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A Study on Indian Diaspora in Uae: Special Reference to India – Uaeforeign Direct Investment Relationship

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Abstract

Economic and trade links between India and UAE have been developing with each passing day and this pattern is likely to continue for different reasons. First is the presence of Indians in the UAE being reflective of a mutually advantageous relationship between the two nations. Indian expatriate community is reportedly the largest ethnic community in UAE among all the other GCC nations. Indian workers are favoured over others owing to their ability and skills. Another reason for growing economic relationship between two countries is that both the nations have made an environment to attract more and more foreign direct investment. FDI policies in India and UAE have been emerged significantly more liberal during the past few years. Also, the FDI flows between these two economies grew tremendously in recent years.
Keywords: Diaspora, Migration, Foreign Direct investment, Relationship

Introduction

India and United Arab Emirates (UAE) have shared economic relations through the centuries. It was established through the establishment of cultural, religious and political relations. The two countries have been connected by the trade routes of the Arabian Sea for millennia. UAE, a federation of seven emirates (i.e. Abu Dhabi, Dubai, Sharjah, Ajman, Umm-al-Qaiwain, Ras-al-Khaimah and Fujairah) was formerly known as Trucial Coast, Trucial Oman and Trucial States. It is situated in Middle East, bordering the Gulf of Oman and the Persian Gulf. It is on a strategic location along northern approaches to the Strait of Hormuz i.e. a vital transit point for world crude oil. It shares a border with Qatar on the northwest, Saudi-Arabia on the west and Oman on the east.

The UAE stretches for more than 650 kilometres along the southern shore of the Persian Gulf. Most of the coast consists of salt pans that extend far inland. The largest natural harbour is at Dubai, although other ports have been dredged at Abu Dhabi, Sharjah, and elsewhere. Six of the emirates lie on the coast of the Gulf; and the seventh Fujairah, is situated on the eastern coast of the peninsula and has direct access to the Gulf of Oman. Prior to the discovery of oil and petroleum in UAE, it had a localized economy which was connected to India only through exchange of pearls. Pearl-fishing was the main source of country's national wealth. Before Second World War, almost 80 per cent of the work force of these seven emirates was engaged in pearl-fishing while the remaining 20 per cent was involved in animal husbandry, fishing, agriculture, commerce and other services. After the Second World War, various developments

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led to the fall of pearls industry and oil replaced pearls as the UAE‟s main source of income. In 1951, oil was discovered in the coastal waters off Abu Dhabi. The commercial use of petroleum began in 1962 and it sharply increased state's revenue.

This enormous oil revenue transformed the seven states into modern cities with an impressive and steadily growing infrastructure. Oil in UAE became the channel of economic and social change. It has strengthened UAE‟s economic relations with the economies of advanced nations in the world. The oil industry has, in turn, prompted the development of some other subsidiary industries. This diversification of the economy enabled UAE to avoid dependence on only a single source of income. Therefore, India welcomed the emergence of UAE as a sovereign independent state and it established diplomatic relations with it at embassy level. Their relationship got strengthened after the accession of His Highness Sheikh Zayed Bin Sultan Al Nahyan, ruler of Abu Dhabi in 1966 and then the formation of UAE federation in 1971. A Resident Mission was established in UAE soon thereafter. Sayed E.H. Rizwi was appointed as India's first Resident Ambassador to UAE in 1973. In wanting to establish close links with the emirates, India was guided not only by political and economic considerations, but also by its anxiety to promote the well-being of thousands of people of Indian origin living in this area for the past many decades. In the following years, both the nations have made efforts to improve relations in all fields.

Indian Diaspora in UAE: A Profile

The dispersion of people from India and the formation of Indian diaspora community is the result of different waves of migration over hundreds of years driven by a number of reasons. They have been estimated to be second largest in the world and have a diversified global presence. This community represents an eminently successful diaspora in the host country with several of its representatives occupying leadership positions there. They are also important as a strategic resource for India as they have considerably added to knowledge, innovation and development across the world. Indian migrant community is mostly going to the Gulf countries as these countries are one of the important migrants‟ homes in the world. These countries are not only attracting Indian migrant people but it also pull people from the other South-East and South Asian countries. Indian migrant community is found more significant among these expatriate communities living in the GCC states. According to the Ministry of Overseas Indian Affairs (MOIA), Government of India, currently the numbers of migrant in the six GCC states are 6 million approximately. They are getting employed in white collar jobs such as doctors, engineers, architects, etc.; semi-skilled workers such as drivers, craftsman, artisans, etc.; unskilled workers in construction sites, livestock ranches, stores, shops, etc. Skilled workers comprise nearly 30 per cent of total Indian migrants in the gulf nations. Semi-skilled and unskilled workers comprise almost 70 per cent of the total Indian migrants. These large number of emigrants are playing an important role not only to the host countries (GCC nations), but also have major developmental share to the place of origin (India). These development affects can be seen at various levels of nation, community, family and individual. This may be in form of social, cultural, political, geographic and economic. As the migrants are an asset to every nation where they give valuable services with their labour, UAE is one of the best examples for that. The development and growth of the country is entirely depending upon one of the main factors of production i.e. labour, the migrant worker. Within the GCC states, UAE and Saudi Arabia

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emerged as the leading destinations for Indian migrant workers, where emigrant in UAE is reportedly one of the biggest ethnic community that constituting more than 30 per cent of the country's population.

There were three stages of Indian migration to UAE in last 30 years. The first stage of migration was in the era of high production of oil in 1970s. This had attracted more unskilled and semi-skilled workers from various states of India, especially from the states of South India. Second stage of migration was in the beginning of 1990's i.e. after gulf war and the last stage of migration was found during the twentieth century (Venier,2011). This shows migration from India to UAE is not a new phenomenon. It was established since long with their bilateral economic, political and culture ties. Further, the two countries desire was to strengthen the existing close relations between them through enhancing the cooperation in the area of manpower. This was based on their mutual benefits. After signing an FTA between India and GCC countries in 2004, the government of India and the government of UAE signed Memorandum of Understanding (MoU) in the field of manpower in the year 2006 and the MoU was revised in 2011. The main objective for signing MoU was different for destination and origin country. UAE was like to use MoU to manage irregular migration flows and to promote orderly worker movement. For India, MoU was important for the purpose of protection and rights of country's migrant workers. According to this MoU, manpower refers to all the temporary contractual emigrants employed in the UAE shall leave the destination country after completion of their job period; demand for workers shall mention the required qualification and specification for the jobs needed. It shall also state the conditions of employment, duration of contract, the salary agreed on, end of the service benefits, medical facilities, etc.; terms and conditions of workers‟ jobs in the UAE shall be defined by a contract between the employer and the worker; employed manpower shall be given protection under the regulation and labour law in the UAE; migrants shall have right to revoke all their savings to their origin country according to UAE's financial regulations; complaints regarding disputes between the worker and the employer shall present to the competent department of Ministry of Labour for settlement and to the competent judicial authorities in case of no settlement attained. However, this MoU exhibited the safeguard of Indian emigration in UAE. But still Indian migrants were being exploited in UAE due to lack of an effective implementation of policy. In this MoU there was no statement regarding the right of the migrant workers to redress if he has been cheated out of wages; labour mobility is restricted because the workers were required to submit their passports to theemployers in order to receive a work permit (Wickramasekara, 2012). But the government of UAE has taken some initiatives to improve the situation of migrants in their country as they know that the presence of MoU is the sign of their growing relations with India.

Relevance of the Study

In this context, present chapter has been divided into two parts. First part includes (a)Comparison of Indian migrant workers among all the GCC countries in the form of number of migrants and bilateral remittances estimation; (b)Different phases of Indian migrants to UAE forthe periodfrom 1996 to 2015; and (c) causal relationship between Indian migrants to UAE and UAE‟s totaltrade with India. Second part shows comparison of FDI inflows and outflows of two countries;and mutual investment between India and UAE.

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Objectives of the Study

The main objectives of the study are as follows:

1) To analyse the role of Indian diaspora in UAE.
2) To study the trends in Indian migration to the gulf countries.
3) To better understanding of investment truncation between India – UAE.

Trends in Indian Migration to the Gulf Countries

As discussed earlier that the movement of Indian migrant workers to Gulf countries established since long. India was the only country which provided large workforce in GCC when it was facing the problem of shortage of labour in various projects such as oil refineries, recreational infrastructure and construction of industries, etc. There has been rapid increase in the number of labour outflow from India to the region over the past four decades (Kohli, 2014). Table 4.1 shows number of India. Migrants in the GCC countries during 1970-2015. The figure was increased from 153,380 in 1970 to 6 million approximately in 2015. This number grew significantly especially after 2000 when the FTA was signed between the two. Indian workers preferred this region over the others for their long historical and cultural relations. It is clear from the table that Saudi Arabia and UAE became the leading destinations for Indian migrants. The number of Indian migrants in UAE and Saudi Arabia was increased from 21,584 and 70,109 in 1970 to 2,268,200 and 2,000,000 in 2015respectively.

Number of Indian Migrants in the GCC Countries: 1970-2015						
Country	1970	1980	1990	2000	2010	2015
UAE	21,584	235,611	437,179	751,142	2,182,919	2,268,200
Saudi Arabia	70,109	357,516	931,457	1,007,649	1,452,927	2,000,000
Qatar	1,696	16,667	33,750	52,788	250,649	545,000
Oman	31,427	73,080	211,955	312,053	447,824	644,704
Kuwait	21,896	59,060	106,856	100,904	393,210	730,558
Bahrain	6,668	15,286	30,533	39,310	137,402	262,855

Source: Migration and Remittances Data, the World Bank (Various Reports).

The other four nations i.e. Qatar, Oman, Kuwait and Bahrain also exhibit an increasing trend in the outflow of Indian migration to these nations. But these figures are very low. However, earlier the number of migrants was high in Saudi Arabia, but the workersconcentration is actually high in UAE, Bahrain and Qatar as these nations constituting about 32 per cent, 28 per cent and 25 per cent of their total population respectively. Further the fact that Indians want to migrate importantly to UAE due to the huge inflow of remittances from the UAE. Figure 4.1 shows the bilateral remittances estimates from GCC countries for 2015. The developing countries like India have major problems such as high population, high unemployment and low per capita income. Therefore, the country benefits by migrating workers to this region. On one side, it addresses the problem of unemployment with the movement of workers to the region; on the other side it addresses the problem of current account deficit as migration brings foreign exchange in the

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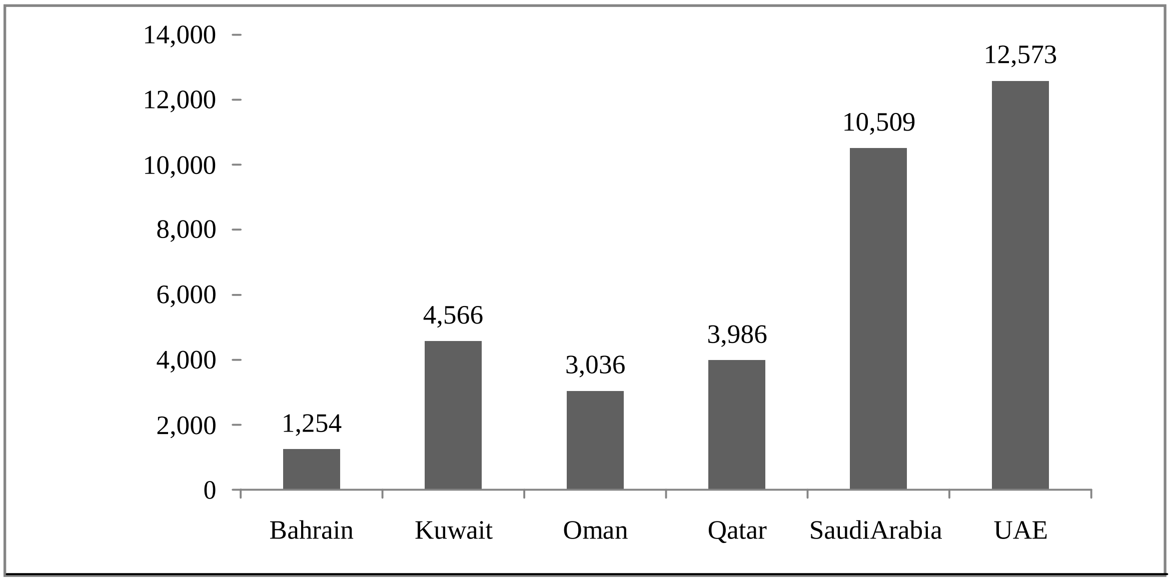
origin country. It is clear from the figure that Indian workers received highest remittances from UAE among all the GCC countries in year 2015.

Bilateral Remittances Estimates for 2015



(US$ Million)

Source: Migration and Remittances Data, the World Bank (Various Reports).

Inflow of remittances from UAE to India was US$ 12.5 billion or 35 per cent followed by Saudi Arabia (US$ 10.5 billion or 29 per cent), Kuwait (US$ 4.5 billion or 13 per cent), Qatar (US$ 3.9 billion or 11 per cent), Oman (US$ 3.0 billion or 9 per cent) and Bahrain (US$ 1.2 billion or 3 per cent). According to the World Bank's Migration and Development Brief 20, India has been the top recipient of migrant remittances in the world for past many a year. The increased remittances were mainly attributed to the large number of workers in UAE. Thus, it shows that UAE remitted highly to Indian migrants.

Foreign Direct Investment

Since the beginning of twentieth century, economic development; and economic growth have been at the core of the economic debate. The great depression, the huge economic collapses, the destruction occurred by the World Wars, poverty and high rate of unemployment in developed economies made the situation worse in the developing countries during the earlier period of colonialism. Therefore, they felt difficulties to manage the high level of backwardness in their economies. Then, the situation was improved somewhat with the introduction of new features in international economic relations such as capital transfers. After the Second World War, transformation of resources has become more varied through foreign aid and loans. It was helpful for the developing nations to handle social and financial problems more suitably by the external resources. In this view, foreign resource transfers advanced in size and structure gaining a continuously greater importance with the each passing day. After the golden period of 1950s-60s, developing economies experienced a huge debt. This led to continually rising resource outflow due to the interest payments and repayment of debt. At the same time, immersion of

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financial resource occurred in the developed countries. Therefore, toward the start of the 1970s it became evident that markets were limited and the search for new channels for final products produced in the developing countries became more rigorous and so did the needs to obtain cheap raw materials. This prompts a first theory in relation with the immersion of financial resources i.e. financial capital was now being mobilised for uneconomic reasons and this implied investment projects in the developing economies without establishing a macroeconomic rationale (Akrami, 2008). To be sure, new multinational corporations (MNCs) emerged as specialists of private foreign investment in developing nations.

The next change occurred when the debt crisis deepened in the early 1980s. Interest payment and amortization declined sharply due to the high Latin American debt. In the meantime, FDI was carried out by transnational corporations (TNCs). During this period, the global FDI has increased its importance by transferring technologies and skills; generating employment and trade along with its effect on domestic investment and innovation; and establishing marketing and procuring networks for efficient production and sales internationally. This showed a new dimension for foreign direct investment. In 1990s, this trend intensified and was influenced by the events such as the dissolution of USSR and Eastern bloc economies where regional agreements, new international institutions and mutual integrations had developed. With the integration of foreign capital markets, global FDI transfers grew robustly. Since East Asian financial crisis in 1997, the relationship between FDI, foreign trade and economic growth gained importance and attention among the researchers and policy makers. The concept of „Investment led Economic Development" particularly in developing countries was emerged as these countries required huge amount of financial resources for promoting their economic development (Ray, 2012). As we know that Capital is scarce resource in developing countries, and the rate of saving is low. Since saving controls the volume of investment, domestic investment is also low and followed by the rate of economic growth. Hence, their domestic resources were insufficient to meet their financial requirements. As a consequence, FDI has become the most important source of external flow of resources to these countries that is required to complement domestic investment and to increase the rate of economic growth immersion of financial resource occurred in the developed countries. Therefore, toward the start of the 1970s it became evident that markets were limited and the search for new channels for final products produced in the developing countries became more rigorous and so did the needs to obtain cheap raw materials. This prompts a first theory in relation with the immersion of financial resources i.e. financial capital was now being mobilised for uneconomic reasons and this implied investment projects in the developing economies without establishing a macroeconomic rationale (Akrami, 2008). To be sure, new multinational corporations (MNCs) emerged as specialists of private foreign investment in developing nations.

After independence in India, FDI got attention of the policy makers for obtaining modern technologies and to transfer the foreign exchange resources. In the 1960s and 1970s, Indian government policies towards FDI were very much restrictive and selective. FDI was only allowed in a selected group of industries. The Monopolies and Restrictive Trade Practice (MRTP), Foreign Exchange Regulation Act (FERA) were imposed in 1973 to restrict foreign ownership of shares in companies incorporated in India. These acts discouraged the F incentives by stating it as free trade enclaves. Second, SEZs develop the general bureaucratic and regulatory circumstances that many organizations face when locating in India. Third, these zones provide

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infrastructure facility that is not always available elsewhere in the country. Thus, these SEZs offer favoured trading terms and other stimulus to foreign investment (Bloodgood,2007).DI flows and the growth of domestic industries. Then, the mid 1980s brought a positive change with Rajiv Gandhi‟s outward oriented industrialization policy. The industries started to get modernized with the liberalization of the economy (Rao, Murthy, & Ranganathan, 1999). But the economy was fully liberalized with the introduction of New Industrial Policy in July 1991. This policy measures included the liberalization of FDI regime which put emphasis on attracting a huge amount of foreign capital. Thus, foreign investment became as a major source of scarce capital, managerial skills and technology that were considered basic in an open and competitive world economy. New Industrial Policy introduced a two-way approval process for FDI. This was the automatic route approval, where all the proposed manufacturing items did not require any industrial licenses. But, the companies were required to inform the RBI after issuing the shares to a foreign company. To encourage modernization and technological upgradation in the small scale industries, equity participation not exceeding 24 per cent of the total shareholding was allowed in the sector by other industrial undertaking. The limit for foreign investment was increased from 51 per cent to 74 per cent of the equity capital in some selected industries in 1997 (Hameedu, 2014). But, now FDI policy in India is broadly figured to be among the most liberal in the rising economies and FDI up to 100% is allowed under the automatic route in many sectors and activities of the economy. India has not only allowed foreign investment in almost all the sectors, but also allowed foreign portfolio investment in the economy.

Other incentive to attract the foreign investors was the country's attention into Special Economic Zones. These zones permit the Indian government to give a number of incentives in a simplified and improved manner. It gives three types of incentives for enterprises to operate their business in India. One, SEZs provide financial; tariff; and tax incentives by stating it as free trade enclaves. Second, SEZs develop the general bureaucratic and regulatory circumstances that many organizations face when locating in India. Third, these zones provide infrastructure facility that is not always available elsewhere in the country. Thus, these SEZs offer favoured trading terms and other stimulus to foreign investment (Bloodgood, 2007).

India's FDI Inflows and Outflows: 1996-2015						
Year	Inflows (US$ Million)	Percentage Share of Inflows		Outflows (US$ Million)	Percentage Share of Outflows	
		In World	In Developing Countries		In World	In Developing Countries
1996	2525.00	0.65	1.68	240.00	0.06	0.37
1997	3619.00	0.74	1.88	113.00	0.02	0.15
1998	2633.00	0.37	1.39	47.00	0.01	0.10
1999	2168.00	0.20	0.93	80.00	0.01	0.11
2000	3587.99	0.25	1.35	514.45	0.04	0.35
2001	5477.64	0.65	2.42	1397.44	0.18	1.52
2002	5629.67	0.90	3.27	1678.04	0.32	3.76
2003	4321.08	0.72	2.19	1875.78	0.32	3.62
2004	5777.81	0.78	2.03	2175.37	0.24	1.92

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2005	7621.77	0.76	2.23	2985.49	0.33	2.12
2006	20327.76	1.37	4.70	14284.99	1.00	5.89
2007	25349.89	1.27	4.29	17233.76	0.76	5.27
2008	47138.73	2.59	7.05	21147.36	1.06	6.25
2009	35657.25	2.92	6.70	16031.30	1.37	5.79
2010	27431.23	1.93	4.23	15932.52	1.09	3.79
2011	36190.40	2.13	4.99	12456.13	0.73	2.95
2012	24195.77	1.82	3.32	8485.70	0.63	1.93
2013	28199.45	1.94	3.62	1678.74	0.12	0.37
2014	34582.10	2.71	4.95	11783.50	0.89	2.64
2015	44208.02	2.51	5.78	7501.43	0.51	1.98
Average (1996-2015)	18328.39	1.43	3.75	6883.92	0.52	3.07

Source: World Investment Report, UNCTAD (Various Issues).

The table shows inflows and outflows of India‟s FDI from 1996 to 2015. During the study period, India experienced a tremendous increase in both FDI inflows and outflows. In absolute term, it rose from US$ 2525 million and US$ 240 million in 1996 to US$ 44208.02 million and US$ 7501.43 million in 2015 respectively. The average for the period 1996-2015 is calculated to be US$ 18328.39 million and US$ 6883.92 million respectively. Besides this, the average of India‟s percentage share in world and developing countries FDI inflows (i.e. 1.43 per cent and 3.75 per cent respectively) were higher than that of outflows (i.e. 0.52 per cent and 3.07 per cent respectively). The countries namely, Mauritius, Singapore, USA, Cyprus, Japan Netherlands, UK, Germany, UAE, France has emerged as the largest sources for FDI to India. As clear from the table that India experienced a sharp jump in both FDI inflows and outflows during the period 2006. According to World Investment Report (2007), sharp increase in FDI outflows during this period was mainly dominated by privately owned corporations such as Tata Group. Tata steel was merged with Corus Group in 2007 and created Tata Group that was the world's fifth largest steel maker by revenue. On the other side, Rapid economic growth and the sustained growth in income have made the country highly attractive to market-seeking FDI. Therefore, multinational retailers such as Wal-Mart have started to enter Indian market. At the same time, several large Japanese TNCs such as Nissan and Toyota; and United States TNCs such as IBM and General Motors were rapidly increasing their presence in India. This strengthened the foreign investment inflows in the country remarkably.

The major sectors attracting FDI in India have been service sector, drugs and pharmaceuticals, computer software and hardware, telecommunication, construction development (township,

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housing, built-up infrastructure), automobile industry, etc. The continuous inflow of FDI clearly shows the confidence that international investors have in the Indian economy. Government of India has taken many initiatives in recent years i.e. relaxing FDI norms in 2013, in selected sectors such as PSU oil refineries, defence, power exchanges, telecom and stock exchanges among others. During the same year, global brands like Singapore Airlines, Etihad and Tesco lined up to invest in the country as the Indian government opened several sectors to foreign investment. Besides this, India's cabinet has cleared a proposal of 100 per cent FDI allowed in railway infrastructure excluding operations. This allows the foreign companies to supply the trains rather to operate them in India; The Union Cabinet has increased FDI in private insurance corporations from 26 per cent to 49 per cent; FDI up to 100% under automatic route permitted in teleports, direct to home, cable networks and mobile TV, etc.; The Reserve Bank of India has permitted various foreign investors to invest on the basis of repatriation.

Foreign Direct Investment in UAE

FDI is one of the bases of a country further economic development. It is a life- blood of any economy that improves quality of life, drives reform, increases trade flows and transfers knowledge & technology. For UAE also, FDI is a significant factor in building a sustainable and expanded knowledge-based economy. It is considered as one of the pillars for the structural change of the economy as it reduces dependence on natural resources and diversifies UAE"s economy in the long term. Ministry of Cabinet Affairs (2011) emphasizes that in making a sustainable and diversified economy, domestic entrepreneurship is to be stimulated and foreign investment to be attracted. Table 4.7 shows inflows and outflows of UAE"s FDI from 1996 to 2015. As shown in this table that UAE"s average inflows and outflows for the period 1996-2015 were US$ 6276.22 million and US$ 4039.95 million respectively. However, the level of investment flows grew highly after the year 2002 with the initiatives taken by UAE government. They planned to move towards a few new free trade areas to make the emirate as a worldwide centre for trade in gold bullion, research and development of technology and financial activities. Relaxed constraints for foreign investment in particular real estate projects and allowed 100 per cent foreign ownership of corporations in several non-hydrocarbon sectors. Also, UAE decreased corporate income tax on foreign companies and the foreign investor's access to local markets was improved. All these government steps helped in increasing the FDI in the country during the last decade. Though oil remains centre of the UAE economy, but non-oil sector has become the main source of growth in the past few years (Ramady, 2012).

This Sectors which attracted the more FDI during the study period were oil and gas sector; Financial and insurance sector; trade and car repairs; real estate; manufacturing sector; and construction. Importantly, government's outward-oriented development strategies and rise in international oil and gas prices stimulated domestic and foreign investment, which led to high growth in construction and services sectors of the economy. It is also clear from the table that the average of UAE's percentage share in world's FDI inflows (i.e. 0.52 per cent) was higher than that of outflows (i.e. 0.29 per cent). But the average of UAE"s percentage share in developing countries" FDI inflows (i.e. 1.35 per cent) was lesser than that of outflows (i.e. 1.81 per cent). The countries namely, UK, Japan, Hong Kong, Switzerland, Kuwait, Qatar, India, China, etc. has emerged as the largest sources for FDI to UAE

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UAE's FDI Inflows and Outflows: 1996-2015						
Year	Inflows (US$ Million)	Percentage Share of Inflows		Outflows (US$ Million)	Percentage Share of Outflows	
		In World	In Developing Countries		In World	In Developing Countries
1996	300.52	0.08	0.20	128.61	0.03	0.20
1997	232.43	0.05	0.12	231.13	0.05	0.32
1998	257.66	0.04	0.14	127.30	0.02	0.26
1999	-985.34	-0.09	-0.42	317.11	0.03	0.45
2000	-506.33	-0.04	-0.19	423.67	0.03	0.29
2001	1183.84	0.14	0.52	213.70	0.03	0.23
2002	95.30	0.02	0.06	441.12	0.08	0.99
2003	4255.96	0.70	2.16	991.15	0.17	1.91
2004	10003.50	1.36	3.51	2208.00	0.24	1.94
2005	10899.93	1.09	3.19	3750.30	0.41	2.66
2006	12805.99	0.86	2.96	10891.76	0.76	4.49
2007	14186.52	0.71	2.40	14567.73	0.64	4.45
2008	13723.60	0.75	2.05	15820.30	0.79	4.68
2009	4002.70	0.33	0.75	2722.90	0.23	0.98
2010	5500.34	0.39	0.85	2015.00	0.14	0.48
2011	7678.69	0.45	1.06	2178.00	0.13	0.52
2012	9601.91	0.72	1.32	2536.01	0.19	0.58
2013	10487.95	0.72	1.35	2905.24	0.21	0.64
2014	10823.38	0.85	1.55	9019.07	0.68	2.02
2015	10975.83	0.62	1.44	9264.31	0.63	2.45
Average (1996-2015)	6276.22	0.52	1.35	4039.95	0.29	1.81

Source: World Investment Report, UNCTAD (Various Issues).

UAE leads the Middle East region in terms of investors‟ confidence, with Dubai as the main hub and followed by Abu Dhabi. Dubai, one of the Emirates, became an access point for several investors due to its central hub location, advances in various sectors business-friendly policies and the availability of a world-class infrastructure for various business operations. Dubai also facilitate foreign investors a competitive environment by focusing on ease of working and its zero tax system. For setting up a business in Dubai, investors have several options to choose from, consisting over 23 free zones that permit 100 per cent foreign ownership and repatriation of profits and income. It also provides more opportunities across the sectors such as services,

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trade, tourism and aviation, transport, hospitality, real estate, construction, Information technology, etc. The measures were backed up by strategies to make partnerships to attract enterprise and expertise in each of these sectors (Kane, 2014). Dubai keeps on developing its plans and strategies with a high attention on bringing high value of FDI. The major share of FDI inflows to Dubai comes from US, UK, India, Africa and Middle East. Thus, this emirate emerged as an attractive FDI destination which helps in UAE‟s economic development.

Mutual Investment between India and UAE

The growing trade between India and UAE, particularly in the non-oil sector, is a reflection of growth of the two economies. Their companies are highly involved in pursuing projects and investments in each other's economy to benefit from the attractive returns on investments. It has given an immense scope for establishing stable and long-run relationship between them. The impressive economic relationship between the two economies over the recent decade has enhanced cross border investments. Total FDI from UAE to India has been estimated to be around US$ 3.01 billion in 2015 that makes UAE position among the top ten investors in India. UAE have huge potential for investing in different sectors of Indian economy for their mutual advantage. UAE has also emerged as the top investor in India among all the GCC six nations. According to Embassy of India: Abu Dhabi-United Arab Emirates 2016, UAE‟s investors concentrated in the following Indian sectors: power (13.09%), metallurgical industries (9.90%), construction development (15.52%), services sector (9.58%), and computer software & hardware (4.90%). The major UAE companies invested in India are EMAAR Group, a real estate company of Dubai government has set up a major township in Hyderabad; Dubai Ports (DP) World is now working on 6 major Ports in India at Navi Mumbai, Nhava Sheva, Mundra, Chennai, etc., following its acquisition of the P&O of U.K. DP World constructed the International Container Transhipment Terminal (ICTT) in Kochi; UAE tile manufacturer and RAK Ceramics India, has establish a tile plant in Ahmedabad with an investment of US$ 150 million; Dubai-based private equity firm Abraaj Group has announced in 2013, an investment of US$ 17.5 million in Rainbow Hospitals in Andhra Pradesh. Some other important UAE companies such as Nakheel, Estisalat DB Telecom, ETA Star Group, SS Lootah Group, Emirates Techno Casting FZE, Damas Jewellery, Abu Dhabi Commercial Bank, etc. are also operating business in India.

Correspondingly, India has also emerged as one of the important investors in UAE. Total FDI from India to UAE has been estimated to be around US$ 1.45 billion in 2014. Indian companies have invested in several areas of UAE such as tourism, retail, service and manufacturing sector, electronic equipment's, health, hospitality, etc. Hinduja Group has established manufacturing units in Ras-al-Khaimah. Several Indian companies have set up their units either as joint ventures or in SEZs for cement, textiles, consumer electronics, engineering products, etc.; Taj Group of Hotels have invested in the hospitality, tourism, catering, retail, education and health sectors; the EMKE Group has established an Indian national dominates the retail sector in UAE; Indian cement manufacturer JK Cement has invested US$ 14.97 million to set up a white cement plant in Fujairah free trade zone; Ashok Leylond, Mahindra, Dabur, Tata Power and ZurariAgro Chemicals are also establishing units in Ras Al Khaimah; Essar Steel Group has started service centre facility in Dubai to cater the requirements of Middle East customers; some other major Indian companies such as L&T, Punj Lloyd, Dodsal, etc. have also been able to obtain significant number of contracts in the UAE.

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To further attract investments, a High Level Task Force (HLTF), co-chaired by Shri Anand Sharma, Union Minister for Commerce, Industry & Textiles and HH Sheikh Hamed bin Zayed Al Nahyan, Chairman of the Abu Dhabi Crown Prince Court was formed in May 2012. It was established to address the bilateral issues related with existing investments between the two nations and to facilitate and to promote investments between them. The first meeting of the India-UAE HLTF on Investments was held on 18 February, 2013 at Abu Dhabi, which included wide-ranging discussions on priority sectors of engagement. The discussion was related to establish sub-committees in the areas such as infrastructure, energy, investment and trade, manufacturing and technology, aviation and transport for investment purposes. Since then, work done by the High Level Task Force was to strengthen the mutual relations in the field of investments ended in the signing of a Bilateral Investment Promotion and Protection Agreement between the two countries in December, 2013.

It was presented as an important step for promotion and reciprocal legal protection of investments in both the countries. UAE has invested US$ 2 billion in Indian infrastructure projects and supported the establishment of a strategic oil reserve in India. UAE has also invited many Indian companies in the renewable energy area. Further, the second meeting of India-UAE High Level Joint Task Force on Investments was held on 3 March, 2014 in Mumbai. This meeting made progress on a number of fronts: Discussions were held on supporting the establishment of a petroleum reserve in India and based on the principles of long-term strategic partnership and cooperation. They have decided to set up another joint working group to make progress on this effort; discussions took place for channelling investments in the two countries; the meeting also covered on expediting the resolution of pending issues related with existing UAE investments in India by Etisalat, Emaar & DP World. Thus, with the discussions and decisions taken during the inaugural meeting of the HLTFI, several joint working groups have been established to address the problem of their mutual interest in several sectors. Further, the visit of Prime Minister of India, Shri. Narendra Modi, to UAE in 2015 made an attempt to attract UAE‟s investors for investing in India’s various infrastructural projects especially in ports, roads, railways, airports, industrial corridors and parks. Thus, all these combined efforts will definitely help two countries to further strengthen their bilateral trade relations and to achieve a similar growth path for investment between them.

Conclusion

Growing trade relations between India and UAE have strengthened the movement of Indian migrants to UAE. UAE has been reportedly one of the biggest ethnic community that constituting more than 30 per cent of the country‟s population. It has emerged as the important destinations for the semi-skilled and low skilled Indian workers. The number of Indian migrants in UAE increased from 153,380 in 1970 to 6 million (approximately) in 2015. These numbers grew gradually due to heavy inflows of remittances from UAE. This was helpful in addressing the problems of unemployment, low per capita income, etc. in India. Also, the number of workers increased after signing an FTA between India and GCC countries in 2004; and MoU in the field of manpower signed by the government of India and the government of UAE in year 2006. This MoU was then revised in year 2011. Further, Granger Causality model has been applied in order to explore cause and effect relations between migration and trade. Empirical results reveal that there is units directional Granger cause exists or in other words, trade has an effect on migration but migration doesn't affect trade. These two variables have long run relationship, which will be helpful in the development and growth of two countries‟ trade and economic relations in future.

Further, inflows and outflows of FDI of India and UAE have been examined. FDI is an important factor in economic growth. It impacts the host country through the transfer of technology, scarce capital and managerial skills which are the key ingredients in an open and competitive world. As emerging economies have not enough financial resources to compete with the developed nations, foreign investment is an important source of these resources to the developing nations to compete with the advanced nations. Similarly, India and UAE as developing nations have put many efforts to attract foreign direct investments in order to meet their financial resources. This investment inflow in both the countries was higher than the outflow during the period from 1996 to 2015. Also, they have been emerged an important investor in each other's economy. Indian and UAE‟s several major companies were actively involved in pursuing investments and projects in both the countries. This played an important role in economic growth of the two. UAE have huge potential for investing in different sectors of Indian economy for their mutual advantage. UAE investors have shown keen interest in sectors such as power, metallurgical industries, construction development, services sector, and computer software & hardware. But the tourism sector is also one of the fields that have high potential for future growth. There is also a good scope for UAE to invest in the tourism sector in India that can pull tourists visiting to the country as well. Also, the government of both the countries has taken many initiatives to strengthen investment opportunities between two countries.

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