



# SOCIO-ECONOMIC DYNAMICS OF RELATIONS BETWEEN INDIA AND THE MIDDLE EAST

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## ABSTRACT

*The objective of this review paper is to analyse the significance of the India's Economic Corridor and its relationship with the Middle-East in fostering the economic growth and social opportunities in India and middle-East. This review paper intends to examine firstly the historical background and context of India's economic corridor, and secondly the implications of the India- Middle-East Corridor. The paper also highlights the Middle East connection, explaining how it has played a significant role in enhancing trade, investment and diplomatic relations between India and Middle Eastern countries and what are the possible challenges.*

**KEYWORDS:** Arab, China, Economy, India, Middle East

## INTRODUCTION

In this paper, an effort has been made to sociologically examine the role of the Economic Corridor between India and the Middle East. There are three main perspectives which can be used to understand this relationship. Abdel Khalek and Korayem (2007) states that one can sociologically analyse this relationship using structural functional perspective as the Economic corridor acts as a mechanism and harbinger of unity and integration between the two nations which can result in drawing mutual benefits as for instance, raise in trade, investments and jobs. Likewise, one can also use dependency perspective to understand the asymmetrical relationships between the two nations which are unequal in various ways but at the same time have been exploited by the northern nations for labour, capital etc. In this context, with two countries sharing a more or less somewhat shared history dependency perspective can help us in understanding the potential of the third world economies which can assist them in coming out of circle of exploitation. Thirdly, the conflict perspective can help one in understanding how the power dynamics and inequalities through economic corridors which are in a way a tool for major countries like India to increase their economic influence and control over the world. In this paper, several approaches have been used to assess the effects of relations between the two countries.

In the post-independence period, various political leaders took initiatives to connect the Indian economy to global markets, although the efforts were small scale. In the 1950s, five-year plans were launched to promote the reconstruction and industrialization of the nation. However, it was only in the late 20th century that the Indian government adopted the concept of more open economic corridors. Shri AB Vajpayee started with the Golden Quadrilateral Project in the early 2000s. Its objective was to establish highways to connect four metropolitan cities of India thereby helping in reducing transportation costs as well as improving infrastructural development and connectivity within the country.

Development of India's corridors include efforts of PM Shri Narendra Modi, Shri Nitin Gadkari, Minister of Road Transport and Highways (including the Bharatmala project) who modernized Indian Railways, and Piyush Goyal (Minister of Railways and Commerce) who supported him as part of his government's "Act East" policy. Therefore, the contribution of current Indian leadership which has given a high priority to bridging the international ties cannot be ignored. PM Modi's active leadership has proven India's Mettle in the Global political landscape, his personal visits to the Middle East have resulted in establishing positive ties and signing of number of trade agreements which have backed the Indian businesses in the foreign landscape. If one sees in the past two decades the LPG policy has proved to be successful in making Indian economy outward looking and more competitive and has improved the overall economic scenario in India with the development of new markets and spaces of production and consumption, tapping of emerging markets and increased mobility of people both physical and economic (Dreze and Sen, 2002). One of the key features of India's economic corridor is its connection with the Middle East. Middle East relations play an important role in enhancing trade, investment and diplomatic relations between India and Middle Eastern countries. India's economic corridor and its connection with the Middle East has played an important role in promoting economic growth and social opportunities in both regions (Wu, 2015). A quiet shift is taking place in geopolitics, with East Asia and the Middle East moving closer to each other. Energy trade, especially oil and gas, has been an important factor in deepening economic ties between East Asia and the Middle East.

For Middle Eastern countries, China's comparative economic advantage means new opportunities for their development; For China, cooperation with Middle Eastern countries will bring economic benefits through oil and gas trade as well as investments in the petrochemical industry and infrastructure construction. Furthermore, the Middle East region plays an important role in the broader framework of China's Belt and Road Initiative (Wu, 2015). China's increasing investment in



Myanmar has led to a prosperous economic corridor with China-Myanmar oil and gas pipelines.

India's economic move towards the Middle East has played an important role in promoting economic cooperation between them. India and Saudi Arabia, United Arab Emirates, Qatar and Oman had strong relations which had a lasting impact on the socio-economic development of both the regions. If one looks at the historical context of India's engagement with the Middle East it is during the period of 'mercantile capitalism' which connected them through trade/Silk Road. Although relations between the two have existed since then, India's recent strong economic, political, and cultural position has laid a strong foundation for integration and cooperation between the two, especially through initiatives such as the India-Middle East Economic Corridor (IMEEC). India's foreign policy towards the countries of the Middle East is shaped by the Gandhian idea of non-violence, universal brotherhood and welfare and the Nehruvian approach to capitalism and diplomatic relations. Prime Minister Shri Narendra Modi is the flag bearer of India-Middle East cooperation, a proposed corridor that on one hand will enhance better connectivity between the two countries, while on the other it will take advantage of India's strategic geographical location as a gateway in both the Middle East and Africa.

This will mutually enhance market potential by improving trade, investment, infrastructure development and public mobility. The key stakeholders in this India-Middle East Economic Corridor will be government officials, business leaders and experts in the field of international relations and economics. Many business tycoons like Mukesh Ambani of Reliance Industries, Ratan Tata (Tata Group), are going to play an important role in this direction through strategic collaborations, partnerships which will help in improving trade, investment inflows and leapfrogging growth. Sheikh Abdullah bin Zayed Al Nahyan, Minister of Foreign Affairs and International Cooperation of the UAE, Sheikh Mohammed bin Zayed Al Nahyan, Crown Prince of Abu Dhabi and Deputy Supreme Commander of the UAE Armed Forces play an important role in enhancing economic ties through IMEEC Fulfilling. Youssefali MA (Lulu Group), who has built a successful business empire in the Middle East, employs thousands of Indians in the region and has expanded its ventures into India.

### SOCIO-ECONOMIC IMPACTS

If one looks at what impact this connectivity will have on both, it will have positive consequences for both India as well as the Middle East. Apart from increase in investment and infrastructure development there will be creation of more jobs, better understanding among people which will help in cultural and socio-economic exchanges, upgradation of some of the vital sectors like agriculture, energy, healthcare and technology. There may be a reduction in risk that is usually associated with excessive reliance on a single market and sources of income. Since the Middle East is a major supplier of oil and gas to India, such ties could help India meet its demand and cut into the monopoly of other markers. The Middle East will also benefit from exports of textiles, machines, pharmaceuticals etc. The Indian diaspora will also benefit more from the cooperation

between the two countries which will help in integration and bridging the gap between cultures. This will promote cooperation between the two societies and reduce geopolitical tension between them.

However, along with this some challenges and obstacles may also arise and need to be addressed. The main obstacle in this could be the complex geopolitical dynamics of the Middle East countries and India. Given the current global politics, if any kind of tension, sanctions, fundamentalist forces emerge stronger than it may disrupt relations and cause uncertainties for investors. On the other hand, several other shortcomings as for instance laggard infrastructure, connectivity deficiency could also negatively impact the cooperation and participation. The stakeholders of both the nations are although drafting efficient policies and taking pro-active steps so as to improve transportation, logistics and digital connectivity, this could still hinder trade and investment flows. Therefore, there is a need for coordinated efforts of various stakeholders to improve and enhance connectivity and reduce transaction costs to ease flows. Fluctuations in oil prices and dependence on oil and gas imports from Middle East countries may increase India's dependence which may negatively impact growth in the future. Lastly, China's growing economic presence in the Middle East can also give a tough competition to India.

### CONCLUSION

The India-Middle East Economic Corridor will therefore serve as an important instrument to accelerate economic integration and cooperation between India and the Middle East. It can act as a booster in case of falling trade, investment and infrastructure development, while enhancing people-to-people connectivity and mutual development. In fact, IMEEC will help in development and prosperity in India and the Middle East, harnessing the positive aspects in these regions and eliminating the negatives through strategic cooperation and collaboration. Indeed, influential people were at the helm of events that were shaping the trajectory of the corridor; Stakeholders must be able to work together to realize its full potential for a prosperous future for both regions.

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