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Findings

In this age of political and economic liberalization and privatization, the emerging development in the Arab world or West Asia, has its special importance in the global context in general, and in Asian context in particular. For instance, the Asian countries, particularly China and India's heavy reliance on natural resources, have considerable influence and geo-strategic importance of their bilateral relations in the present time. In this regard, the academic discussions are centered on the issues such as how has relationship developed over time? What are the various areas of economic reform including financial reform, trade liberalization, openness to foreign investment, and privatization efforts that have captured the global attentions? Moreover, in the context of Asia and Gulf region, the inter and intra-regional efforts such as the Arab Free Trade Area, Look-East Policy are playing vital role in promoting trade and capital flows across the region.

After the globalization (since 1991) political economic relations between India and Gulf states has taken new dimensions whether its dependancy on labour cheap goods. In particular, the effects of state institutions, international actors, new groups such as private sector and their roles considered in the context of political economy theoretical approaches.

Thus, the processes and outcomes of economic reform; the impacts of globalization and foreign penetration the region; and the ways in which new industries and technologies are shaping the political economies of the region need special focus while explaining the dynamics of political economies of GCC states and Saudi Arabia.

The political and economic liberalization in the West Asian region indicate, these oil-rich Gulf States have seen tremendous changes in their economies and politics since last two decades. Two major factors, Internal and External, are worth mentioning in this regard.

India considers the Gulf region as part of its “extended neighborhood” and a part of its “natural economic hinterland”. The GCC has, evidently, become a major business partner for India as bilateral trade has grown tremendously. The total trade between India and the GCC has gone from about US\$ 5.55 billion in 2000–01 to US\$ 104 billion in 2017-18. Such a massive growth during the short period of a decade can be attributed mainly to the higher commodity prices, especially oil prices, in that period, and partly to the increased efforts to enhance trade relationships that were undertaken during this period by both sides.

The Gulf region is also an important destination for India’s products. Among others, India exports include mineral oils, organic chemicals, cereals, meats, fruits and vegetables, textiles products, iron and steel, electrical machinery and equipment, and other mechanical appliances to the GCC countries. In recent times, a large number of Indian companies have established their branches and are involved in several projects in the region. The movement of people from India to the GCC countries for employment contributes to the growth of Indian foreign exchange reserve as they send money back home to their families.