



Bridging Faiths and Economies: The Dynamic Tolerance Nexus between the United Arab Emirates and India

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ABSTRACT

This article explores the multifaceted relationship of tolerance between the United Arab Emirates (UAE) and India, highlighting its unique interfaith dynamics and significant economic and social benefits. Despite being an Islamic country and a Hindu-majority nation, their bilateral ties exemplify religious tolerance that transcends Abrahamic boundaries. This is especially notable amid regional tensions with Pakistan, a Muslim-majority adversary of India. The study examines institutional frameworks, cultural exchanges, and partnerships in renewable energy, infrastructure, and technology, emphasizing the UAE's strategic use of tolerance as soft power. A landmark symbol of this relationship is the BAPS Hindu Mandir in Abu Dhabi, inaugurated by Indian Prime Minister Narendra Modi in 2024, representing the UAE's first traditional Hindu temple, which strengthens cultural connectivity for the large Indian resident population. Economically, robust direct investments and trade flows—with the UAE as one of India's top investors—have accelerated economic diversification and resilience. Socially, this partnership fosters community cohesion, cross-cultural understanding, and diaspora engagement, enhancing regional stability. Drawing on qualitative and quantitative data, the article argues that the UAE-India tolerance model offers a novel paradigm for interfaith cooperation, providing vital insights for leveraging religious diversity to drive sustainable development and geopolitical harmony in the 21st century.

Keywords: Interfaith tolerance, United Arab Emirates, India, Economic diversification, Bilateral investments

1. Introduction

The United Arab Emirates (UAE) and India have forged a significant and multifaceted bilateral relationship, shaped by a complex interplay of historical ties, geopolitical factors, economic cooperation, and cultural intersections. Since the 1970s, the UAE—freshly established as a federation endowed with substantial oil wealth—has pursued an economic diversification strategy, seeking alliances beyond hydrocarbons. India, during this period, expanded its international diplomatic and commercial outreach. The earliest linkages between these two nations were anchored in trade and labor migration, with large numbers of Indian workers relocating to the UAE and playing key roles in its growing economy as skilled laborers and entrepreneurs. Today, the Indian community forms the largest expatriate group in the UAE, profoundly impacting the Emirates' socio-economic and cultural landscape (Vanlalmangaihzei & Tekchandani, 2019; Ranjan, 2024).

The geopolitical landscape further underscores the unique dynamics of this relationship. Central to regional security is the enduring rivalry between India and Pakistan, the latter being a Muslim-majority state and one of India's declared adversaries since Partition in 1947 (Shahnawaz & Yousuf (2025)). This rivalry is rooted in historical disputes, most notably over Kashmir, and features a persistent security dilemma with periodic military escalations (Malik, (2025)). Within this context, the UAE—as a Muslim-majority country—has demonstrated diplomatic pragmatism by cultivating strong ties with India. This reflects a broader UAE foreign policy strategy that balances regional Muslim solidarity with economic and geopolitical interests, underpinned by an emphasis on religious tolerance and tolerance-driven diplomacy (Ministry of Foreign Trade, UAE, 2024; Atlantic Council, 2022). Economic cooperation forms a cornerstone of the UAE-India partnership. By 2024, the UAE was the seventh-largest overseas investor in India, with cumulative foreign direct investment (FDI) exceeding \$22 billion, diversified across real estate, infrastructure, energy, financial services, and private equity domains (Chintan Research

Foundation, 2025). The Abu Dhabi Investment Authority (ADIA), one of the world's largest sovereign wealth funds, has established a significant presence in India's financial hubs such as Gujarat International Finance Tec-City (GIFT City). Conversely, Indian investment in the UAE spans manufacturing, real estate, textiles, consumer electronics, healthcare, and hospitality, with Indian multinational enterprises actively contributing to the UAE's economic diversification vision (Chintan Research Foundation, 2025; Vanlalmangaihzei & Tekchandani, 2019). Bilateral trade surged to over \$80 billion in 2024-25, supported by the Comprehensive Economic Partnership Agreement (CEPA) signed in 2023, which reduced trade barriers and facilitated regulatory alignment (Gulf International Forum, 2025; Ministry of Commerce and Industry, India, 2025). Initiatives like Bharat Mart, empowering Indian small and medium enterprises (SMEs) to access UAE and global markets, exemplify innovative economic collaboration models underpinning this relationship such as highlighted by (Dubai Media Office, 2025) and others media companies in UAE and India.

Visa policies and enhanced people-to-people connectivity further consolidate bilateral ties. The UAE's visa regime increasingly accommodates Indian nationals through multiple visa categories facilitating work, business, and tourism, recognizing the strategic importance of the large Indian diaspora to its economy (Ministry of Foreign Trade, UAE, 2024). India has reciprocated with visa facilitation for Emirati citizens, boosting tourism and fostering cultural and diplomatic engagements. This reciprocal openness reinforces the flow of skills, culture, and capital between the two nations, generating social and economic gains.

The BAPS Hindu Mandir in Abu Dhabi, inaugurated in 2024, symbolizes the UAE's commitment to religious tolerance and multiculturalism. The temple, constructed in traditional Nagara style, is the first traditional Hindu temple in the Arabian Peninsula, providing vital religious infrastructure for the Indian community while representing a progressive stance on interfaith coexistence. This initiative aligns with UAE domestic policies that

promote tolerance and inclusivity, leveraging religious pluralism as a foundation for stability and international soft power (Ranjan, 2024; Atlantic Council, 2022).

Beyond bilateral benefits, the UAE-India partnership influences broader regional dynamics. The UAE's aptitude for maintaining a balanced foreign policy fosters stable ties with India while preserving connections within the Muslim-majority Arab world and Gulf Cooperation Council (GCC) states. For India, this partnership provides strategic access to West Asia and gateways to African and European markets, enhancing its global economic and diplomatic posture (Gulf International Forum, 2025; Vanlalhmangaihzei & Tekchandani, 2019). This relationship is increasingly relevant amid shifting global power alignments and economic landscapes, reflecting adaptive diplomacy in a complex, multipolar world (Atlantic Council, 2022).

This multi-layered bilateral relationship, bridging religious and cultural diversity between a Muslim-majority Arab country and a Hindu-majority South Asian democracy, exemplifies a model of cooperation based on tolerance, economic pragmatism, and strategic foresight. It highlights how complex societies can forge resilient partnerships to achieve mutual prosperity and regional stability despite longstanding geopolitical challenges.

2. Methodology

This study adopts a qualitative research approach designed to explore the multifaceted relationship between the United Arab Emirates (UAE) and India through a comprehensive analysis of historical, geopolitical, economic, and cultural dimensions. Given the complexity of the bilateral relationship—which spans several decades, involves diverse actors and issues, and includes sensitive geopolitical considerations—qualitative methods allow for an in-depth examination that captures nuance, context, and the interplay of multiple factors. This approach is consistent with scholarly conventions for political economy and international relations research where understanding the why and how of diplomatic and

economic interactions is paramount (Creswell, 2013).

Data collection primarily involves a meticulous literature review of academic publications, official government documents, bilateral agreements, economic reports, and credible media sources. The synthesis of these materials facilitates an integrative perspective on the evolution of UAE-India relations, their geopolitical environment—especially concerning India-Pakistan tensions—and their economic and social ramifications. Key sources include peer-reviewed journals in international relations, economics, and Middle Eastern studies, as well as relevant policy papers by regional experts and institutions such as the Gulf International Forum and Chintan Research Foundation. This breadth of sources ensures a robust evidentiary base that balances theoretical insights with practical policy analysis, hence enhancing the reliability and validity of conclusions (Silverman, 2020).

Analytically, the study employs thematic analysis to identify and develop core themes including economic cooperation, religious tolerance, geopolitical balancing, and diaspora influence. This method supports a structured narrative that elucidates how these dimensions interact to produce the distinctive features of UAE-India relations. The thematic framework is informed by interdisciplinary perspectives, drawing from political science theories of diplomacy and soft power, economic diversification literature, and sociocultural integration studies. This multidimensional analytical lens facilitates a rich understanding of the bilateral dynamics beyond simplistic economic or political binaries (Braun & Clarke, 2006). In recognizing potential limitations, the study notes the reliance on secondary data sources, which may reflect inherent biases of governments or media outlets. To mitigate this, triangulation is applied by cross-verifying information across diverse types of documents and perspectives. Additionally, the evolving nature of UAE-India relations and regional geopolitics implies that some data may become quickly outdated; thus, the study focuses on recent developments up to mid-2025 to present the most current picture possible (Maxwell, 2013).

3. Discussion

The bilateral relationship between the United Arab Emirates (UAE) and India represents a highly strategic and rapidly evolving partnership, deeply rooted in a decades-long history of cooperation that has progressively matured from trade and migration links into a comprehensive strategic alliance. As academic research indicates, the trajectory of their relationship reveals that current economic, political, and social dynamics are only attainable due to the firm historical foundations laid since the 1970s, combined with the UAE's pioneering policy of tolerance—a dual enabling context that sustains and grows the partnership (Shahnawaz, 2025; Ministry of External Affairs, India, 2025).

Historical Foundations and Evolving Engagement since the 1970s

The India-UAE relationship formally commenced in 1972 when diplomatic relations were established shortly after the founding of the UAE as a federation. This early period was characterized by burgeoning trade in traditional goods and the gradual influx of Indian migrant workers, who became integral to the UAE's fast-growing economy. Over time, economic complementarities deepened as India sought to harness the UAE's resources and strategic location, while the UAE capitalized on Indian labor and entrepreneurship (Ministry of External Affairs, India, 2025; Janardhan, 2022). The sustained presence of large Indian expatriate communities, now numbering approximately 3.5 million, created robust transnational socioeconomic linkages that facilitated further bilateral engagement (Vanlalmangaihzei & Tekchandani, 2019).

The decades spanning the late 20th and early 21st century witnessed incremental but steady progress, with key milestones including regular high-level diplomatic visits, trade expansion, and institutionalized strategic dialogue forums. The Modi government's assumption of office in 2014 marked a qualitative leap, with the UAE becoming a pivotal partner within India's extended neighborhood policies. Visits by Prime Minister Narendra Modi and UAE leadership, especially from 2015 onward, culminated in the 2017

declaration of a Comprehensive Strategic Partnership—an all-encompassing framework covering security, energy, technology, and economic cooperation (Ministry of External Affairs, India, 2025; Shahnawaz, 2025).

This historical continuity is essential to understanding the partnership's resilience and potential. The evolution from merely transaction linkages to a strategic and multi-sectoral partnership reflects mutual recognition of shared geopolitical interests and economic visions. Notably, the enduring conflict between India and Pakistan, which intermittently mars South Asian regional stability, underscores the importance of UAE-India ties. Pervaiz, (2025) The UAE's calibrated diplomatic positioning—balancing its cultural affinity with the Pakistani-Muslim world against pragmatic security and economic interests with India—has been critical to nurturing confidence and collaboration. Scholars highlight how diplomatic moves, such as the UAE's restraint at the Organization of Islamic Cooperation regarding Kashmir resolutions and enhanced defense cooperation with India, reflect deliberate recalibrations grounded in decades of steadily deepening trust (Shahnawaz & Yousuf 2025; Shahnawaz, 2025).

Economic Cooperation: Foundations and Interpretations

Quantitative and qualitative data consistently demonstrate the remarkable expansion of bilateral trade and investment since the 1970s, accelerating sharply following the 2022 Comprehensive Economic Partnership Agreement (CEPA). The CEPA, a landmark bilateral trade treaty, reduced tariffs on thousands of goods, liberalized services trade, and facilitated investment protections—thereby unleashing economic potentials between the two nations. Academic analyses using computable general equilibrium (CGE) models by Ismail (2024) project a surge in bilateral trade with estimated figures surpassing \$100 billion by 2025 and possibly doubling by 2030.

India's exports to the UAE have diversified, including pharmaceuticals, gems and jewelry, information technology services, and electronics.

In return, the UAE provides crucial energy resources to India and exports precious metals and petrochemicals. The volume and diversification of trade signal not only complementarities but an integrated economic partnership resilient to external shocks. Sovereign wealth funds like the Abu Dhabi Investment Authority (ADIA) invest heavily in infrastructure, renewable energy, and innovation sectors in India, while Indian enterprises expand in key UAE sectors including healthcare and technology, emblematic of symbiotic and strategic industrial linkages (Chintan Research Foundation, 2025; Janardhan, 2022).

Crucially, the unique longevity of economic ties, co-evolving with migrant social integration, creates a trust reservoir facilitating complex transactions and partnerships. Research indicates that the long-standing human and cultural connections lower transaction costs, encourage long-term investment horizons, and foster inclusive policy dialogues supportive of business climates (Vanlalhmangaihzei & Tekchandani, 2019). Moreover, financial innovations such as the Rupee-Dirham trade mechanism reduce currency risk and align economic policies, reflecting deep institutional harmonization rarely seen in comparable bilateral relations (Shahnawaz, 2025).

Tolerance Policy as a Catalyst and Image Builder

The UAE's forward-leaning policy of tolerance and religious inclusivity acts as a vital catalyst that magnifies the partnership's depth. Establishing the BAPS Hindu Mandir in Abu Dhabi—the first traditional Hindu temple in the Middle East—exemplifies this ethos. Academic analyses by Shahnawaz (2025) interpret this initiative as not merely religious accommodation but a strategic act of cultural diplomacy positioning the UAE as a pluralistic and cosmopolitan hub. This policy of tolerance engenders goodwill with India's vast population, influencing public perception positively and is viewed as enhancing India's favorable image of the UAE (Shahnawaz, 2025).

Furthermore, the UAE's tolerance policy resonates substantially in India, a country with a complex mosaic of religious identities. It serves as a leverage point in bilateral relations underpinning

political, social, and economic cooperation. The policy also counters stereotypical narratives about the Gulf Arab states and dispels misconceptions about cultural exclusivity, thus encouraging greater Indian business and talent inflows (Shahnawaz, 2025; Janardhan, 2022).

Diaspora and Socioeconomic Synergies

The Indian expatriate community in the UAE is a linchpin of socio-economic synergy. Their vast demographic weight and economic contributions—across sectors such as healthcare, technology, education, and retail—underscore the human capital foundation enabling expansive bilateral ties (Vanlalhmangaihzei & Tekchandani, 2019). Visa reforms granting extended residence permits and business-friendly policies acknowledge this community's critical importance. Additionally, India's implementation of voting rights and digital engagement options for diaspora populations in the UAE reflects deepening political inclusion, reinforcing people-to-people diplomacy (Ministry of Foreign Trade, UAE, 2024).

This demographic backbone promotes bilateral cultural exchange, fosters entrepreneurship, and enables remittance flows amounting to billions annually, thereby benefiting socioeconomic development in both countries. The diaspora's role exemplifies how migration and economic cooperation can synergize with diplomatic relations, yielding a multifaceted, durable partnership.

Strategic Implications and Regional Impact

The UAE-India relationship encompasses profound strategic dimensions shaped by the evolving geopolitical landscape of the Middle East and South Asia. For the UAE, India serves as a vital and robust counterbalance amid a region marked by shifting alliances, ongoing conflicts, and the reconfiguration of global power centers. This partnership allows the UAE to strategically diversify its political alliances beyond traditional Western and regional frameworks, thereby enhancing its diplomatic flexibility and resilience. Economically, engaging with India opens access to one of the world's fastest-growing markets,

reducing the UAE's historical overreliance on hydrocarbon exports and mitigating vulnerabilities linked to fluctuating oil prices and global energy transitions (Gulf International Forum, 2025). India benefits from enhanced access to Gulf resources and strategic maritime routes vital for its economic and defense priorities. Cooperative agreements in maritime security, counterterrorism, and technology collaboration further lock in strategic convergence (Shahnawaz, 2025; Clary & Shahnawaz & Yousuf 2025).

Bilateral trade between the UAE and India has surpassed \$100 billion annually as of 2025, positioning the UAE as India's third-largest trading partner. The UAE functions as a global logistics and re-export hub, facilitating Indian exports to Africa, the Middle East, and Europe, while the Indian diaspora in the UAE, exceeding 3.5 million people, strengthens socio-economic ties and generates remittances of over \$45 billion annually back to India (Agarwal, 2025).

Conversely, India gains critical advantages from this partnership, particularly in securing reliable access to Gulf energy resources essential for sustaining its economic growth trajectory. Additionally, the UAE's geographic proximity to vital maritime corridors like the Arabian Sea and the Strait of Hormuz directly supports India's strategic interests in safeguarding its maritime trade routes and extending its naval reach. The growing bilateral cooperation in maritime security enhances both nations' capabilities to counter shared threats including piracy, terrorism, and smuggling networks. Joint naval exercises such as "Zayed Talwar" and intelligence-sharing frameworks exemplify this operational convergence aimed at securing roughly 30% of the world's crude oil passing through these strategic chokepoints (Shahnawaz, 2025; Ministry of Defence, UAE, 2025).

Beyond security, the partnership encompasses substantive cooperation in technology and innovation, particularly in emerging fields like artificial intelligence, renewable energy, and digital infrastructure. Collaborative projects include the Mohammed bin Rashid Al Maktoum Solar Park developments, where Indian firms

contribute to manufacturing solar technology, as well as joint digital platforms facilitating regulatory harmonization and FinTech cooperation (Shahnawaz & Yousuf (2025).

Politically, the UAE views India as a strategic partner that provides balance against regional unpredictability, especially considering rising tensions involving Iran, Turkey, and the complex influence of global powers like China and the US in the Middle East. India's non-aligned yet increasingly assertive foreign policy broadens the UAE's diplomatic spectrum, reducing overdependence on any single actor and enabling more adaptable maneuvering within international sanctions regimes and shifting alliances (Agarwal, 2025; Gulf International Forum, 2025).

The partnership has also established new frameworks that challenge traditional regional blocs and competing influences, particularly by prioritizing pragmatic economic and security cooperation over ideological allegiances. The UAE's diplomatic support for India on Kashmir and its participation in multilateral groupings like the I2U2 joint initiative reflect progressive, issue-based coalition building motivated by shared interests (Shahnawaz, 2025). The UAE's tolerance policy not only creates an enabling environment for Indian expatriates but contributes significantly to positive reciprocal perceptions and soft power gains in India, fostering reciprocal goodwill essential for sustaining and expanding cooperation in future domains like space, digital economy, and sustainability.

4. Results

The long-standing bilateral relationship between the United Arab Emirates (UAE) and India, deeply anchored in shared history and the UAE's policy of tolerance, has yielded significant economic, sociocultural, and geopolitical outcomes with marked global impact. The results arising from this dual foundation demonstrate that the present achievements and future potential of the partnership cannot be viewed in isolation from these underlying factors.

Historical Legacy as the Bedrock of Cooperation

The historical relationship, dating back to the early 1970s when formal diplomatic ties were established, has been pivotal in shaping mutual trust and enabling multi-sector cooperation. The decades of trade and extensive migration of the Indian diaspora into the UAE have formed a robust social and economic bridge, facilitating exchanges that transcend temporary transactions arrangements (Ministry of External Affairs, India, 2025). This historical trajectory has built a foundation of confidence that supports complex agreements such as the 2022 Comprehensive Economic Partnership Agreement (CEPA) and extensive bilateral investments.

The enduring Indian community in the UAE, which represents the largest expatriate group there, exemplifies this sustained interconnection. This demographic stake has created shared interests around welfare, business environments, and cultural integration, enabling both nations to navigate challenges related to regional security, including tensions linked to India's conflict with Pakistan (Shahnawaz, 2025; Vanlalhmangaihzeli & Tekchandani, 2019). Therefore, the historical relationship functions as both a practical enabler and symbolic underpinning of the partnership's current state.

The Policy of Tolerance as a Practical Advantage

The UAE's tolerance policy has transformed the country into a multicultural hub where more than 200 nationalities coexist, with Indians forming a substantial and well-integrated population (UAE Ministry of Foreign Affairs, 2018). This policy is not merely cosmetic but institutionally embedded through initiatives that foster religious freedom and cultural accommodation, exemplified profoundly by the inauguration of the BAPS Hindu Mandir in Abu Dhabi (Shahnawaz, 2025). Such tolerance facilitates socioeconomic inclusion, reduces social friction, and attracts global talent and investment, which in turn reinforces economic diversification away from petroleum dependency.

Importantly, this policy of tolerance enhances the UAE's image regionally and globally. It serves as a counter-narrative to common stereotypes of the Gulf as intolerant or socially restrictive,

positioning the UAE as a progressive and stable partner in international relations (Atlantic Council, 2022). The positive global image bolstered by tolerance policies yields practical benefits, including increased foreign direct investment (FDI), tourism growth, and diplomatic soft power, further stimulating economic and cultural ties with countries like India.

Impact on the Global and Arab World Stage

The UAE-India partnership has ramifications beyond their bilateral scope, influencing perceptions and political dynamics in the wider Arab world. The UAE, via its tolerance policy and strategic economic diplomacy, projects itself as a model of coexistence and pragmatic engagement within a predominantly Muslim region often characterized by conflict and sectarianism (Janardhan, 2022). This stance has strengthened its leadership role in regional organizations and Gulf Cooperation Council initiatives, allowing it to play a stabilizing role amid geopolitical uncertainties (UAE Ministry of Foreign Affairs, 2024; Monitor do Oriente, 2025).

For the Arab world, the partnership illustrates the feasibility of overcoming religious and political divides through economic interdependence and social inclusiveness. It encourages similar tolerance-promoting policies and bilateral engagements across the Gulf and Middle East, potentially influencing the trajectories of regional integration and peace building (Shahnawaz, 2025).

Effects on India's Perception of Islam and the UAE

From the Indian point, the UAE's comprehensive policy of religious tolerance significantly reshapes domestic and diplomatic perceptions of Islam and the broader Arab world. This policy effectively challenges historically reductionist narratives that predominantly associate Islam with conflict and extremism, replacing them with an alternative discourse emphasizing coexistence, economic cooperation, and intercultural dialogue. Indian policymakers and public opinion increasingly recognize the UAE as a model for moderate Islam that harmonizes traditional values with globalized economic openness, fostering a nuanced and

positive understanding of Islam rooted in tolerance and pluralism (Shahnawaz, 2025). The profound sociocultural impact of UAE's tolerance is reflected in India through several dynamics. First, the UAE's multicultural ethos and governance model reinforce India's own constitutional ideals of secular pluralism and multicultural coexistence, providing a concrete exemplar of sustaining Islamic identity within a modern, economically innovative society (Janardhan, 2022). This serves to validate India's pluralistic framework, bolstering interfaith respect domestically and mitigating Islamophobic sentiments by showcasing Islam's compatibility with peaceful societal integration.

Furthermore, events and developments in the UAE, such as the Mohammed bin Rashid Centre for Islamic Culture's programs, which attracted over 1,300 students and contributed to over 3,600 conversions to Islam in Dubai during the first half of 2025, exemplify effective cultural diplomacy. These initiatives not only enhance the UAE's image as a cultural and religious hub but also positively influence Indian diaspora communities and migrants, who see renewed confidence and expanded opportunities for engagement within the UAE (Mohammed bin Rashid Centre report, 2025; Al Khazraji, 2025).

The UAE's active promotion of interfaith dialogue and moderate Islamic teachings offers India a framework for cooperative diplomacy. This shared vision has been instrumental in strengthening bilateral relations, encouraging Indian businesses and migrants to deepen their investments and sociocultural integration in the UAE. Such engagement reinforces mutual economic benefits and contributes toward evolving India-UAE strategic partnerships beyond merely transaction politics into realms of shared values and holistic collaboration (Shahnawaz, 2025; Janardhan, 2022). Moreover, the UAE stands as a critical interlocutor for India in the Gulf region, bridging Islamic identity with modern governance and economic innovation. This role assists India in refining its policies on diaspora management, religious tolerance, and soft power diplomacy in the Middle East, enhancing India's international standing and supporting internal cohesion by demonstrating

successful models of Islamic pluralism coexisting with economic dynamism (Al Khazraji, 2025).

Since India is a democracy, it is possible to understand that a change in public opinion, even if initially affecting more Indians in the diaspora, who send money to their families in India, they experiencing a moderate Islam, together with the institutional relationship, allows the election of politicians more aligned with the idea of doing business with the Arab world and also being more tolerant towards Muslim communities within India, creating a positive cycle of tolerance and coexistence.

5. Conclusions

The comprehensive analysis of the India-United Arab Emirates (UAE) partnership reveals that the relationship is deeply anchored in a rich historical legacy and enhanced significantly by the UAE's policy of tolerance. The confluence of these elements has generated extensive economic advantages, fostered socio-cultural cohesion, and shaped strategic geopolitical outcomes with regional and global significance. These conclusions highlight how tolerance, grounded in history and institutional policy, functions as both a catalyst and a durable foundation for sustainable partnership, setting the UAE and India apart as leaders in inclusive economic diplomacy.

Historical Entrenchment as Enabler of Partnership

The India-UAE bilateral relationship dates to the early 1970s, evolving over five decades from foundational trade and migration ties to a comprehensive multi-sector strategic alliance (Ministry of External Affairs, India, 2025). This longevity imbues the partnership with resilience and trust, which are crucial for addressing the complexities inherent in regional geopolitics, including India's historically fraught relations with Pakistan and the broader Gulf security environment (Pervaiz, 2025; Shahnawaz & Yousuf, 2025). The Indian diaspora, now comprising approximately 3.5 million people in the UAE, represents a living testament to this legacy, nurturing economic interdependence and cultural affinity that transcends conventional state-to-

state relations (Vanlalhmangaihzei & Tekchandani, 2019).

The historical continuity has enabled high-level diplomatic engagements characterized by regular Prime Ministerial visits, multiple bilateral agreements, and institutional frameworks strengthening cooperation in trade, energy, and security. These developments underscore how a sustained diplomatic foundation can amplify economic integration and policy coordination over time (Verma & Awasthi, 2025).

Tolerance as a Dynamic Economic and Diplomatic Driver

The UAE's institutionalized tolerance is not merely a societal idealistic principle but a deliberate, pragmatic strategy that enhances its socio-economic environment and global stature (Shahnawaz, 2025). The welcoming of diverse ethnic and religious communities, exemplified by the inauguration of the BAPS Hindu Mandir, reflects policy decisions fostering inclusivity and cultural pluralism. This tolerance facilitates a more attractive investment climate that encourages foreign direct investment (FDI) and talent migration, essential components of the UAE's diversification from an oil-dependent economy (Atlantic Council, 2022).

Economic analyses conducted since the 2022 Comprehensive Economic Partnership Agreement (CEPA) reveal that tolerance underpins the social cohesion and stability necessary for intensifying trade and investment flows. These elements reduce transaction costs and risks associated with social conflict, thereby providing a competitive edge to UAE as a global trade and finance hub (Ismail, 2024; Janardhan, 2022). Tolerance creates a virtuous cycle where inclusive governance attracts Indian economic actors, who in turn deepen bilateral relations by expanding business ventures, technology transfers, and joint innovation.

Economic Advantages

The India-UAE trade relationship has expanded exponentially, with bilateral trade surpassing \$100 billion in 2024-25 and projected to continue robust growth. Indian exports to the UAE include

pharmaceuticals, IT services, and engineering goods, while the UAE supplies energy resources, precious metals, and high-tech infrastructure inputs. Sovereign wealth funds, particularly the Abu Dhabi Investment Authority (ADIA), have directed large-scale capital into India's infrastructure and technology sectors, exemplifying strategic economic interdependence (Ministry of Commerce and Industry, India, 2025; Verma & Awasthi, 2025).

The CEPA agreement complements these investments by providing tariff and non-tariff reductions, facilitating smoother regulatory conditions, and enabling new collaborative opportunities in renewable energy, digital economy, health care, and sustainable development projects (India Ministry of Commerce and Industry, 2025). Practical policy frameworks supported by societal tolerance afford both nations a stable platform for growth, underscoring the pivotal role of cultural inclusivity in economic prosperity.

Positive Image and Geopolitical Influence

Globally, the UAE's tolerance enhances its soft power and shapes a progressive narrative in a region often criticized for sectarian divides and conservative social policies. By institutionalizing tolerance policies and cultural pluralism, the UAE challenges prevalent stereotypes about the Gulf region, projecting an image of openness, innovation, and stability (Shahnawaz, 2025; Atlantic Council, 2022). This image attracts multinational corporations, international organizations, and global talent, increasing the UAE's diplomatic influence within the Arab world and beyond.

In the wider Arab context, the UAE's model encourages tolerance-inspired policy innovation and strengthens economic integration across the Gulf Cooperation Council (GCC). It provides a blueprint for peaceful coexistence and economic cooperation within a politically complex and diverse cultural environment (Janardhan, 2022). The India-UAE partnership thereby contributes to regional stability and diversified economic development, enhancing security and prosperity.

India benefits from this evolving perception by fostering more nuanced and positive views of Islam and the Arab world, supporting diplomatic and trade relations that reflect mutual respect and shared growth objectives. The partnership reinforces India's global positioning as a pluralistic democracy engaging proactively with diverse global partners under a shared ethos of inclusivity (Shahnawaz, 2025).

Concluding Reflections

The synthesis of historical ties and institutionalized tolerance provides the most compelling explanation for the India-UAE relationship's remarkable successes. History grants continuity, trust, and interpersonal networks, allowing the relationship to transcend episodic geopolitical challenges. Meanwhile, the UAE's tolerance acts as the practical mechanism translating goodwill into economic productivity and diplomatic influence.

Tolerance in the UAE cultivates social environments where diverse migrant communities, particularly the Indian expatriate population, can thrive economically and culturally. This inclusive environment reduces risks, fosters innovation, and creates interlinked markets that benefit both countries. Economic benefits realized through expanded non-oil trade, technology partnerships, and investment flows are directly attributable to an environment that values cultural respect and societal inclusiveness.

Diplomatically, this model boosts the UAE's stature as a regional leader and a global exemplar of peaceful pluralism. It helps the UAE counterbalance regional rivalries and assert itself as a mediator and stabilizing force. For India, the partnership corroborates its strategic vision of inclusive diplomacy and economic engagement with the Gulf and Middle East, enhancing its geopolitical footprint.

Ultimately, the India-UAE partnership illustrates a blueprint for twenty-first-century international relations where tolerance emerges as both a normative ideal and a potent economic strategy. It challenges the conventional dichotomy that pits cultural identity against economic progress,

demonstrating that the two can be mutually reinforcing. By fostering historical continuities alongside modern governance of diversity, this relationship provides valuable insights into how emerging powers can construct resilient, inclusive, and prosperous partnerships in a multipolar world.

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