



Strategic Drivers of Growing Indo-GCC Relations

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Abstract:

Owing to its geo-strategic location and being rich in hydrocarbons, Gulf region holds a lot of significance for India. Historically Indo-Gulf relations were primarily focused on economic basis with India being the receiver of Gulf oil and the exporter of human capital to the labour intensive Gulf market which later gradually transformed into strategic partnerships. The contemporary era is marked by increased Indo-Gulf cooperation. Economic interdependence, enhanced political understanding and growing security cooperation are the hallmark of this cooperation. Study aims to probe out historical evolution of Indo-Gulf ties. These relations are studied under the theoretical paradigm of complex interdependence. It is mainly addressing the research question: What are the major strategic drivers of growing Indo-Gulf cooperation? For addressing this question qualitative research method is used. Data is randomly chosen from different research papers and books. For primary data reports from ministry of external affairs, India are extracted. The research concludes that energy security, security of Sea Lanes of Communications (SLC), Indian diaspora, huge commercial markets and new generation of leaders in Gulf region are primary drives behind enhanced Indo-Gulf cooperation.

Keywords: India, Gulf Cooperation Council (GCC), economic cooperation, energy security, diaspora, interdependence

INTRODUCTION

India has always aspired to regional hegemony and a lead role in international politics being the largest littoral state of the Indian Ocean, with a coastal line of seven thousand five hundred km, an Exclusive Economic Zone (EEZ) of two million km, and more than twelve hundred islands under its jurisdiction. India is aspiring to become a dominant power in the Indian Ocean (Bhattacharyya, 2016). In pursuance of its objective India is aimed at gaining a strong foothold in strategically and commercially important points throughout Indian Ocean region (IOR) (Brewster, 2010). Among these, the Gulf Cooperation Council (GCC) holds crucial importance for India. GCC is a regional grouping (founded in 1981) of Saudi Arabia, UAE, Bahrain, Kuwait, Oman and Qatar.

GCC countries are rich in hydrocarbons and are also strategically located near the Strait of Hormuz. Almost sixty-three percent of total Indian imports pass through Strait of Hormuz plus littoral states

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are the major exporters of oil to India and are home to a large number of Indian diaspora (Indian Navi, 2015). Regardless of such huge significance, GCC was never a priority area for Indian policy makers. Throughout Cold War and in post-Cold War era Indo-Gulf ties remained limited to buyer-seller relations and the export of Indian man-power to the labour intensive Gulf market. Political understanding and security cooperation was totally missing in bilateral interaction. Manmohan Singh government was the first in Indian history to devise a region specific policy for West Asia named "Look West". GCC is an imperative pillar of India's Look West policy. Modi era holds a lot of significance as far as Indo-Gulf relations are concerned. Enhanced bilateral bonding between India and different Gulf states (under Modi) is evident from high-level political exchanges, increased investments, participation in multilateral forums, strategic cooperation, joint naval exercises and anti-piracy operations (Kumar, 2020). Main question that the study aims to address is: What are the major strategic drivers of growing Indo-GCC relation.

LITERATURE REVIEW

K.V. Pannikar through his writings in 1944 and 1945 highlighted the importance of Indian Ocean for the economic and commercial security of India. Rahul Chaudhury (2000) in his book has aptly described attitude and policies of Indian governments towards 'sea power' since 1947. Ladwig (2019) discussed different factors like, deterring external powers from dominating Indian Ocean (IO), protection of SLCs and its aspirations of global hegemony, that are pressurizing India for modernization and expansion of its naval capabilities. David Scott (2006) explained the concept of 'extended neighbourhood' in India's foreign policy orientation. Writer elaborated on different regions (including Persian Gulf) which can be the part of India's extended neighbour. Anas (2021) presents a comprehensive account of Indian policy towards West Asia. Writer explained historical evolution of these relations and excellently elaborated the acceleration of Indo-West Asian relations under the leadership of Modi. Apart from these, books of Middle Eastern Institute India provided detailed account of growing economic, political and security cooperation between India and Gulf.

RESEARCH METHODOLOGY

Article is based on qualitative approach. Results are deduced from the systematic study of events and trade data. Majority of the work is based on secondary sources which include books, research articles, magazine and newspaper articles and internet sources etc. Primary sources for the current study are limited to the reports of ministry of foreign affairs India and Indian Maritime security strategy (2015).

THEORETICAL FRAME WORK

Indo-Gulf relations are studied within the framework of complex interdependence theory. Basic assumption of this theory is that states usually cooperate because of "mutual independence". It means involved states are vital for each other's existence, survival and development. Proponents of the school of complex interdependence further postulates that this mutual economic interdependence will eventually transformed into political interdependence. These postulations can aptly explain the historical evolution of Indo-GCC relations.

PHASES OF INDIAN FOREIGN POLICY TOWARDS GULF

First Phase: Cold War Era (1947-1991)

Throughout Cold war era India relied on non-alignment policy for the maximization of its interest via maintaining neutrality in block politics. This policy brought India closer to Egypt and Syria. Egypt and Syria were the leaders of 'pan Arab' ideology. Both, non-alignment and Arab nationalism, were anti-colonial ideologies aimed at avoiding cold war rivalry (Malone, Mohan & Raghavan, 2015). In a bid to contain growing influence of Egypt in the region Saudi Arabia came up with the ideology of 'Islamic brotherhood.' Through this ideology King Faisal advocated strong cohesion among Muslim countries. For this purpose, King Faisal pursued an aggressive foreign policy and visited a number of Islamic countries. Year 1969 was a rewarding year for Pan-Islamism because first summit meeting of Organization of Islamic Cooperation (OIC), known as "Rabat conference," was successfully convened (Beling, 1980). India utilized all diplomatic and political means to become a part of the conference but Pakistani opposition contained it from becoming a part of Muslim world. In reaction, India cut off diplomatic relations with Saudi Arabia via summoning its ambassador back home (Couton, 2012). The OIC's Lahore summit of 1974, during which whole Arab world gathered in Pakistan slowed down development in Indo-Saudi relations (Khan 2003).

In a bid of furthering its interests in the Persian Gulf, "Israel card" was intelligently used by India. In 1947 India opposed the division plan for Palestine in UN. Despite this political show up India formally recognized Israel in September 1950. India also opposed Israeli invasion of Sinai in 1956. During the Arab-Israel wars of 1967 and 1973 India supported Arabs. Throughout Cold War despite normalcy in Indo-Israel relations, India was reluctant of open engagements because of its fear of annoying the Arab World. It was only after the defeat of Arabs in Arab-Israel wars and the consequent decline in Arab power that India started normalizing its relations with Israel by 1985 and formally established full diplomatic relations in 1992 (Kumaraswamy, 2004).

Discovery of hydrocarbon reserves in 1970s was a great opportunity for India. This discovery led to the increased demand of labour in Gulf. India became the largest exporter of human resource to the region (Partrick, 2018). Partial liberalization of Indian economy in 1980s boosted the energy trade between the two (Naz, 2005). During the first phase of India's foreign policy towards Gulf, no formal security arrangements or cooperation was witnessed between the two. Security was the most neglected aspect of Indo-Gulf ties during this phase.

Second Phase: Post-Cold War Era (1991-2000)

Withdrawal of USSR from Afghanistan in 1989 and its formal disintegration in 1991 led to a change of international system, being America as a single hegemon. This fact led to the expiration of India's policy of non-alignment and also deprived India of a strong and trusted ally (USSR). After the disintegration of its archival, America paid no heed towards the political settlement of Afghanistan and country was left to the mercy of war lords. Pakistan-Saudi Arabia- UAE supported Taliban during Afghan civil war. As a result of their political and material support Taliban regime was established in 1996. Pak-Saudi-UAE nexus in Afghanistan was not acceptable for India. Bad treatment of Shia community in Afghanistan at the hands of Sunni Taliban raised political differences between Pakistan and Iran. Indian intelligently exploited this situation and joined hands with Iran for supporting anti-Taliban groups in Afghanistan. This commonality of Indo-Iran

interests and cooperation in Afghanistan was a major irritant in Indo-Saudi Relations during 1990s (Ahmed & Bhatnagar, 2010). First Gulf war was a major challenge to Indian foreign policy in post-cold war era. In 1990s India was highly dependent on Iraq and Kuwait, almost 40 percent of its energy needs were fulfilled via imports from the warring parties. Both states were home to about 185000 Indian workers. But in post-Cold War era, India's economic interests were more aligned with Saudi Arabia, Iran and Kuwait than Iraq (Malik, 1991). Following the realist path, India backed UN sponsored coalition against Iraq. It provided refueling facility to American aircrafts in three of its airports and also shared important intelligence information with America (Kemp, 2012).

In Post-Cold War era, India opened up its market and liberalized its economy. Its huge market potential was a great attraction for Saudi Arabia. Despite divergence on international political issue Indo-Saudi economic relations witnessed boom in 1990s and early 2000s (Pethiyagoda, 2017). For promotion of economic cooperation and equal development opportunities for all the littorals of Indian Ocean, an international meeting of experts was convened in 1995 which is known as Indian Ocean Rim Initiative (IORI). IORI ended up in the establishment of first regional cooperative mechanism in the form of Indian Ocean Rim Association for Regional Cooperation in 1997 (Calvin & Allen, 1999). With the exception of Indo-Oman 1998 naval coordination on joint defense, security cooperation remained neglected during the second phase of Indo-Gulf relations. Thus enhanced economic interaction in post-cold war era was never culminated into political understanding.

Third Phase: Post-9/11 Era (2001-2013)

Third phase of Indian foreign policy presents a changed international structure. Due to American involvement in war against terror and Iraq war, America faced huge economic losses. This fact has affected American position internationally and its influence in the global order starts declining. China emerged as a potential competitor to American hegemony and some other Asian countries especially India were performing well in economic sphere. An important aspect of this phase is that Arab countries, known for their unquestioned loyalty for United States refused American demand of increasing oil production for stabilizing oil prices. And were pursuing proactive foreign policy which aimed at diversifying sources for their investment and trade market (Sikri, 2009). This fact provided an important space for maneuvering to Indian policy makers. An important breakthrough in Indo-GCC was achieved in 2003 with the initiation of "India-GCC Political Dialogue". This arrangement was aimed at the exchange of views and ideas for the improvement of political, economic and strategic relations between India and Gulf (Dahiya, 2014).

After assuming office in 2004, Manmohan Singh was convinced about the significance of extended neighbours in the security and foreign policy of India. He viewed that economic development is the prerequisite of all other regional and global aspirations. While addressing the Council on Foreign Relations in Washington on December 23, 2009, he stressed that the "wider Asian neighbours" were vital to India's economic well-being. Pranab Mukherjee explained foreign policy of his government by saying: "Our government looks at the foreign policy environment of India in expanding circles. Inner most or basic is constituent of immediate neighbourhood (South Asia) and moving onwards to the extended neighbours" Extended neighbourhood includes "Middle East, Africa, South East Asia, East Asia and Central Asia." Arun Parakah, Indian Chief of Staff, said that "regions included in extended neighbours are vital as far as India's energy security is concerned.

Thus Indian armed forces especially navy must take adequate security measures to safeguard its national interests in the stated regions” (Scott, 2009).

Realizing the extraordinary importance of Gulf to India’s economic and energy interests, Manmohan Singh government in 2005 unveiled the first ever official policy (called Look West Policy) for the West Asia. While inaugurating the policy Manmohan Singh, the Indian PM said: “Gulf region, like South Asia and South East Asia, is a part of India’s natural economic neighbourhood.” PM also directed minister of external affairs to coordinate with GCC as well as bilaterally with individual states for Free Trade Agreements (FTA) and Comprehensive Economic Cooperation Agreements (CECA) specifically in services sector and investment (“PM Launches Look West Policy,” 2005). The era is also significant for the launching of India’s first ever maritime doctrine which came in 2004. Based on it “Freedom to use the Seas: India’s Maritime Military Strategy” was issued in 2007. But in 2009 Indian Naval Headquarter issued a revised version of its naval doctrine which includes elements from previous documents (India Maritime doctrine 2009, 6). This is a detailed account of India’s objectives and interests as well as the role of Indian navy in securing these interests (India Maritime doctrine 2009, 63-64). In 2005 India started working on a large naval base in Karwar Goa. Construction of this naval base demonstrated the focus of Indian policy makers towards the Western Indian Ocean (Muni & Chandhra, 2015).

Indian Maritime doctrine, its Look West Policy and concept of extended neighbourhood indications that India is now looking beyond South Asia. And Persian Gulf is its top priority in its Indian Ocean strategy. After the launch of Look West Policy in 2005, first high level diplomatic exchange took place in 2006 when Saudi King Abdullah visited New Delhi. This Visit is most important as it provided a base to Indo-Saudi strategic energy partnership via “Delhi Declaration” (Government of India, 2013). Prime Minister Manmohan Singh’s 2010 visit to Rayadh was another important land mark in Indo-Saudi relations. During this visit Indian PM was bestowed with “King Abdulaziz Sash” (important national award), addressed Majlis-e-Shura (Kingdom’s legislative/decision making body) and was awarded with an honorary doctorate degree by King Saud University. These significant moves by Saudi side were aimed at expressing the level of importance they bestow to their relations with India. Visit was culminated into “Rayadh Declaration” which diversified Indo-Saudi relations beyond economic and diplomatic interaction towards a strategic partnership (“Riyadh Declaration,” 2010). In 2010 Indian President, Pratiba Davisingh, visited UAE. UAE ensured India of its full support to Indian bid for permanent seat in UNSC (Bhasin, 2010). This visit was reciprocated by Sheikh Mohammad bin Rashid Al Mkhthom’s visit (UAE Vice President) in 2011. In 2012 UAE-India high-level taskforce was formed for probing out new avenues for bilateral investment (Government of India, 2013).

Third phase of Indian foreign policy was important. During this era important breakthroughs were achieved in Indo-Gulf ties. This era marks the beginning of a political understanding between two.

Fourth Phase: Modi Era (2014-2021)

As soon as Modi took oath, he convinced his administration to reorient India’s foreign policy with focus on maritime aspect. He was certain that India’s future as a stable and developing economy and its vision of great power status is dependent on international waters (Chunhao, 2019). In 2015 India came up with its revised maritime security strategy, “Ensuring Secure Seas.” Owing to India’s

heavy reliance on Gulf energy and hosting large number of Indian diaspora, “Persian Gulf” and “Strait of Hormuz” are included in the primary areas of Indian maritime interests. Modi paid special attention to Gulf by declaring that the weak ‘Look West approach’ of Manmohan Singh regime will aggressively be pursued under “Link West” slogan. Through Link West policy Modi is focusing on removing hesitation and “strategic confusion” with Gulf countries (Hall, 2019. P 6). S. Jaishankar, Indian foreign secretary during first tenure of Modi, said that “India has deep historical relations with Gulf but these relations were not the result of any strategic maneuvering. Rather this was an “evolutionary happening”. He further goes on to say that Modi regime does not want Indo-Gulf ties to be limited to human and energy sectors. So is exploring more avenues for coordination (Tellis, 2021).

Soon after formulating government in 2014, Modi initiated visits to various capitals of Persian Gulf Region. In 2015 Modi visited UAE which was reciprocated in 2016 and 2017 by UAE Crown Prince Sheikh Mohamed bin Zayad Al Nahyan. In 2018 and 2019 Modi again visited UAE (Government of India, 2020-b). Year 2016 was the year when Modi was paying balancing moves between Saudi Arabia and Iran. In April 2016 Modi visited Riyadh. Muhammad Bin Suleman, Saudi Crown Prince, was on official tour to New Delhi in February 2019. It was responded by Modi in October 2019 (Government of India, 2020-a). In May 2016 Modi reached Tehran and Iranian President, Hassan Rouhani, paid official visit to India in 2018 (Government of India, 2019). In 2017 Modi became first ever Indian Prime Minister to visit Israel. In return Israeli PM Benjamin Netanyahu visited India in 2018 (Chaudhury, 2019). Almost two months before Modi’s July 2017 visit to Israel, Palestinian President Mehmood Abbas, was invited to India. It was aimed at ensuring Arab world that despite having closer relations with Israel, India will support Palestine cause (Anas, 2021). In 2018, PM Modi visited Oman which was reciprocated by Omani Minister of Defense Affairs in 2018 and 2020. In 2018 Modi reached to Ramallah (Palestine) (Embassy of India Oman, 2021).

These multiple high level visits are evident of importance Gulf region have in Modi’s foreign policy. Reciprocal visits by the Gulf representatives indicate their interests in New Delhi. Throughout this era Indo-GCC cooperation got enhanced in political, economic and defense sectors (Chunchao, 2019).

Major Drivers of Growing Indo-Persian Gulf Relations

Above mentioned phases of Indian foreign policy towards Gulf reveal that Indo-Gulf relations evolved gradually. Initially the relations were only having economic character which periodically got hindered because of divergent political and ideological interests. But the economic interests of both sides press continued engagements. Manmohan Sign tenure marked the era of political understanding, security cooperation and enhanced economic ties with the Gulf region. These bilateral relations reached a new height with the government of Nirandna Modi. Developments such as: new breed of leadership in Gulf States, technologically empowered Indian diaspora, internal political stability and security in India and its stature as investment market, have contributed to this.

These factors are labelled as drivers in this study. In simple term driver is an individual who leads a vehicle to destination. In IT, driver is basically a computer program that controls devices connected to the computer like printer. Collins English Dictionary defines driver as “something that

creates/fuels an activity or forces something to happen” (Collins English Dictionary, nd). Following are the major driving forces for enhanced Indo-Gulf relations.

Energy, Security and Safety of Sea Lanes of Communication

Security is generally defined as freedom from fear or the absence of threats and the maintenance of peace and order. Security is a broader concept. Traditionally this concept was confined to nation state hence called traditional/national security. This paradigm focuses on maintaining the sovereignty and territorial integrity of a state. With passage of time, analysts argued that the traditional concept is narrow and do not address whole spectrum of threats. Thus a new concept, called non-traditional or human security, was surfaced. Human Development Report of 1994 specified seven basic concerns of human security. These include food, health, personal, community, political, economic and environmental security (United Nations Trust Fund for Human Security, 2016). Energy security basically falls under the paradigm of human security as it directly impacts economic development and welfare of a state and is also linked to environmental security. As economic development is prerequisite for a state’s military build-up, thus energy security also provides bases to national security and is considered an important component in security strategies.

United Nations (UN) defined energy security as “uninterrupted and sufficient supply of energy in various forms and at reasonable prices” (World Energy Assessment 2000, 111). Indian Maritime doctrine of 2009 defined energy security as: “Ensuring required energy supplies (including oil, gas, coal, hydro and nuclear) for a longer span of time at reasonable price. Purchase of overseas hydrocarbons is also a part of energy security, whose aim is to ensure continuous supply against declining affordable supplies” (Indian Navy 2009, 64). These definitions are concerned with supply and pricing issues thus present a partial aspect of energy security. Ligia Noronha and Anant Sudarshan (2009) gave a comprehensive idea of the term. They viewed that energy security has two aspects: traditional and non-traditional. Traditional aspect of energy security includes the issues of supply and price. While non-traditional aspect is related to dealing with large domestic energy inequalities and fulfilling the required demand for household and industrial setup. For current study we rely on the definition given in chapter VI of Integrated Energy policy, Report of India 2006. According to which “India will be energy secure if it can supply lifeline energy to all citizens as well as meet the efficient demand----to satisfy needs at affordable prices----keeping in view possible shocks and disruption at international level” (Government of India 2006, 54).

Assessment of energy demand, indigenous capabilities for meeting these demands, gap between demand and supply and foreign sources of energy supply and transportation are important factors for understanding the nature and requirement of energy security. For understanding India’s energy security, it is very important to understand the nature of India’s ‘energy mix’ and patterns of its energy requirements over a considerable span of time.

Soon after independence, India was reliant on hydro and thermal technologies for energy generation. At that time India was capable of generating about 1500 MW of electricity and in it hydro-thermal mix was equal that is 50:50. With the passage of time it started diversifying sources of its energy generation, which include oil, gas (fossil fuels) and coal. As India was endowed with considerable coal reserves thus country was interested to utilize its maximum amount in energy

generation. From 1996-2006, there was a recorded 54 percent increase in the consumption of coal. Despite this, fossil fuels presented major portion of India's energy mix (Noronha & Sudarshan, 2009).

Table: India's Energy Mix in Percentage³

| Years | Oil | Gas | Coal |
|---------|-----|-----|------|
| 1997-98 | 35 | 7 | 55 |
| 2001-2 | 32 | 15 | 50 |
| 2006-7 | 32 | 15 | 50 |
| 2010-11 | 30 | 14 | 53 |

Source: Rumel Dahiya. (2014). *Developments in the Gulf Region: Prospects and Challenges for India in the Context of Two Decades*. Pentagon Press Delhi, p.66.

Population wise India is the second largest country of the world and became a fastest growing economy by the end of Cold War. From 1990-2000 its GDP was growing at an average of 6percentannually. For ensuring continuous and efficient working of its industries and meeting the energy demands of its growing population, India's energy needs were also multiplied. It is estimated that during 2005-2015, its energy consumption increased by 6.7 %. Having limited domestic reserves of oil and gas, India is importing almost 80percent of oil and 40percent of gas needs. In 2016, with 5.5percent increase in its energy consumption, India became third largest energy importer worldwide. Keeping in View India's growing energy needs, International Energy Agency stated: "In order to maintain current growth rate, India must increase 3.6 % of its energy consumption annually. With this percentage its energy demand will get doubled by 2025. Thus India will be in a need to import around 90% of its energy demands and by 2050 it will become world largest oil importer" (Pradhan 2020, 18).

Being rich in hydrocarbon reserves, Persian Gulf region is at the centre of global energy trade.

Oil & Gas Reserves in Persian Gulf as Per 2020 Estimates

| Country | Oil Thousand Million Barrels | Share in Global Oil Reserves | Gas Cubic (TUM) | Trillion Meters | Share in Global Gas Reserves |
|--------------|------------------------------------|------------------------------------|-----------------------|--------------------|---------------------------------|
| Saudi Arabia | 297.5 | 17.2 | 6.0 | 3.2 | |
| UAE | 97.8 | 5.6 | 5.9 | 3.2 | |
| Qatar | 25.5 | 1.5 | 24.7 | 13.1 | |
| Oman | 5.4 | 0.3 | 0.7 | 0.4 | |
| Kuwait | 101.5 | 5.9 | 1.7 | 0.9 | |
| Iran | 155.6 | 9.0 | 31.9 | 16.2 | |

Source: Hameed, Quamar, Kumaraswamy. (2022). *Persian Gulf 2021-2022: India's Relations with the Region*, p.33.

Focused states of the study are significant sources of India's energy supply. For the patterns of Indo-Gulf energy ties it would be significant to understand historical evolution of its energy trade

³ Hydro and nuclear are two more ingredients in India's energy mix but their contribution is very small, i.e. approximately 2 percent for hydro and 1 percent for nuclear.

patterns. Since Independence till 1960s Iran and Saudi Arabia were the major exporters of Indian oil. This pattern owes to the fact that its oil refineries were western owned and there was no public sector refinery (Dasgupta 1971, 202). By the start of 1960s India and USSR signed a deal through which later got agreed to provide India with oil at a low price. This agreement culminated into conflict between Indian government and western owned oil refineries, as they refused to refine Russian oil. As a result, in 1962 India started developing its public sector refineries with the help of Russia and Romania and also banned the proliferation of western own refineries in the country. In 1977, Russia and India started oil trade in Indian rupees and by mid 1980s Russia was providing 23 % of India's oil needs. But the disintegration of USSR in 1990s left India with no option but to diversify its sources of oil imports (Dasgupta, 1971). Since then India is importing huge quantities of fossil fuels from Persian Gulf states and its dependence on Gulf is increasing day by day. Following table is helpful in understanding this dependence.

India-GCC Oil and Gas Trade 2016-2020 (US \$Million)

| | 2014-15 | 2015-16 | 2016-17 | 2017-2018 | 2018-2019 | 2019-20 | 2020-21 |
|--|------------|-----------|-----------|------------|------------|------------|-----------|
| Oil Imports From GCC | 47,203.01 | 24,153.92 | 25,213.89 | 30,347.47 | 38,345.77 | 38,499.05 | 23,352.90 |
| LNG Imports from GCC | 7,758.60 | 4,809.28 | 3,678.47 | 4,443.73 | 6,204.56 | 12,762.85 | 11,560.40 |
| India's total oil and gas imports | 138,352.73 | 82,966.82 | 86,970.90 | 108,665.86 | 140,926.58 | 130,555.15 | 82,688.33 |
| GCC's share in India's total import of oil and gas | 51.37 | 48.86 | 45.21 | 43.78 | 43.66 | 42.60 | 45.77 |

Source: Kumaraswamy, P.R. (2021). *Persian Gulf 2020. India's Relations with the region*, p.327.⁴

Above mentioned data is evident to the fact that GCC is the largest source of energy imports for India. In 2014-15 GCC contributed more than 50percent of Indian energy needs, in 2015-16 it was 49 percent, in 2016-17 it was 45 percent, in 2017-18 it was 44 percent, in 2018-19 it sustained, and in 2019-2020 it decreased to 43 percent while in 2020-2021 it again increased to 46 percent.

⁴ Data from 2019-2022 is retrieved from: Hameed, Sameena. Quamar, Muddassir, Md. Kumaraswamy, P.R. (2023). *Persian Gulf 2021-2022: India's Relations with region*, p.531.

Despite ups and downs in percentage GCC continued to fulfil more than 45 percent of Indian energy needs. Thus, India can never have a sustained economic development without a continuous supply of energy from Gulf region. On the other hand, Persian Gulf states also have huge market for the export of their energy and energy products in India. When oil was discovered in this region America and west were major consumers of Gulf oil. But as these states became self-reliant, Gulf States lost their energy market in industrialized west and they were too in search of a market. In this way energy security became a driving force in growing Indo-Gulf ties.

Gulf States are supplying lifeline to Indian industry and economy via sea. Apart from energy supplies, almost 90 percent of its trade by volume and 70 percent by value conducted by sea. Thus for ensuring the uninterrupted flow of trade, protection of Sea Lines of communication (SLOC) is a major goal for Indian government (Indian Navy 2009, 63). These Lanes are of critical importance both during war and peace time. During peace these are the commercial routes and during war these become strategic pathways for the movement of military personnel and military hardware. Maritime Doctrine of Pakistan (2018) defines SLOC as: “recognized commercial shipping routes as well as routes that connect operating military force with one or more bases of operation and also serve as a mean of supply and reinforcement” (p.225). Indian Maritime Doctrine bestows the responsibility of protection of these SLOC to Indian navy by stating that security of these maritime trade routes can best be done by “positioning a balanced fleet, use of convoys and by gaining broad sea control in the main areas of vulnerability” (p.96). For this purpose, Indian government needs to invest heavily in culminating deep strategic partnership with littoral states of Persian Gulf. As this region is home to Strait of Hormuz, from where 35 percent of sea-born oil trade passes. Keeping in view the strategic significance of this choke point and Iran-America rivalry, it can easily turn into a flash point in the future conflicts. Further there is no alternative sea route for the transport of Gulf oil to Arabian Sea. Though there are some on land pipelines but their feasibility is debatable. Great power rivalry and wars are not the only threats to be countered. There are hosts of threats like: Piracy, drug trafficking, gun trafficking and maritime terrorism, which need coordinated efforts by the littorals (Sakhuja, 2001).

Safety of Indian Diaspora/ Expatriates

In simple words expatriate is a person who is living outside his/her native country or a person who is residing in a foreign state (Oxford Dictionary of English, nd). McNulty and Selmer (2017) define expatriate: “A person, living outside its native country and is physically mobile across international border either for professional or personal reasons, whether organizationally sponsored or not, living in the host country for a long or short time span and regardless as to whether one is crossing ocean or land” (p.23).

Shamnad (2011) defined diaspora in following words: “Diaspora is derived from two Greek letters dia and speirein which means scattered or spread. Thus diaspora means community of migrants spread across national borders, residing permanently in other countries. But are well aware of their origin, cultural identities and maintain varying degree of connection with home land” (p.1).

Thus both terms, expatriate and diaspora, are used to describe one and same thing. Exchange of communities is a normal trend in international relations, especially between developed and underdeveloped/developing world. In this regard Persian Gulf region is the third largest migrant

host in the world. This pattern can be attributed to the discovery of large oil reserves in the stated region. For transforming Gulf countries into oil exporting economies, large scale construction projects were launched. Owing to the fact that stated countries lack skilled man power, labor migration from low-income South Asian countries to oil rich region started in early 1970s. In 70s number of South Asian Expatriates was limited as 72 percent of labor demand was fulfilled by Arab nationals of West Asia. But Iraq-Iran war (1980-1988), First Gulf war (1991), increased globalization in Post-Cold War era and increasing security concerns due to long-term presence of Egyptians, Yemenis and Palestinians has changed this pattern. In late 1990s portion of Arab migrant workers in GCC was reduced to 31 percent. As a result, South Asia became top labor exporter to GCC (Shamnad 2011, 4). Increased demand of Asian workers in Gulf is indebted to number of reasons like: highly skilled, professional, cheap and apolitical. Migrants formulate 70 percent of the total workforce in Gulf. Among South Asia Indian workers formulate largest share of expatriate community in the Gulf region. This community is extensively contributing to country's economy through huge remittances (Jain, & Ommen, 2016).

According to estimates Indian expatriates in Gulf were about 40,000 in 1970s, 50,000 in 1980s, 1 million in 1985 and 3.5 million in 2001. These figures reached to 6 million by 2012, while by now Gulf is home to second largest Indian diaspora in the world (Dahiya 2014, 118). Indian workers in Gulf can be categorized into two major divisions: Blue-collar workers and White collar workers. Blue collar works are the un-skilled or semi-skilled employees, usually engaged in manual labor/ physically exhausting professions. These are mainly employed in construction sector, maintenance or house hold. White-collar workers are professionals and skilled ones, working on major administrative positions. From 1970s till 1990s blue-collar workers constitute about 90 percent of Indian expatriate community in Gulf while white-collar were only 10 percent. By 2000 share of blue-collar workers shrink to 70 percent, while that of white-collar was increased to 30 percent. In 2012 white-collar workers constituted 35 percent of total Indian work force in Gulf. (Ghose, 2015) Following table provides country wise data of Indian community from 1975-2012.

Table: Indian Migrants in Saudi Arabia, UAE and Oman from 2016-2020

| Country | 2016 | 2017 | 2018 | 2019 | 2020 |
|--------------|-----------|-----------|-----------|-----------|---------|
| Bahrain | 96,004 | 94,209 | 78,671 | 65,501 | 21,626 |
| Kuwait | 274,302 | 235,302 | 215,665 | 173,206 | 30,119 |
| Oman | 290,874 | 270,186 | 193,608 | 145,418 | 39,156 |
| Qatar | 296,197 | 279,667 | 258,326 | 198,582 | 46,512 |
| Saudi Arabia | 813,960 | 540,893 | 363,921 | 468,576 | 105,056 |
| UAE | 1,330,782 | 1,131,541 | 792,973 | 535,443 | 134,570 |
| Total | 2,805,922 | 2,551,570 | 1,903,164 | 1,583,726 | 377,039 |

Source: Kumaraswamy, P.R. (2015). *Persian Gulf 2015: India's Relations with the Region*. Amashworl. NewDelhi, p.51.

These expatriates are contributing around 4-5 percent of GDP. Indians in Saudi Arabia and UAE are the major contributors among all. As per 2011 estimates of total remittances Indians in UAE are

contributing 48 percent, in Saudi Arabia 26 percent, while that of Oman is 8 percent (Dahiya 2014, 122).

Above facts point towards two major benefits India seeks from its Gulf diaspora. First, India is a big country with large deprived population. Major portion of its population is unemployed. Thus Gulf provides employment opportunities to large Indian population and helps them earn livelihood for their families. Second, Gulf diaspora is contributing to Indian economy through remittances. Third, this community is a very important tool of Indian soft power. Large part of this community constitutes blue-collar workers who are continuously facing harsh circumstances in the host countries. Workers associated with construction and development sector use to live in unhygienic labour camps with inadequate facilities. As GCC has not ratified the convention on “freedom to association and protection of rights to organize”, thus labors are forced to work in harsh conditions (Petriyagoda, 2017). “Kafala System” or visa-sponsorship system practiced by GCC states is a legal system defining relationship between the worker and its sponsor/employer. Through this system local companies and individuals are provided with permits by the government to hire foreign workers. Through this the sponsor/ Kafael has the exclusive right for renewal/termination of visa and payment of wages. As a result, sponsor can easily delay the wages of its worker, seize its passport and even expels him/her without prior notification. Worker is solely dependent on its sponsor for transfer of job or putting an end to employment. As Kafala system works under the interior ministry and not the ministry of labour so mostly these workers cannot claim any type of labour rights. Hence are faced with huge exploitation (Robinson, 2021).

In addition to harsh working conditions in mid-2000 many workers were unemployed because of the threats of demographic inequalities. During this era expatriate community was about half of the total population of GCC countries. While in some smaller countries like UAE, foreign workers constitute more than 80 percent of total population (Chowdhury & Rajan, 2018, 11). Third oil boom of 2003, increased demands of semi-skilled and skilled workers but it gave rise to the serious issue of “*demographic imbalance*” in Gulf (Chowdhury & Rajan, 2018). Gulf Cooperation Council Network for Drylands Research and Development defined demographic imbalance as “the reshaping of population density due to intensive labour import and mass tourism” (GCC Network for Dryland and Development, n.d). In most of GCC countries the number of South Asian migrants exceeds from the local population which pressed governments to take adequate measures to address this issue. For addressing this issue in 2003 UAE initiated “cultural diversity policy”, through which UAE is aimed at rebalancing Emiratis-Foreign population balance via increasing Arab share in its work force. For this purpose, government made its employees’ visa expansive so that companies can be deterred from diversifying their pool of workforce (Chowdhury & Rajan 2018, 17).

For addressing all these problems faced by Indian diaspora in Gulf, Manmohan Singh government has established the Ministry of Overseas Indian Affairs (MOIA) in 2004. This ministry was created to have an institutional base that will organize and formulize relationship between Indian government and its overseas community. This ministry remained very active in not only discussing labor problems with the concerned governments but also signed a number of MOUs and agreements for not only solving issues faced by the migrants but also cooperating in enhancing and integrating Indian diaspora in Gulf society (Petriyagoda, 2017).

Economic crises of 2008 and the popular uprising of 2011 in the Arab world again pressed the ruling elites to take certain measures for addressing popular resentment. Among these measures, “indigenization of labour market” was most important as far as Indian diaspora community is concerned (Ghose, 2015). These factors are influencing Indian community directly but still they present the largest foreign community in the relevant countries of the study.

As both sides are equal beneficiaries of the diaspora, it is said that Gulf region can never develop at the same pace without the expertise and services of the largest Indian diaspora community. On the other hand, this community is an important source of national remittances for India and is important tool of its foreign policy in the stated region. Thus diaspora community is an important driving force for enhancing Indo-Gulf ties.

Seeking New Commercial Market

Realizing the fact that energy reserves are not going to last forever, Gulf monarchies decided to expand the base of their economic development away from energy trade. They are more interested in investment. Being the second largest country population wise, with a consumer base of 1.2 billion, India was an attractive destination for the countries of Persian Gulf. In this regard UAE appeared as the largest investor in India with a total 2.4 billion \$ investment in India from 2000-2013 (Success of International Corporate Entities: Middle East, 2013).

Table: FDI Inflows from UAE, Saudi Arabia and Oman (2000-2014)

| Country | Ranking in India's top Source of Inward FDI | FDI Inflows (In US \$ Million) | Share of Total FDI Inflows % |
|--------------|---|--------------------------------|------------------------------|
| UAE | 11 | 2,762.12 | 1.23% |
| Oman | 30 | 357.78 | 0.16% |
| Saudi Arabia | 49 | 45.65 | 0.02 |

Source: Nag, B., & Gupta, M. (2014). The rise of Gulf Investment in India: Searching for complementary and synergy. *Middle Eastern Institute*.

Owing to wealth of oil Gulf countries do not need foreign investment and can invest themselves in various development programs. But they do need expertise so FDI is encouraged. For the purpose of seeking FDI Persian Gulf states are devising privatization policies, though the policies are in-process but India is investing in various programs.

Table: Annual FDI in UAE, Saudi Arabia and Oman from India (US \$ million)

| Country | 2011 | 2012 | 2013 | 2014 |
|--------------|---------|---------|---------|---------|
| UAE | 1,341.4 | 1,463.3 | 1,798.2 | 1,449.8 |
| Saudi Arabia | 26.1 | 2.4 | 269.2 | 196.0 |
| Oman | 15.8 | 135.1 | 101.1 | 179.2 |

Source: GCC-India Corridor: Investment Opportunities and Challenges. (2017). Alpen, 9.

New Generation of Arab Rulers

GCC Monarchies have a new younger generation of leaders who have totally different perspective from their ancestors in 1970s. To them India is a huge market driven by middle class economy and skilled manpower. The new leadership has more leaning towards India because they prefer economic benefits over religious and ideological affinity. Modi government has intelligently capitalized on this.

CONCLUSION

To conclude it can be said that Indo-GCC relations passed through different evolutionary phases. Initially, there was lack of political understanding. In 1970s economic ties began to develop. These economic relations got enhanced with every passing year. But the relationship was void of any political understanding. Afghan war and Pakistan-GCC proximity were the major factors of uneasy ties. Relations got pace in post 9/11 era. The era was characterized by the realization of GCC leaders that hydrocarbon reserves are fast depleting and they wanted to expand their economic base. In this respect India with huge market was essential for GCC commercial interests. Manmohan Sign was also attentive towards GCC and its Look West policy proved a virtuous starting point. Proactive strategy by Modi enhanced its cooperation with GCC in all (political, economic and strategic) aspects of bilateral relations. These enhanced relations only became possible because of the level of interdependence existing between India and GCC countries. Both sides are vital for each other's survival and sustainability. GCC hydrocarbons are critical for Indian survival on the other hand India is a huge market for GCC petroleum products. In the similar manner GCC is a labour deficit market while India with large populations and less employment opportunities at home is able to export cheap labour. Being well trained Indian labour is continuously making its way bypassing all other communities in GCC. These labours are contributing to the development of Gulf region because Gulf population is lacking the required expertise. As a result of their increased presence and occupation of important positions, Indian diaspora is now used as a foreign policy tool by Modi government. Summing up it can be said that Indo-GCC ties are mutually reinforcing and will continue to enhance with passage of time.

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