

Brief: India-UAE Commercial Relations

India and the UAE share one of the oldest and most enduring commercial partnerships in the world. Long before the modern era, Indian merchants and seafarers navigated the Arabian Gulf's ancient dhow routes, trading spices, textiles, gold and timber with the coastal settlements of present-day UAE. The discovery of oil in the 1960s and the UAE's emergence as a federal state in 1971 gave new momentum to this relation. Over the past decade, it has undergone a transformational shift, evolving from a traditional trade partnership into a Comprehensive Strategic Partnership, spanning trade, investment, energy, technology and deep people-to-people bonds. Today, the two nations stand as each other's most valued economic partners in their respective regions, turning their relationship into a model for bilateral cooperation in the 21st century.

India-UAE strengthened their bilateral trade cooperation through the signing of a Comprehensive Economic Partnership Agreement (CEPA) in February 2022. From US\$ 180 million annually in the 1970s, bilateral trade has reached its highest level of US\$ 101.25 billion in FY 2025-26. Today, the UAE ranks as India's third-largest trading partner and second-largest export destination, with exports exceeding US\$ 37.35 billion in FY 2025-26. Meanwhile, India ranks as the UAE's second-largest trading partner. The trade basket is well diversified, encompassing petroleum products, gems and jewellery, food items, textiles, chemicals, electronic goods, and engineering goods. During the official visit of H.H. Sheikh Mohamed bin Zayed Al Nahyan, President of UAE, to India in January 2026, both sides agreed to double bilateral trade to US\$ 200 billion by 2032. The visit also yielded a series of landmark agreements, including a long-term LNG supply deal between HPCL and ADNOC Gas, a Letter of Intent on investment cooperation for the Dholera Special Investment Region, and an MoU on food safety to facilitate agri-trade between the two nations.

Investment has also become a significant pillar of this relationship. The two nations signed the Bilateral Investment Treaty in February 2024, which entered into effect from 31 August 2024. From April 2000 to March 2026, cumulative FDI from the UAE into India amounted to US\$ 25.59 billion (DPIIT), making UAE the seventh-largest overseas investor in India. UAE's investments are well-diversified with a focus on real estate, infrastructure, energy, private equity and financial services. UAE's Sovereign Wealth Funds (SWFs) have a strong presence in India. Abu Dhabi Investment Authority (ADIA), the UAE's largest SWF, has established a subsidiary office in GIFT City, Gujarat. GIFT City, India's premier International Financial Services Centre (IFSC) in Gandhinagar, Gujarat has emerged as a key node in UAE-India financial connectivity and has been engaging with several UAE entities since its inception. Abu Dhabi National Insurance Company (ADNIC), one of the largest insurance companies in the UAE and logistics giant DP World have also opened their offices in GIFT City.

India, being the world's largest recipient of remittances, has significant inflows from the UAE. Currently, UAE is the second-largest source of remittances to India, contributing 19.2 per cent of total inflows, a reflection of the approximately 4.3 million-strong Indian diaspora that forms the UAE's single largest expatriate community. These remittances play

a vital role in the foreign exchange earnings for India, reinforcing the deep economic interdependence between the two nations.

In July 2023, the two nations undertook a significant step in trade facilitation by signing an MoU on Establishing a Local Currency Settlement System between the Reserve Bank of India and the Central Bank of the UAE. Additionally, there are ongoing efforts to integrate the instant payment platforms of India (UPI) and the UAE (AANI), and interlink domestic debit cards of India (RuPay) and UAE (JAYWAN).

Many Indian companies have set up manufacturing units, either as joint ventures or in Special Economic Zones, producing cement, building materials, textiles, engineering products and consumer electronics. Additionally, Indian companies have invested in UAE's tourism, hospitality, catering, healthcare, retail and education sectors, with notable names like the Taj Group, BITS Pilani, Zee Entertainment, Ashok Leyland, Mahindra and Dabur. Major Indian companies such as L&T, ESSAR, Punj Lloyd and Engineers India Ltd have obtained significant contracts in the UAE. A range of public and private sector banks from India are also operational in the UAE, further strengthening economic ties. Major UAE banks such as First Abu Dhabi Bank (FAB) and Mashreq Bank have opened their branches in GIFT City.

During the recent visit of Hon'ble Prime Minister Shri Narendra Modi to the UAE in May 2026, the two countries signed a series of transformative agreements with far-reaching economic and commercial implications. Key outcomes included: an MoU between Indian Strategic Petroleum Reserves Limited (ISPRL) and ADNOC for the strategic storage of up to 30 million barrels of UAE crude oil in India, and exploration of Indian crude oil reserves in Fujairah; a long-term LPG Supply Agreement between Indian Oil Corporation Limited (IOCL) and ADNOC Gas; a collaboration between C-DAC (India) and G-42 (UAE) to establish an 8 Exaflop Supercomputing Cluster as part of AI Mission India; and a Ship Repair Cluster at Vadinar under partnership between Cochin Shipyard Limited and Drydocks World. On the investment front, ADIA has committed to invest USD 1 billion with India's National Infrastructure & Investment Fund (NIIF) in priority infrastructure projects across India. Also, Emirates NBD announced a USD 3 billion investment in RBL Bank of India, and International Holding Company committed USD 1 billion in Sammaan Capital of India.

In recent years, the economic and commercial relationship between India and the UAE has expanded into newer and strategically significant domains. These include Artificial Intelligence, innovative healthcare, renewable energy, financial technology (fintech), critical minerals, civil nuclear energy cooperation, and space infrastructure

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