



India Saudi Arabia Relations

For Prelims: Countries neighbouring Saudi Arabia, Trade with Saudi Arabia

For Mains: India- Saudi Arabia Relations

Why in News?

Recently, the **Union Minister of Commerce and Industry, Consumer Affairs, Food and Public Distribution and Textiles** visited Saudi Arabia to attend the Ministerial meeting of the **India-Saudi Arabia Strategic Partnership Council**.



What are the Key Outcomes of the Meeting?

- Streamlining efforts to carry out the declaration of investments of **USD \$100 billion in India** made by Saudi Arabia in February 2019.
- Endorsement of the **41 areas of cooperation** identified by the technical teams under the **4 broad domains of:**
 - **Agriculture & Food Security**
 - **Energy**
 - Technology & Information Technology

- Industry & Infrastructure
- A commitment to carrying out **important projects in a timely way**. The following are some of the priority areas for cooperation:
 - **Digital fintech sector cooperation** through the operationalization of **Unified Payments Interface (UPI)** and **Rupay Card** in the Kingdom of Saudi Arabia.
 - Reiteration of **commitment to ongoing collaboration** on joint projects, such as the **construction of a refinery on the West Coast**, an investment in **Liquefied Natural Gas (LNG)** infrastructure, and the creation of strategic petroleum storage facilities in India.
- **Discussions were also held on:**
 - **Institutional tie-up of the EXIM banks** of the two countries,
 - Mutual **recognition of standards**,
 - Establishment of **startup and innovation bridge**,
 - Strengthening collaboration in **infrastructure development**, particularly in the **domains of construction**,
 - **Railways etc.**

What is the India-Saudi Arabia Strategic Partnership Council?

- The **Strategic Partnership Council** was instituted in **October, 2019** during the visit of the **Prime Minister of India to the Kingdom of Saudi Arabia**.
- **It has two main pillars:**
 - Political, Security, Social and Cultural Committee
 - Committee on Economy and Investments
- India is the **fourth country with which Saudi Arabia has formed such a strategic partnership**, after the UK, France and China.

How has India's Relations with Saudi Arabia been?

- **Oil & Gas:**
 - Saudi Arabia is currently **India's second-largest supplier of crude oil** (Iraq has been India's top supplier).
 - India **imports around 18% of its crude oil requirement** and around **22% of its Liquefied Petroleum Gas (LPG) requirement** from Saudi Arabia.
 - Saudi Arabia will assist in setting up the **world's largest greenfield refinery at Raigarh in Maharashtra** by Saudi Aramco, Adnoc of the United Arab Emirates and Indian public sector oil companies.
- **Bilateral Trade:**
 - Saudi Arabia is **India's fourth largest trade partner** (after the USA, China and UAE).
 - In FY 2021-22, bilateral trade was valued at **USD 42.8 billion**.
 - India's **imports from Saudi Arabia reached USD 34.01 billion** and **exports to Saudi Arabia were worth USD 8.76 billion**. An increase of **49.5% over 2021**.
 - Total trade with Saudi Arabia accounted for **4.14% of India's total trade in FY 2021-22**.
- **Indian Diaspora:**
 - The **2.6 million-strong Indian community in Saudi Arabia** is the largest expatriate community in the Kingdom and is the 'most preferred community' due to their expertise, sense of discipline, law-abiding and peace-loving nature.
- **Cultural Linkages:**
 - **Haj pilgrimage** is another important component of bilateral relations between India and Saudi Arabia.
- **Naval Exercise:**
 - In 2021, India and Saudi Arabia started their first-ever Naval joint exercise called the **Al-Mohed Al-Hindi Exercise**.

Way Forward

- India can utilize the **friendly relations with Saudi Arabia** by convincing the kingdom to exercise its **influence over Pakistan in controlling the [Taliban in Afghanistan](#)**.
 - A joint collaborative effort of both economies will transform the Southwest Asia sub-region.
- Currently, **India has a trade deficit of USD 25.25 billion** with Saudi Arabia. India should focus more upon **promoting exports in various sectors**. It would enable us to **maintain the trade balance with the kingdom** while building healthy trade relations.

UPSC Civil Services Examination Previous Year Question (PYQ)

Prelims

Q. Which of the following is not a member of 'Gulf Cooperation Council'? (2016)

- (a) Iran
- (b) Saudi Arabia
- (c) Oman
- (d) Kuwait

Ans: (a)

Exp:

- The **Gulf Cooperation Council (GCC)** is an alliance of 6 countries in the Arabian Peninsula - Bahrain, Kuwait, Oman, Qatar, **Saudi Arabia** and the United Arab Emirates. Iran is not a member of the GCC.
- It was established in 1981 to promote economic, security, cultural and social cooperation between the members and holds a summit every year to discuss cooperation and regional affairs.
- **Therefore, option (a) is the correct answer.**

Mains

Q. The question of India's Energy Security constitutes the most important part of India's economic progress. Analyse India's energy policy cooperation with West Asian countries. (2017)

Source: PIB

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