until the onset of the cold war, the bilateral trade between the two states was restricted to rice, spices and pearls. Kuwait has dominated maritime trade and serve as a link of Indian agents with their foreign contacts.⁶⁶ Kuwaiti people established Bombay as a hub for their economic activity and the ruling family-owned properties with exemption from government tax. The discovery of oil in Kuwait led India to recognize its independence in 1961, and diplomatic engagement started in 1962.⁶⁷ Kuwait also became a member of NAM, co-

⁶³ 'Qatar-India Trade Volume at QR 31 Bn Last Year', Qatar Chamber, 2017, <https://www.qatarchamber.com/qatar-india-trade-volume/>.

⁶⁴ 'Qatar's Emir Sheikh Tamim Bin Hamad Al-Thani to Visit India with Hopes of New Deal for LNG Exports', *The Economic Times*, 24 March 2015, <https://economictimes.indiatimes.com/news/economy/foreign-trade/qatars-emir-sheikh-tamim-bin-hamad-al-thani-to-visit-india-with-hopes-of-new-deal-for-lng-exports/articleshow/46678136.cms?from=mdr>.

⁶⁵ 'Qatar's Emir Sheikh Tamim Bin Hamad Al-Thani to Visit India with Hopes of New Deal for LNG Exports'.

⁶⁶ Mohd. Abdul Hadi Jamal, 'The Old Crafts, Trades, and Commercial Activities in Kuwait' (Kuwait: Center for Research and Studies on Kuwait, 2009), 72, http://www.mohadjamal.com/Site/Books_files/2009e.pdf.

⁶⁷ Divyesh Singh, 'Kuwaiti Royals, Filmmaker Fight over Rs 70 Cr Flat', *The Times of India*, 2 June 2013, <https://timesofindia.indiatimes.com/city/mumbai/kuwaiti-royals-filmmaker-fight-over-rs-70-cr-flat/articleshow/20389957.cms>.

founded by India. Both states restated their firm resolve to cooperate.⁶⁸ Kuwait has played a leading role in the evacuation of Indians during the Iran-Iraq war in the 1980s.

The Gulf crisis in 1990 has negatively impacted the standing of India, as it had dependent on more than 45 per cent of trade and petroleum imports in both Iraq and Kuwait. Further, during the time of war, India has lost a huge sum of remittances of more than a Hundred of thousand workers.⁶⁹ Initially, India adopted a neutral stance and urged that the situation should be handled by the Arab states themselves.⁷⁰ the neutral stance taken by India has interrupted the supply of petroleum products, which negatively impacted the diplomatic relation of India with Kuwait. At this juncture, India was compelled to realign political behavior and diversify diplomatic engagement with the regional states.⁷¹

In 2019, the GDP of India was 8 Per cents,⁷² and the economic development was directly linked with her consumption of petroleum and oil products. Kuwait became one of the important players in meeting India's energy demands, as it provided 12% of India's petroleum imports. It met India's 5 Per Cent of energy demand in 2018.⁷³ Both states have signed agreements for the long term in the trade of petroleum and oil products. Though the volume of bilateral trade has not experienced any positive growth, still, India's imports to Kuwait such as machinery, plastic and software experienced an upward trajectory with time.

Kuwait is one of the significant, sovereign, wealthy states in the region. It has approximately US \$550 billion worth of funds which it invests in different nations.

⁶⁸ 'Non-Aligned Movement (NAM)', The Nuclear Threat Initiative, 31 May 2018, <https://live-nuclear-threat-initiative.pantheonsite.io/education-center/treaties-and-regimes/non-aligned-movement-nam/>.

⁶⁹ J. Mohan Malik, 'India's Response to the Gulf Crisis: Implications for Indian Foreign Policy', *Asian Survey* 31, no. 9 (1991): 851, <https://doi.org/10.2307/2645299>.

⁷⁰ Md Muddassir Quamar and P. R. Kumaraswamy, 'The Kuwait Crisis of 1990–1991: The Turning Point in India's Middle East Policy', *Contemporary Review of the Middle East* 6, no. 1 (1 March 2019): 77, <https://doi.org/10.1177/2347798918812287>.

⁷¹ Quamar and Kumaraswamy, 81.

⁷² 'India's GDP Grows at 8.2 per Cent in 2018-19 Q1', *The Economic Times*, 31 August 2018, <https://economictimes.indiatimes.com/news/economy/indicators/indias-gdp-grows-at-8-2-per-cent-in-2018-19-q1/articleshow/65623967.cms>.

⁷³ 'Bilateral Relations- Fact Sheet', Embassy of India, Kuwait, n.d., <https://indembkwt.gov.in/bilateral-relations.php>.

On the other hand, India is on the trajectory of positive development and is a favourable destination for investment. The investment authority in Kuwait has decided to double their investment in India from the US \$ 5 billion.⁷⁴ The Arab gulf state has established a petroleum services company worth the US \$8 million in India for the development of energy, which could be sustainable.⁷⁵ Kuwait has tried to diversify its trade relations with India through broader engagement. The relationship between the two has manifested through investment, economic development projects and production of sustainable energy.

India considers the relationship with Gulf states from the perspective of strategic consideration. For this purpose, regional stability and security in the Gulf region are one of India's top priorities. In this regard, Kuwait is a steadfast partner in providing energy resources to India. India's attempt to align with the plans of Kuwait to increase its oil production would complement its energy demands.⁷⁶ There is a two-way relationship between the two states, as India is trying to provide manpower to the Gulf Monarchy, and in turn, the Gulf state has increased its investment.⁷⁷ With the changing international power balance, there is a greater chance for the two states to diversify their relationship from consumer buyer to a more strategic and defence cooperation.⁷⁸

Kuwait has envisaged its vision 2035 as a financial hub with highly developed infrastructure and more focus on the development of human skills. But it lagged behind other Gulf States such as UAE and Qatar in terms of development.⁷⁹ So,

⁷⁴ Dipanjan Roy Chaudhury, 'Oil-Rich Kuwait Plans to Double Investments in India; Eyes Joint Projects in Third Nation', *The Economic Times*, 6 February 2019, <https://economictimes.indiatimes.com/news/economy/foreign-trade/oil-rich-kuwait-plans-to-double-investments-in-india-eyes-joint-projects-in-third-nation/articleshow/67870178.cms>.

⁷⁵ 'Kuwait Ambassador to India Urges Increase of India-Kuwait Trade', KUNA, 28 November 2015, <https://www.kuna.net.kw/ArticleDetails.aspx?id=2474663&Language=en>.

⁷⁶ 'Kuwait Can Boost Oil Output to 4 Mln Bpd by 2020 - Min.', KUNA, 24 September 2013, <https://www.kuna.net.kw/ArticleDetails.aspx?id=2335447&Language=en>.

⁷⁷ J. Chandy, 'Indian Diaspora in Kuwait', in *International Conference on Global Migration: Rethinking Skills, Knowledge and Culture* (Organised by Global Research Forum on Diaspora and Transnationalism, New Delhi, New Delhi, 2016), <https://grfdt.com/EventDetails.aspx?Type=Events&TabId=7100>.

⁷⁸ Sandeep Dikshit, 'India, Kuwait to Take Relationship beyond Buyer-Seller Partnership', *The Hindu*, 9 November 2013, sec. National, <https://www.thehindu.com/news/national/india-kuwait-to-take-relationship-beyond-buyerseller-partnership/article5330790.ece>.

⁷⁹ Kristian Coates Ulrichsen, 'Politics and Opposition in Kuwait: Continuity and Change: Journal of Arabian Studies: Vol 4, No 2', *Journal of Arabian Studies* 04, no. 02 (2014): 222.

Kuwait is planning to work on business-friendly policies with major powers. It also focused on the capacity building program to enhance labour skills.⁸⁰ In this regard, India has proven itself as the best provider of manpower to this Gulf State. A nation's political behaviour has been reflected in its strategic environment and broader view about its status in the international community. In the past years, India has not been able to forge a strategic partnership with Kuwait despite greater engagement with the other Gulf States. The equation has worked in favour of China, as most of the Kuwait infrastructure has been constructed by Chinese owned companies.⁸¹

Further, India and Kuwait have a traditional cultural cooperative relationship. The music and film industry of Bollywood has garnered a positive response in Kuwait and moulded social values in Arab society. The Embassy in India and NCCAL have organized several events which could shape the cultural ethos of Kuwait society. Kuwait University has established India's study Centre in 2006 which will try to spread India's cultural values and knowledge. On the other hand, New Delhi has established Saba Cultural Library in 2010.⁸² These institutes have tried to cooperate on technical and scientific endeavors. The universities of Kuwait and India have continuously been involved in exchange programs.⁸³ The exchange program infers to the soft power influence between the two states, which could further increase with time.

2.7 India-Oman Relations: Attaching the Priority it deserves

The relationship of India has grown strategically with time. In the post-British withdrawal period in the gulf, Oman emerged as an independent nation. In the initial period, India extended help to the sultan on many issues even when the many Arab States were against him. India openly supported the nascent Oman state and extended support to it at the UN. Initially, the membership of Oman was rejected by Yemen.

⁸⁰ Tim Anderson, 'Human Development Strategy in Small States', *World Review of Political Economy* 8, no. 3 (2017): 351, <https://doi.org/10.13169/worlrevipoliecon.8.3.0349>.

⁸¹ 'Kuwait Supports China's Belt and Road Initiative', Arab Times, 27 April 2019, <https://www.arabtimesonline.com/news/kuwait-supports-chinas-belt-and-road-initiative/>.

⁸² 'Premier Visits Amir Library at Indian-Arab Cultural Center', KUNA, 9 November 2013, <https://www.kuna.net.kw/ArticleDetails.aspx?id=2343214&language=en>.

⁸³ 'Kuwait Envoy to India Stresses Role of Arabic in Cementing Cultural Ties', Arab Times, 17 January 2019, <https://www.arabtimesonline.com/news/kuwait-envoy-to-india-stresses-role-of-arabic-in-cementing-cultural-ties/>.

Similarly, Oman extended help to India at the time of the Bangladesh crisis in 1971. It did not support Pakistan in the UN and resultantly abstained from voting.⁸⁴ In the 1980s, the two states have diversified their relationship. The two states have discussed security, defense and economic issues to broaden their scope of the relationship. The era of the 1990s was much significant as the two states have exchanged high-level visits on cooperation.

Oman is one of the largest markets for the exports of India. It accounted for at least 11% of its exports across the globe.⁸⁵ On the other hand, India is one of the favorite destinations for Oman's non-oil export products in 2012. Oman imports from India account for 3.8% of its total and ranks 5th for the Oman importing countries. The volume of bilateral trade between the two states amounted to the US \$5 billion in 2013.⁸⁶ Oman ranked among India's trading partners. It is the 34th largest export market in the world, accounting for more than 0.87 per cent of India's exports around the world. It also accounts for 0.4 per cent of India's imports from the world. Petroleum, chemicals, and fertilizers are among India's most important imports from Oman.⁸⁷ Machinery, electronics, iron and steel products, plastic, textile, beef, coffee, and tea are among India's key exports to Oman.

2.8 Bahrain: A GCC Hub for India Trade

Bahrain is one of the significant trading partners of India. India exports chemicals, diesel and Mineral Fuels to Bahrain. Besides it, India also exports rice, plastic, coffee, tea and Meat to Bahrain. Both states have invested a huge sum of money to broaden the scope of relationships. Indian banks and companies have opened branches in Bahrain and more than three thousand project corporations are working in Bahrain. India has invested US 2 billion dollars in Bahrain from January 2003 to 2018.⁸⁸ India has invested in different sectors in Bahrain such as business, property and hospitality.

⁸⁴ Mohammad Firoz Ahamed, 'Security Issues in The Indian Ocean and The India-Oman Relationship', *The Journal of International Issues* 10, no. 04 (2015): 135.

⁸⁵ 'India-Oman Bilateral Economic and Commercial Relations', Embassy of India, Muscat, Oman, n.d., <https://www.indemb-oman.gov.in/page/trade/>.

⁸⁶ 'India-Oman Bilateral Economic and Commercial Relations'.

⁸⁷ 'India-Oman Bilateral Economic and Commercial Relations'.

⁸⁸ Our Bureau, 'Seven Indian Firms Invest \$3.1 Million in Bahrain's ICT Space in 2019', January 2019, <https://www.thehindubusinessline.com/companies/seven-indian-firms-invest-31-million-in-bahraains-ict-space-in-2019/article31088781.ece>.

These sectors have the largest worth of investment having amounted to 40 Per Cent of the projects.⁸⁹

Based on geography and population, Bahrain is a slam country. But it is one of the favorite destinations for the labor of India. The number of Indian workers in Bahrain has increased with time from 90,000 in 2000 to 410,000.⁹⁰ Majority of the Indian labor fall in the category of unprofessional labor. Still, there are other professional labors such as Doctors, accountants and other blue-collar labor force, which played a significant role in the economic development of Bahrain. The authorities in Bahrain enjoy willingness and discipline from the Indian labor force. Among these, the Indian labor force possesses strong ethics, discipline and confidence. To acknowledge the role of the Indian labor force, Bahrain launched the “Little India in Bahrain” project.

Time and again, Bahrain gave preference to the Indian labor force in comparison to others. In the project, Bahrain authorities arranged culture and fashion to give the Indian labor force the sense of being in India. India and Bahrain have arranged several rounds of consultations to broaden their scope of the relationship. In 2004, the first round of Foreign Office Consultation was held between the two states in New Delhi. The second and third rounds were held alternatively in Bahrain and India in 2011 and 2014. While last round was held in Bahrain, where Foreign Office delegations of respective states led the talks on several issues of their mutual interests.

After examining the relationship between the two states, it has cleared that its scope is not that much broad as with the other Gulf States. India only imported petroleum, fertilizers from Manama. While India exported items like chemicals, diesel and cereals to Manama. There are several opportunities yet to be cashed by these states. Both states can work on countering terrorism, violence and enhance partnership on renewable energy. This is reflected in the 2019 visit of PM Modi to Bahrain, where the two sides have inked agreements on Information and space technology.⁹¹ This kind of visit could broaden the scope of the relationship between these two states.

⁸⁹ Bureau.

⁹⁰ ‘Living Working Conditions’, Labour, Welfare Wing, Embassy of India, Bahrain, n.d., <http://eoibahrain.gov.in/living-working.php>.

⁹¹ ‘PM Modi Arrives in Bahrain’, *The Economic Times*, 24 August 2019, <https://economictimes.indiatimes.com/news/politics-and-nation/pm-modi-arrives-in-bahrain/articleshow/70819218.cms?from=mdr>.

2.9 Conclusion

India has tried to respond positively to these states owing to multiple factors. Besides, its neighbour, it traditionally has very cordial relation with this region for the past several decades. India also relied on them for its energy needs, which has provided instantaneously. The Gulf states are significant trading partners of India. Due to the region's vast potential in the energy sector such as oil and gas reserves, it can be very significant for the future energy needs of India. The leadership in India realized the significance of cordial relations with economically growing states in the areas of commerce, energy, security and manpower. Over the decades, India's dependence on the energy sector has increased, which led to increasing opportunities in other sectors.

The rapid economic expansion of India and the Gulf nations has strengthened bilateral commerce between the two areas. Bahrain and Oman's commerce with India lacked this reliance. From 2004-05 to 2013-14, the Emirates was India's top commercial partner, accounting for 439.7 million dollars in bilateral trade, or 62 per cent of India's total GCC trade. During that time, Oman was India's lowest commercial partner, with trade worth 500 million dollars. From 2005-06 to 2014-15, Kuwait was India's second-biggest trading partner, with a bilateral trade worth of 25634 million dollars and a growth rate of 230%, the greatest rate of growth in the period of ten years. In 2013, India and Bahrain had the lowest bilateral trade volume in the GCC at 1200 million dollars. In ten years, Manama had the slowest growth, followed by New Delhi and Abu Dhabi. If Emirates keeps doing this, Kuwait would surpass UAE as India's major GCC trade partner.

CHAPTER 3

INDO-GULF STATES NEXUS: IMPLICATIONS FOR PAKISTAN

3.1 Introduction

India and the Gulf States have diversified their relationship with time and ended up in growing cooperation in several sectors. Traditionally, the relationship is reflected in their trade partnership. But with time, it transformed into a more strategic and security-oriented. The strategic relationship of India with the Gulf States attracts huge investment from these oil-rich states.⁹² From the South Asian region, India became one of the reliable partners of the Gulf States. The Gulf states are Muslim majority states, that have had a close relationship with Pakistan over the years. The relationship of the Gulf States with Pakistan is reflected in the economic, cultural, and political domains. Thus, it is imperative to look for the Pakistani factor in the Indo-Gulf relationship.

The GCC states act as a buffer in the India-Pakistan struggle for cooperation. It is manifested in the cooperation of France and Germany, which resulted in greater integration in the form of the European Union. Thus, writers argue that a similar process can also be seen in Indo-Gulf and Pakistan relationship. Further, the complex interdependence of these states in the economic domain can lead GCC states to the resolution of the Kashmir issue between the South Asian arch-rivals.⁹³ Thus, in the interdependence scenario, there is a greater opportunity for India and Pakistan to draw benefits from this relationship.

Pakistan has developed a close relationship with GCC states since its foundation in 1947. The policy of Pakistan towards GCC states aimed to develop cultural relationships. In this scenario, Pakistan has tried to unite all these Muslim states under the banner of the Muslim brotherhood. So largely, Pakistan's policy has been driven by religious sentiments along with economic and political considerations. These

⁹² Sanjay Pulipaka, *Power Shifts and Re-Calibrations: India and the Gulf*, *The Economic Times*, n.d., <https://economictimes.indiatimes.com/blogs/et-commentary/power-shifts-and-re-calibrations-india-and-the-gulf/>.

⁹³ *India's Actions in Kashmir and the Muted Response from Arab Gulf States*, India's actions in Kashmir and the muted response from Arab Gulf states, n.d., <https://www.trtworld.com/opinion/india-s-actions-in-kashmir-and-the-muted-response-from-arab-gulf-states-29233>.

Muslim states have discussed issues that were important for all Muslims in general. Pakistan extended help overtime to these states for their institutional development. It also sent support to the Gulf states in their time of predicament. On the other hand, Gulf states also extended support to Pakistan in times of economic, political and diplomatic crisis.⁹⁴ Gulf states and Pakistan have signed several agreements which aimed to broaden their bilateral cooperation in several sectors. But, the complex interdependence between India and the Gulf States poses serious political, strategic and economic implications for Pakistan.

3.2 Indo-Gulf Relations: Implications on Pakistan

The relationship between India and the Gulf state has broadened over time. Traditionally, the two sides have only cooperated in the energy domain. But the latter Indian administration has been involved deeply with the region. Specifically, PM Modi has further diversified the relation in several sectors at the expense of Pakistan.⁹⁵ Traditionally, Pakistan has enjoyed cordial relations with the Gulf States owing to a common faith and cultural bond. In the time of crisis, Pakistan extended every kind of support to the Arab monarchies. While the ruling Gulf elites helped Pakistan at the time of economic crisis and also support Pakistan's view in Kashmir. But with the broadening of India's relationship with the Gulf, Pakistan has negatively impacted political, economically and strategically.

3.2.1 Political Implications

In the post Arab uprisings, Gulf States have gone major strategic shifts. In most of the Arab States, Monarchies started to fall, which have spillover effects on their neighboring countries. The Arab Spring started in Tunisia when a person self-mutilated himself upon the torture from police. It led to a wave of protest, in which the government fell. The spillover effect of it is being felt in Egypt and other Arab states. Similarly, protest has been observed in Gulf states against the oppressive government's policies. In Bahrain, the protest was crushed with the help of said

⁹⁴ 'Pakistan Relations with Traditional Allies in Gulf Are on Downswing', ANI News, January 2021, <https://www.aninews.in/news/world/asia/pakistan-relations-with-traditional-allies-in-gulf-are-on-downswing-scholar20210107182532/>.

⁹⁵ Kristian Ulrichsen, 'Internal and External Security in the Arab Gulf States', *Middle East Policy* 16 (1 June 2009): 41, <https://doi.org/10.1111/j.1475-4967.2009.00390.x>.

Arabia to save the monarchial club. Thus, the dictatorial regime fell in the Middle East and Gulf. Further, the rise of Islamic fundamentalism and ISIS, civil war in Yemen, Syria and Qatar blockade made the region volatile.

Further, with the US withdrawal from the region, the strategic environment has significantly transformed over time. Thus, during Obama's rule, the US has decided to lead from behind in the Middle East. This policy pushed the Gulf states, specifically to adopt a more assertive approach in the region. In this light, it also sent PSF to Bahrain to crush down the protest against Monarchy. In this scenario, the competition between the two blocs intensified in the region. The two blocks are largely comprised of Saudi Arabia and its allies with the support of the US and Iran, Syria its allies having the support of Russia.⁹⁶ further, Arab monarchic elites have started to transform the social and economic structures amid unstable petroleum prices, which potentially lead to challenges on multiple fronts and ultimately result in political and economic instability.⁹⁷

Gulf Monarchic elites have started to transform the social-economic structures in aftermath of the Arab Spring. It became imperative for Arab Elites to transform strategic thinking to save the Monarchic Club. In this situation, Gulf States Monarchic elites have taken certain measures to address the challenges from the uprisings. The purpose behind it was to ensure stability and peace in the region generally and their respective countries particularly. In this light, Gulf States have started to broaden their bilateral relations with major states around the world. Most of the Gulf states have looked into India as a reliable partner in energy, security and defense cooperation.⁹⁸ The Arab Gulf States have taken the step to diversify their relation with India was minimize the dependence on the west and specifically the US in terms of political, economic and defense issues.

In this scenario, India has also proved to be willing to partner with Gulf states. It is evident from the fact that at the UN platform, India voted against Iran three times on

⁹⁶ Jubin M. Goodrazi, *Syria and Iran: Diplomatic Alliance and Power Politics in the Middle East* (London: Tauris Academic Studies, 2006), 59.

⁹⁷ Ulrichsen, 'Politics and Opposition in Kuwait: Continuity and Change: *Journal of Arabian Studies*: Vol 4, No 2', 218.

⁹⁸ Ahmad, 'India-Gulf Ties over the next Decade'.

the Nuclear Program.⁹⁹ it shows India's willingness to support Gulf ruling elites against Iranian threat in the region. Further, the Gulf states are also trying to get support from other Muslim states against the perceived threats in the region. Gulf states are using the very famous mantra of "either you're with us or against us" in garnering support from Muslim states. In the Gulf political crisis, Pakistan has adopted a neutral approach. The neutral approach of Pakistan can be observed in the Yemen crisis, Qatar blockade which infuriated the Gulf ruling monarchies.

In the case of Yemen, Saudi Arabia has demanded military support from Pakistan. There are Iranian stakes in the Yemen conflict, which led Pakistan to turn down Saudi Arabia's call for help. It would have been tantamount to create a war front with Iran which is Pakistan, the next-door neighbor. Further, Pakistan's positive stance on the Iran Nuclear deal also infuriated Gulf Monarchies. Pakistan's denial of support to Saudi Arabia against Iran has pushed the Gulf states to pursue a broader relationship with India. Former president of Pakistan, Pervez Musharraf has the opinion, that Pakistan should have sent help to Saudi Arabia UAE in the civil war of Yemen and the Qatar blockade.¹⁰⁰ India has issued several statements on the issue of the Qatar crisis and was appreciated equally from both sides. But analysts have the opinion that a neutral approach will help Pakistan to pursue its national interests.

The neutral approach will give Pakistan influence over the Gulf states. Through neutral policy, Pakistan is determined to act as a Mediator between two arch-rivals in the Middle East. In this light, time and again Pakistan leadership has played a constructive role in bridging the gap between the two.¹⁰¹ In 2019, PM Imran Khan visited Iran and held meetings with the top leadership. After that, he visited Saudi Arabia where he met with Crown Prince MBS and discussed the issue of Iran in the context of stable and peaceful the Middle East. The role of Imran Khan has been appreciated by both sides in such a volatile scenario when some missile hit Saudi largest oil installation Aramco, which has halted oil production by almost half. But

⁹⁹ 'The US Shadow over India's Iran Policy', *The Interpreter*, 23 July 2018, <https://www.lowyinstitute.org/the-interpreter/us-shadow-over-indias-iran-policy>.

¹⁰⁰ 'Musharraf Urges Pakistan to Back UAE, Saudi Arabia against Qatar', *Dawn*, 12 December 2017, <https://www.dawn.com/news/1376073>.

¹⁰¹ Ahmad, 'India-Gulf Ties over the next Decade'.

the neutral approach could negatively impact the immediate relations with Gulf states.¹⁰²

3.2.1.1 Indo-Pak conflict: The GCC and OIC Factor

The Gulf States have time again shown apprehension over the antagonisms between the two South Asian arch-rivals. They have advocated for India and Pakistan to solve the conflict through constructive dialogues. The Gulf states have supported Pakistan at the expense of India during the time of the cold war. In the aftermath of the cold war, the situation has considerably changed in the Gulf as well as South Asia. The relationship between India and the Gulf states have diversified and gotten more of strategic orientation. The politics of OIC has largely been driven by the Gulf states. So, a broader relationship of India with the Gulf states has seriously impacted the position of Pakistan in the OIC. Further, the states in the Gulf region are significant actors in other regional organizations such as AL, which became very significant support for India.¹⁰³

During the Kargil crisis between India and Pakistan in 1999, the Gulf states have issued a statement jointly, wherein they advocated both states to solve the crisis amicably and with dialogues. Further, Pakistan's point of view has been praised, and the UN has been advocated to intervene and solve the crisis. It also urged the UN to solve the issue of Kashmir.¹⁰⁴ The strategic environment has changed such, that the Gulf states now take a balanced approach between India and Pakistan. It would not be wronged to say, that the growing relationship of India with the Gulf states has negatively impacted the political stance of Pakistan around the world. Previously, Gulf states have extended unconditional support to Pakistan at the expense of India. But, the moment the relationship of India with Gulf States has diversified, they took more of a diplomatic stance on the Indo-Pak conflict.

¹⁰² Indrani Bagchi, 'Pakistan Has a Way of Reminding Us That Nothing Has Changed', *The Times of India*, n.d., <https://timesofindia.indiatimes.com/blogs/globespottin/pakistan-has-a-way-of-reminding-us-that-nothing-has-changed/>.

¹⁰³ 'Migrants Demand Labour Rights in Gulf', BBC, 27 February 2008, http://news.bbc.co.uk/2/hi/middle_east/7266610.stm.

¹⁰⁴ Tanveer Ahmad Khan, 'Gulf-Pakistan Relations: A Political Perspective', in *Gulf-Pakistan Strategic Relations*, ed. Faryal Leghari (Dubai: Gulf Research Centre, 2008), 25.

3.2.1.2 Kashmir Conflict: Constructive role of Gulf States in OIC

During an address to Asian society in 2005, the president of Pakistan Pervez Musharraf emphasized the fact –that Gulf states consider the role of Pakistan in the region of South Asia as the provider of peace and stability.”¹⁰⁵ many strategic analysts would ask the question about the true intent of Gulf states leaning towards Pakistan. Are Gulf states extending support to Pakistan because it is an Islamic country? The sharing of common faith indeed led gulf states to extend support to Pakistan on the issue of the Kashmir conflict on several occasions at the expense of India. Gulf states have established in 1994 a contact group on the Kashmir issue between India and Pakistan. The contact group has helped consultation time and again specifically at the sidelines of the UN GA session.

In this regard, at the 61st session of UNGA, this contact group formulated a certain set of recommendations for the solution of the Kashmir issue. The group largely comprised of foreign ministers of major Muslim states including Pakistan and the General Secretary of OIC.¹⁰⁶ India responded very sharply to the statements made by OIC in 2008. OIC issued a statement that demanded a plebiscite in the region of Kashmir and to give the right of self-determination to the inhabitants. The members of OIC have passed a resolution in its session in Uganda in 2008.¹⁰⁷ In the resolution, the members reiterated their firm determination towards the nonviolent resolution of the Kashmir issue. Further, the members also released a statement on the Amarnath land transfer issue, which had infuriated the Muslims of India. The members of OIC have condemned the Indian act.

India has immediately responded to the role of OIC in the issue of Kashmir and reiterated that –Kashmir is the internal matter India and any sort of interference would

¹⁰⁵ A.K Pasha, ‘New Directions in India’s Role in West Asia and the Gulf - A.K. Pasha, 2010’, *Middle East Journal* 57, no. 2 (2010): 57.

¹⁰⁶ ‘OIC Contact Group on Jammu and Kashmir Holds Ministerial Meeting Alongside 61th UN General Assembly’, OIC, 23 September 2021, https://www.oic-oci.org/topic/ampg.asp?t_id=30329&t_ref=19459&lan=en.

¹⁰⁷ ‘Resolutions on Political Affairs Adopted by the 42nd Session of the Council of Foreign Ministers Session of Joint Vision to Strengthen Tolerance and Reject Terrorism’ (Uganda: OIC, 2008), <https://www.oic-oci.org/docdown/?docID=304&refID=23>.

tantamount to bridge the sovereignty of Indian state.”¹⁰⁸ In addition to the role of gulf states and OIC on the issue of Kashmir, the members also adopted a resolution on the Babri Mosque issue in 1991. the members issued a statement that showed that the government failed to protect the Muslims and their holiest sites. The members commended the Indian Government to rebuild the mosque along with protecting the Muslims in the future.¹⁰⁹ It shows that even the Gulf states have a relationship with India, still, they took notice of the Indian government against the Muslim minorities in the country.

But with time, the diversified relation of India with Gulf states has restricted the members of OIC to issue just accustomed statements with no whatsoever immediate impact on the issue of Kashmir.¹¹⁰ Under these circumstances, India has tried to acquire an observer status in the OIC, which has been supported by several countries including Saudi Arabia. But, the Indian bid to gain OIC observer status has been rejected by Pakistan. Pakistan conveyed, that OIC members have been working to sort out principles of granting observer status to non-Muslim states. Apart from other principles, no state would be awarded membership that has involved any sort of conflict with member states.¹¹¹ it is difficult for India to acquire observer status owing to its conflictual relationship with Pakistan on the issue of Kashmir.

The diversified relationship of India with Gulf states has seriously impacted Pakistan’s cause as it needs full-time support specifically from Muslim states. It is evident from the recent behavior of Gulf states, as remained silent on atrocious Indian behavior against the people of Kashmir. Indian Government has converted Kashmir into an open-air prison. And the majority of Muslim states specifically Gulf ones’

¹⁰⁸ ‘India Hits out at Pak, OIC for Raising Kashmir Issue at UN Human Rights Council’, *The Hindu*, 15 September 2021, <https://www.thehindu.com/news/national/india-hits-out-at-pak-oic-for-raising-kashmir-issue-at-un-human-rights-council/article36473657.ece>.

¹⁰⁹ ‘The OIC Closely Follows up the Recent Developments Affecting Muslims in India’, OIC, 22 December 2019, https://www.oic-oci.org/topic/ampg.asp?t_id=23030&t_ref=13871&lan=en.

¹¹⁰ Ketan Mehta, ‘OIC and Its Views on Kashmir: India’s Achilles Heel in the Islamic World?’, ORF, n.d., <https://www.orfonline.org/expert-speak/oic-views-kashmir-india-achilles-heel-islamic-world-56584/>.

¹¹¹ ‘Pak Disapproves Saudi King’s Comments on India’s OIC Entry’, Zee News, 23 January 2006, https://zeenews.india.com/news/world/pak-disapproves-saudi-kings-comments-on-indias-oic-entry_270779.html.

have remained salient so far.¹¹² Iran and Turkey have supported the people of Kashmir and advocated the Indian Government to provide freedom of expression and the right to life. But the Gulf states have utterly disregarded the violence of the Indian Government on the people of Kashmir since 2016. During the visit of the UAE crown prince to India, a joint statement was released, in which the issue of Kashmir was not even mentioned.¹¹³

Further, for the 45th session of OIC, the members not only provide a chance to India for participation but also de-hyphenated the issue of Kashmir from the Palestinian cause. Thus, under this policy, India looked into these issues separately and independently.¹¹⁴ It is also manifested in India's struggle to isolate the position of Pakistan at the international and regional levels.¹¹⁵ The nefarious designs of India against Pakistan have also been affirmed by the US director of the intelligence agency in front of the Senate committee in 2017.¹¹⁶ India has also been followed this policy in the South Asian region. In this light, India has put pressure on regional countries to abstain from SAARC Summit in Islamabad.¹¹⁷ The same policy could not have succeeded in other regions such as the Middle East and Africa.

3.2.1.3 India and Pakistan Vis-à-vis Gulf States

Indian and Middle Eastern dependence in terms of economy, diplomacy and strategic cooperation has led her to indirectly influence their behavior against Pakistan. It is evident from the fact that Saudi Arabia, a close partner of Pakistan, has abstained from the decisive vote on Pakistan's position in FATF. As a result, Pakistan has not

¹¹² 'How Pakistan's Anti-India Rant in OIC Was Vetoed by UAE with Saudi Support', *The Economic Times*, 25 May 2020, <https://economictimes.indiatimes.com/news/politics-and-nation/how-pakistans-anti-india-rant-in-oic-was-vetoed-by-uae-with-saudi-support/articleshow/75953926.cms?from=mdr>.

¹¹³ 'UAE Had Told Pakistan IHK Not Muslim Ummah Issue', *The News*, n.d., <https://www.thenews.com.pk/print/522424-uae-had-told-pakistan-ihk-not-muslim-ummah-issue>.

¹¹⁴ 'OIC Holds 46th CFM Session in Abu Dhabi: –50 Years of Islamic Cooperation: Roadmap for Prosperity and Development"', OIC, 26 February 2019, https://www.oic-oci.org/topic/ampg.asp?t_id=20621&t_ref=11715&lan=en.

¹¹⁵ 'Modi Says India Will Work to –isolate" Pakistan Internationally', *Dawn*, 24 September 2016, <http://www.dawn.com/news/1285839>.

¹¹⁶ 'India Working towards Internationally Isolating Pakistan, Claims US Defence Expert', *Firstpost*, 24 May 2017, <https://www.firstpost.com/india/india-working-towards-internationally-isolating-pakistan-claims-us-defence-expert-3474958.html>.

¹¹⁷ 'SAARC: Maldives Joins India, 4 Others in Boycott; Pak's Isolation Complete - World News', *India Today*, 1 October 2016, <https://www.indiatoday.in/world/story/saarc-summit-maldives-joins-india-pakistan-isolation-complete-344244-2016-10-01>.

been able to get out of the grey list.¹¹⁸ Further, Kuwait, a Gulf State, on the platform of UNSC has extended support to India on the issue of Pulwama in 2019.¹¹⁹ If such behavior expanded to other GCC states, Pakistan would soon be in predicament. According to Pakistan's Policymakers: "India has been struggling to isolate Pakistan on every front, lately evident from its efforts to isolate it from Gulf states. But Pakistan has extended every kind of support to these states in times of crisis. Pakistan has provided training to their militaries, and fought wars for them. Pakistan has also extended help in their institutional building and development of infrastructure. Further, Pakistan has raised the Palestinian issue on every front."¹²⁰ It shows Pakistan's optimistic stance on how it helps the Gulf states in times of crisis.

Still, the relationship between Saudi Arabia and Pakistan is on a positive track as evident from their commitments towards each other. Saudi based Islamic bank has offered Pakistan 4 billion US dollars to counter financial restraints.¹²¹ Further, there have been high-level bilateral visits that show the interests of both to maintain a strong relationship. In this regard, Pakistan PM Imran Khan has visited the Kingdom and Emirate two times in just a month. Both states have extended financial help to Pakistan of 6 and 3 billion US dollars respectively to support its economic needs. There are several reasons behind Saudi support for Pakistan. One is that the Kingdom fear isolation at the international level. Because Germany has stopped the ammunitions deal worth 5 million US dollars amid Saudi controversies specifically the brutal beheading of Jamal Khashoggi.¹²²

France has also responded negatively on the diplomatic fronts to the Kingdoms.¹²³ The developed countries have demanded a fair investigation into the brutal beheading of Saudi based Washington post journalists. In this scenario, the international

¹¹⁸ Anwar Iqbal, 'Pakistan Placed on FATF "Grey List" despite Diplomatic Efforts to Avert Decision', Dawn, 28 June 2018, <https://www.dawn.com/news/1416630>.

¹¹⁹ Dipanjan Roy Chaudhury, 'China Tried to Water down UNSC's Statement on Pulwama Terror Attack', *The Economic Times*, 23 February 2019, <https://economictimes.indiatimes.com/news/politics-and-nation/china-tried-to-water-down-uns-sc-statement-on-pulwama-terror-attack/articleshow/68121663.cms>.

¹²⁰ Iqbal, 'Pakistan Placed on FATF "Grey List" despite Diplomatic Efforts to Avert Decision'.

¹²¹ 'Saudi-Backed IDB Ready to Help Imran-Led Govt with \$4 Billion Loan', Dawn, 10 August 2018, <https://www.dawn.com/news/1426093>.

¹²² 'Germany Ends All Arms Sales to Saudi Arabia', Haaretz, 19 November 2018, <https://www.haaretz.com/middle-east-news/germany-ends-all-arms-sales-to-saudi-arabia-1.6661727>.

¹²³ 'Macron Suspends French Political Visits to Saudi Arabia', Bloomberg, 2018, <https://www.bnnbloomberg.ca/macron-suspends-french-political-visits-to-saudi-arabia-1.1154692>.

conference on investment strategies has been boycotted by many corporations in 2018 to be held in Riyadh. At the initial point, the Trump-led US administration extended support to the Kingdom. But upon severe criticism from the social organization and the congress, he changed his view regarding Saudi Arabia's repressive policies. The UN has also demanded that the culprits be held responsible for this heinous act against humanity.¹²⁴ Thus, in these scenarios, the kingdom has faced embarrassment in the international circle.

Along with these, the kingdom has faced severe backlash from Turkey, which has followed the journalist murder case very closely and held Saudi responsible. Further, turkey took the case to an international platform including the UN to pressurize the kingdom. At this stage, Pakistan has been provided with an opportunity to establish its relationship with the Gulf states. Also, the kingdom monarch has realized the importance of a relationship with Pakistan, which extended support on every point of crisis. In Pakistan, the authorities have claimed that it would extend support to the kingdom to protect its integrity.¹²⁵ But Pakistan has been criticized for denying support to the kingdom at the time of the Yemen crisis in 2015.¹²⁶ Analysts believed that this decisive decision has led Pakistan to bear serious strategic implications.

In this regard, a serious rebuke came from the Emirate Foreign Minister against Pakistan for its denial of support.¹²⁷ In reaction to it, PM Modi has been awarded the highest award in the kingdom. Many analysts cited the reason for Pakistan's neutrality in the Yemen crisis. During Modi's visit, the two states have jointly agreed to combat "cross border terrorism".¹²⁸ From this statement, Modi has referred to Pakistan as a breeding ground for terrorists. Such kind of statements infers to change in policy behavior in the Kingdom. Along with these, the Kingdom has issued a statement right

¹²⁴ 'UN Chief "Deeply Troubled" by Saudi Confirmation of Jamal Khashoggi's Death', UN News, 19 October 2018, <https://news.un.org/en/story/2018/10/1023722>.

¹²⁵ Mateen Haider, 'Nawaz Assures Saudi King Salman of Pakistan Army Support', Dawn, 28 March 2015, <http://www.dawn.com/news/1172460>.

¹²⁶ 'Parliament Calls for Neutrality in Yemen Conflict', Dawn, 10 April 2015, <http://www.dawn.com/news/1175090>.

¹²⁷ 'UAE Minister Warns Pakistan of "Heavy Price for Ambiguous Stand" on Yemen', Dawn, 11 April 2015, <http://www.dawn.com/news/1175284>.

¹²⁸ Inamullah Khattak, 'Modi Awarded UAE Highest Civilian Honour amid Occupied Kashmir Crackdown', Dawn, 24 August 2019, <https://www.dawn.com/news/1501402>.

before Modi's visit to ban several terrorist outfits. It also mentioned LET which became unprecedented behavior of the Kingdom against Pakistan.¹²⁹

Pakistan has tried to control the damage by extending support to Saudi Arabia counter militancy efforts under IMCTC. But still, there is a lack of trust because Gulf states don't believe Pakistan can help provide practical assistance to the Saudi counter militancy efforts in the region. It is imperative to note that India has also adopted a neutral approach over these crises, but India has never been punished for it. Rather, the relationship of India with Arab states was further intensified. The reason behind it could be that India is not a Muslim country and is an emerging economic power that Arab states consider as reliable partners for investment. Another reason for the Gulf states' response to the neutral approach of India and Pakistan could be the former aspiration of emerging as a major player in international forums. This aspiration of India can be a positive point for the Gulf States to respond differently.

For the past several decades, the US has provided security to the kingdom of Saudi Arabia from any possible threat specifically from Iran.¹³⁰ While Pakistan has also provided training to the forces of the Kingdom.¹³¹ Further, it would be wrong to say, that India has completely replaced Pakistan as a partner of Gulf states in general and Saudi Arabia in particular. But, the growing relationship between India and the Gulf states will shrink Pakistan's clout in the region. It is evident from the fact that the Kingdom sent its forces to India for training.¹³² Historically, Saudi Arabia extended support to Pakistan on multiple issues. But in the recent border skirmishes between the two nuclear power, Saudi Arabia tried to mediate rather than provided support to Pakistan. This shift has been observed in the Saudi policy because of complex interdependence on India politically, economically and strategically.

¹²⁹ 'India after Modi's Saudi Offensive', The Express Tribune, 12 April 2016, <http://tribune.com.pk/story/1083500/india-after-modis-saudi-offensive>.

¹³⁰ Prasanta Kumar Pradhan, 'GCC-Iran Rivalry and Strategic Challenges for India in the Gulf', *Indian Foreign Affairs Journal* 6, no. 1 (2011): 45–57.

¹³¹ 'Saudi Troops Arrive in Pakistan for Two Months Training: ISPR', Brecorder, 8 February 2022, <https://www.brecorder.com/news/40152973>.

¹³² 'Saudi Cadets to Undergo Training in India', Arab News, 26 June 2018, <https://www.arabnews.com/node/1328011/saudi-arabia>.

3.2.2 Economic Implications

According to a Chinese analyst, the diversified bilateral relationship between India and Gulf states has severely hurt the economy of Pakistan. The implications of India's relation with Gulf states in the economic domain for Pakistan has been manifested in the steadily shrinking FDI and the remittances of workers from the Gulf region along with the decline in exporting products. The foreign direct investment in India has increased in India from the Gulf states in comparison to Pakistan. In 1999 Saudi Arabia and UAE have invested a huge amount of 45 million dollars in Pakistan, which reached 50 million dollars in 2002. This was a great help to Pakistan when the country was facing sanctions from the west for nuclear tests.¹³³ But recent data of Gulf state's investments in Pakistan is highly discouraging as evident from the data.

The above table shows a steep decline in foreign investment in Pakistan from Gulf states. The analysts have attributed several factors to the unwillingness of the Gulf states to invest in Pakistan. Some analysts say that Gulf States are going through the phase of low economic growth, largely owing to imbalanced petroleum prices and huge spending on defense due to wars between Arab states. There are also factors from the side of Pakistan, which largely contributed to low investment from the Gulf States. These factors can be categorized as domestic instability, insecurity which impacted the smooth running of doing business. Besides these factors, Gulf states have changed their priorities of doing business. They try to keep India as their favorite place for their investment in comparison to Pakistan. Gulf states have tried to invest in multiple Indian sectors ranging from agriculture, information technology to oil spheres.¹³⁴

The Gulf states turn towards India as the favorite spot, as evident from the fact that in the last decade UAE has boosted investment manifolds. UAE became the third largest in terms of investment in India, owing to the 5 billion dollars only in 2017.¹³⁵ So, the Gulf investors have changed their priorities as the Indian economy is stronger while the economy of Pakistan is on the decline. The remittances from the Gulf states have

¹³³ 'Net Inflow of Foreign Private Investment- Country-Wise', State Bank of Pakistan, 4 June 2012, https://www.sbp.org.pk/ecodata/NIFP_Arch/index.asp.

¹³⁴ 'Net Inflow of Foreign Private Investment- Country-Wise'.

¹³⁵ Issac John, 'UAE-India Trade Likely to Cross \$100 Billion by 2020', Khaleej Times, 17 April 2018, <https://www.khaleejtimes.com/business/uae-india-trade-likely-to-cross-100-billion-by-2020>.

boosted the economy of Pakistan over time.¹³⁶ But the number of Pakistan's workers became stagnant over the last few in comparison to the Indian workers which have steadily increased owing to the willingness of Gulf states to grant the Indian citizens visas easily.¹³⁷ Saudi Arabia has imposed certain rules which made it difficult for Pakistani citizens to work in the Kingdom as compared to Indians.¹³⁸

According to Pakistan, there has been a sharp decline in remittances from Gulf states by 5 Per cent during 2018 as compared to previous years.¹³⁹ Further, Pakistan exports to the Gulf countries have also decreased as evident from the data issues by the Ministry of Commerce in Pakistan. According to the Data, Pakistan exports to the Kingdom, Emirate and Oman decreased by 20, 12, 15 and 17 Per cent respectively in the year 2018.¹⁴⁰ The shrink observed between Gulf states and Pakistan has been filled by India as shown in the data which manifested an upward trajectory over the last few years. So, it might not be wrong to say, that Indian- Gulf diversified relationship has severely impacted Pakistan's economic standing.

3.2.3 Strategic Implications

India's relationship with the Gulf States has strategic implications for Pakistan. An important development took place under which Oman granted India access to its port. This has been taken place under India's "Look West Policy" and carry strategic and economic significance for the country.¹⁴¹ The agreement has been taken under the pretext of combating piracy and refilling Indian crafts in the regional water, but it also carries serious strategic implications. The port of Oman has juxtaposed to the Gwadar port which possesses serious implications for Pakistan.¹⁴² Though historically, Pakistan has enjoyed cordial relations with Oman, over the years the intensity of the relationship has waned. Over time, Oman has strategically gone into the Indian orbit.

¹³⁶ 'Statistics of Overseas Pakistanis Abroad: Country Wise', Ministry of Foreign Affairs, Pakistan, n.d., <https://mofa.gov.pk/documents/handbook.pdf>.

¹³⁷ 'India after Modi's Saudi Offensive'.

¹³⁸ 'India after Modi's Saudi Offensive'.

¹³⁹ Afshan Uroos, 'Pakistan's Trade Statistics: Month Review', Trade and Development Authority of Pakistan (TDAP), December 2017, <https://tdap.gov.pk/word/July-October%202017-18.pptx>.

¹⁴⁰ 'List of Countries Where Pakistan's Exports Showed a Decline of More than 5% (July-Dec 2015-16 to July-Dec 2016-17)', Ministry of Commerce, n.d.

¹⁴¹ 'India Gets Access to Strategic Oman Port Duqm for Military Use, Chabahar-Gwadar in Sight', The Indian Express, 13 February 2018, <https://indianexpress.com/article/india/india-gets-access-to-strategic-oman-port-for-military-use-chabahar-gwadar-in-sight-5061573/>.

¹⁴² 'India Gets Access to Strategic Oman Port Duqm for Military Use, Chabahar-Gwadar in Sight'.

India has signed several defense agreements with Oman such as the 1996 agreement on combating violence, the 2005 agreement on cooperation in security, and in 2006 formed a committee on defense cooperation. The defense of analysts owed these agreements to India's greater approach such as to balance the rising power of China.¹⁴³ India has shown serious concerns over the use of Gwadar port under CPEC, and believe that it would be potentially used as a military base.¹⁴⁴ China has continuously refuted these claims and advocated that the port would only be used as a route to reach the Middle East and make commerce easier for the country.¹⁴⁵

Indian repeated the mantra of Gwadar as a military basis aimed to justify its presence in Oman port, as it can be used as a military base in the future.¹⁴⁶ The presence of the Indian Navy can be used to deter Pakistan and China in the future. But China has been trying to reach out to the Gulf States to potentially neutralize the Indian influence. To pursue its desired objectives, China under BRI has started to trade with Gulf states under significant sectors. The important domain under the policy was to start cooperation in petroleum and infrastructure development. As per the published reports, China is fulfilling its 70 per cent of energy requirement from the Gulf States.

China has been planning to divert all trade through Gwadar port, so any threat to the port would potentially get strong backlash from China. India can also block the Strait of Hormuz for the trade ships of China and Pakistan.¹⁴⁷ It requires China and Pakistan's active cooperation to deter any nefarious designs. Further, bilateral cooperation is the need of the time that port of Oman should not be converted into a military base by India. For this purpose, Pakistan has started a program to reconnect Gwadar and Oman Duqm port to evade any potential threat.¹⁴⁸ It would yet to be seen how Oman respond to this offer, but it also created a friendly environment between the two arch-rivals.

¹⁴³ Frédéric Grare, *India Turns East: International Engagement and US-China Rivalry* (London: Oxford University Press, 2017), 35, <https://doi.org/10.1093/oso/9780190859336.001.0001>.

¹⁴⁴ 'China Plans to Build Offshore Naval Base in Pakistan's Gwadar Port, Says Report', *Hindustan Times*, 7 January 2018, <https://www.hindustantimes.com/world-news/china-plans-to-build-offshore-naval-base-in-pakistan-s-gwadar-port-says-report/story-zcC2K12j5negjrekKUyPdI.html>.

¹⁴⁵ 'China Rejects Speculations of Military Base in Gwadar', *The Express Tribune*, 10 January 2018, <http://tribune.com.pk/story/1604988/1-china-rejects-speculations-military-base-gwadar>.

¹⁴⁶ 'China Plans to Build Offshore Naval Base in Pakistan's Gwadar Port, Says Report'.

¹⁴⁷ 'China-Gulf Economic Relations', *Council on Foreign Relations*, 2 June 2008, <https://www.cfr.org/backgrounder/china-gulf-economic-relations>.

¹⁴⁸ 'Foreign Minister Shah Mahmood Qureshi Met Foreign Minister of Oman H.E. Yusuf Alawi', *Ministry of Foreign Affairs, Pakistan*, 30 January 2019, <https://mofa.gov.pk/pr-details.php>.

3.3 Conclusion

India has transformed its policy over time to achieve its desired objectives. For this purpose, India has designed its “Look West Policy” which aimed to diversify bilateral relations with the Gulf states to achieve manifold objectives ranging from the political, economic and strategic domain. Several bilateral visits led India and Gulf states to cooperate in several sectors such as energy, trade and combating terrorism. By following this policy, India’s administration with time has helped to solidify its economic strength. India’s policy has been driven by balancing Pakistan and China along with the propagation of its soft image across the world. It became easier for India as most of its workers in the Gulf are professionals and skilled, as they tried to portray an Indian positive image.

Traditionally, Pakistan has enjoyed strong ties with Arab Gulf states based on common faith and cultural values. There are some areas where Pakistan has been facing difficulties due to India’s growing relations with Gulf states. In this regard, the support for Kashmir has waned along with minimal support at the international level by the Gulf States. Further, Pakistani workers have been facing restrictions which made it difficult for them to continue their work unabated. Along with these, over the past few years, Gulf state’s investment has persistently declined in Pakistan’s energy, petroleum and agriculture sector. The major reason behind greater Indian cooperation could be Pakistan’s neutral approach in Qatar blockade, and extension of support to nuclear negotiations of Iran with the West along with declining the request for sending troops to Yemen war against Houthis. So, Pakistan needs to work on its policy towards Gulf States to potentially neutralize the Indo-GCC nexus to get rid of its detrimental effects.

CONCLUSION

Historically, India has enjoyed cordial economic relations with the Arabs in general and the region of the Gulf in particular. According to historians, the route between the civilization of Indus and the Arab world has come in the record for the first time as a maritime trade route in the whole world. In the latter time, the Arabs of the Oman and Yemen area has dominated the overall trade towards the Indian region. During the British rule over the Arab region, the relationship between the two sides increased. The reason could be that India was under the control of Britain, which made it easier for the Indians to forge greater cooperation with the Gulf region.

After the Independence of India, the relationship between the two sides again transformed with the trade balance gone in favor of the Gulf states. During these times, India imported nearly 85 % of its energy needs from the states of the Gulf. While on the other side, India failed to engage the region bilaterally, unlike the British. Still, India had maintained good relations with the Gulf States. With time, India has been able to export finished products to the gulf and balance the trade equation. During the first decade of the 20-1st century, India has been able to export more products to the Gulf states as compared to the nations of Europe. According to the sources, in the previous decade, Gulf states became one of the reliable partners of India.

Further, high-level bilateral visits between the two sides indicate a critical phase in their relationship. As per the findings, the gulf states provide limitless opportunities to India in broader seven categories. The first category in this scenario is that the Gulf states will provide huge opportunities for investment in multiple sectors of the Indian economy. These investments will potentially boom the economic growth of India. The Indian economy needs investment from these states to compete with other economic giants in the region. Further, the government of India has been trying to ease the rules of investment for the foreign entities which helped the gulf states to avoid any impediments. Thought the data showed that the investment from the Gulf states is still not up to the mark, and need a further push in Indian significant sectors of IT and space technology.

Secondly, India provided the Gulf states with an opportunity to broaden their scope of the economy. Traditionally, Gulf state economies have relied on the revenues generated from oil and petroleum products. In this scenario, India provided the opportunity to Gulf nations to expand their source of revenues. For this purpose, Gulf states have started to invest in the service sectors. The emirate is the first country to broaden its economy and move away from an oil-based economy. Saudi Arabia under the rule of crown prince Muhammad bin Salman has also tried to expand the base of the kingdom's economy under the vision 2030. In this light, Gulf states have been trying to invest in tourism and commercial sectors.

The third category between India and the Gulf state relationship is the energy sector. Both sides are trying to transform a one-dimensional buyer-seller connection into a multi-dimensional relationship. Because the Government of India would provide the Gulf states to invest in its petrochemical sectors, which has a huge potential. It will lead to bilateral relationships also in the energy domain. Fourthly, under the broader partnership between the two sides, India would be able to export more furnished products to the Gulf states. Resultantly, it will help India to move the bilateral trade in its favour, and potentially minimize the deficit in the trade.

Fifthly, the two sides have also worked to expand the partnership to education and cultural domain, under this category, both sides would provide training to the people of to make them better workforce. For this purpose, institutions and colleges have been set up in one another states to fully unreach the potential of a better workforce in their states, which will help to contribute to their economic growth. Sixthly, in collaboration with India, Gulf states would make their tourism sector more resilient. So, the Gulf states are trying to promote their tourist destinations and provide a chance to Indian companies for investment. Tourism growth may boost traffic and revive the Indian aviation sector. Lastly, the two sides are collaborating in strategic and security domains and trying to unreach the huge potential in these sectors. As previously said, security and defense cooperation has increased significantly in the past decade, but more can be done. Aside from conventional security risks, emergent dangers, notably in cyber security and online radicalization, need more collaboration.

Furthermore, the relationship between India and the Gulf states has serious political, strategic and economic implications. Traditionally, Pakistan has enjoyed strong ties

with Arab Gulf states based on common faith and cultural values. There are some areas where Pakistan has been facing difficulties due to India's growing relations with Gulf states. In this regard, the support for Kashmir has waned along with minimal support at the international level by the Gulf States. Further, Pakistani workers have been facing restrictions which made it difficult for them to continue their work unabated. Along with these, over the past few years, Gulf state's investment has persistently declined in Pakistan's energy, petroleum and agriculture sector. The major reason behind greater Indian cooperation could be Pakistan's neutral approach in Qatar blockade, and extension of support to nuclear negotiations of Iran with the west along with declining the request for sending troops to Yemen war against Houthis. So, Pakistan needs to work on its policy towards Gulf States to potentially neutralize the Indo-GCC nexus to get rid of its detrimental effects.

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<https://www.thehindubusinessline.com/companies/seven-indian-firms-invest-31-million-in-bahrains-ict-space-in-2019/article31088781.ece>.
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